



Xinjiang Xinxin Mining Industry Co., Ltd.* 新疆新鑫矿业股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 3833

20 25

Annual Report



* For identification purpose only

We See The Future

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CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Li Jiangping (*Appointed on 29 August 2025*)

NON-EXECUTIVE DIRECTORS

Chen Yin (*Chairman*) (*Appointed as Chairman on 2 August 2025 and re-designated as a non-executive Director from an executive Director on 29 August 2025*)

Qi Xinhui (*Resigned as Chairman on 2 August 2025 and resigned as a Director on 29 August 2025*)

Zhou Chuanyou (*Vice chairman*)

Wang Lijian

Chen Yang (*Resigned on 27 June 2025*)

Hu Chengye

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Benyuan

Huang Yong

Lee Tao Wai

EMPLOYEES' REPRESENTATIVE DIRECTOR

Zhang Li (*Appointed on 27 June 2025*)

SUPERVISORS ^{NOTE}

Yao Wenying (*Chairman*) (*Resigned on 27 June 2025*)

Chen Rong (*Resigned on 27 June 2025*)

Li Shouqiang (*Resigned on 27 June 2025*)

Huang Fakai (*Resigned on 27 June 2025*)

Lin Su (*Resigned on 27 June 2025*)

AUDIT COMMITTEE

Hu Benyuan (*Chairman*)

Hu Chengye

Lee Tao Wai

REMUNERATION AND REVIEW COMMITTEE

Hu Benyuan (*Chairman*)

Qi Xinhui (*Resigned on 2 August 2025*)

Chen Yin (*Appointed on 2 August 2025*)

Zhou Chuanyou

Huang Yong

Lee Tao Wai

NOMINATION COMMITTEE

Hu Benyuan (*Chairman*) (*Appointed as Chairman on 9 May 2025*)

Qi Xinhui (*Resigned as Chairman on 9 May 2025 and resigned as member on 2 August 2025*)

Chen Yin (*Appointed on 2 August 2025*)

Lee Tao Wai

STRATEGY AND SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE

Qi Xinhui (*Resigned on 29 August 2025*)

Chen Yin (*Chairman*) (*Appointed as Chairman on 29 August 2025*)

Li Jiangping (*Appointed on 29 August 2025*)

Zhou Chuanyou

Wang Lijian

Huang Yong

COMPANY SECRETARIES

Wu Ning

Lam Siu Wing

Note: Approved at the Company's 2024 annual general meeting, Audit Committee of the Board of the Company shall assume the statutory responsibilities of a supervisory committee under the Company Law, the Company ceased to maintain a supervisory board or appoint any supervisors from 27 June 2025.

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Qi Xinhui (*Resigned on 9 May 2025*)
Chen Yin (*Appointed on 9 May 2025 and resigned on 29 August 2025*)
Li Jiangping (*Appointed on 29 August 2025*)
Lam Siu Wing
Lee Tao Wai (*Alternate*)

REGISTERED OFFICE IN HONG KONG

9/F The Center
99 Queen's Road Central
Central, Hong Kong

STATUTORY ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No.501, Fusion South Road, Cooperation Zone,
Economic and Technological Development Zone,
Urumqi, Xinjiang

LEGAL ADVISERS

Beijing Yingke (Urumqi) Law Firm (*PRC law*)
Jingtian & Gongcheng LLP (*Hong Kong law*)

AUDITORS

PRC and international auditors
BDO China Shu Lun Pan Certified Public
Accountants LLP

H SHARE REGISTRAR IN HONG KONG

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PUBLIC RELATIONS

Wonderful Sky Financial Group Limited

COMPANY WEBSITE

kunlun.wsfg.hk

STOCK CODE

3833

CORPORATE INFORMATION

SUMMARY

Xinjiang Xinxin Mining Industry Co., Ltd.* (the “Company”) was incorporated on 1 September 2005 with the approval of the People’s Government of Xinjiang Uygur Autonomous Region as a joint stock limited company in the People’s Republic of China (the “PRC”) by way of promotion with Xinjiang Non-ferrous Metal Industry (Group) Ltd.* (新疆有色金屬工業(集團)有限責任公司) (“Xinjiang Non-Ferrous”), Shanghai Yilian Kuangneng Co. Ltd.* (上海怡聯礦能實業有限公司) (“Shanghai Yilian”), Zhongjin Investment (Group) Ltd.* (中金投資(集團)有限公司) (“Zhongjin Investment”), Zijin Mining Group (Xiamen) Investment Co., Ltd.* (紫金礦業集團(廈門)投資有限公司) (“Zijin Mining (Xiamen)”), Xinjiang Xinying New Material Co. Ltd.* (新疆信盈新型材料有限公司) and Shaanxi Honghao Industry Co., Ltd.* (陝西鴻浩實業有限公司) acting as the promoters (collectively referred to as the “Promoters”).

The Promoters hold in aggregate 1,451,000,000 domestic shares of the Company. In October 2007, 759,000,000 H shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company was the first Chinese nickel cathode production enterprise listed outside the PRC.

On 9 March 2016, Shaanxi Honghao Industry Co., Ltd.* (陝西鴻浩實業有限公司) transferred all of 6,272,000 domestic shares held by it in the Company to Shaanxi Guangyou Trade Co., Ltd.* (陝西廣優貿易有限公司) by means of negotiated assignment, after which, Shaanxi Guangyou Trade Co., Ltd.* (陝西廣優貿易有限公司) holds 6,272,000 domestic shares of the Company.

The Company announced the possibility that the Company may adopt and implement a H Shares Circulation Proposal on 22 October 2021, and subsequently received the official approval from the CSRC regarding the implementation of the full circulation of H shares of the Company on 13 September 2022. The listing approval was granted to the Company by the Stock Exchange for the full circulation of the H Shares of the Company on 15 November 2022, and the conversion of 191,580,000 domestic shares of the Company into H Shares was completed on 16 December 2022.

The Company and its subsidiaries (the “Group”) are the second largest nickel cathode producer in the PRC utilizing nickel sulfide resources and are principally engaged in the mining, ore processing, smelting and refining operations and sales of nickel, copper and other non-ferrous metals. The major product of the Group is nickel cathode. The secondary product is copper cathode. Cobalt, gold, silver, platinum and palladium are also produced and derived from the Group’s major production process.

In addition to the Kalatongke nickel-copper mine held by the Company at the time of establishment, the Company acquired Huangshandong (黃山東), Huangshan (黃山) and Xiangshan (香山), three nickel-copper mines in Hami, Xinjiang in 2009. The Company held 100% equity interests in the above four nickel-copper mines.

CORPORATE INFORMATION

The Company acquired 51% equity interests in Shaanxi Xinxin Mining Co., Ltd (“Shaanxi Xinxin”) in 2011. Shaanxi Xinxin held two vanadium mines in Xianghe Street and Mujia River in Shangnan, Shaanxi (陝西商南縣的湘河街和穆家河) in which the Company held 51% equity interests thereof. As of 31 December 2025, two vanadium mines in Xianghe Street and Mujia River were still under the stage of resource exploration and no mining activities had been conducted yet.

The Company acquired 51% equity interests in Xinjiang Huaou Mining Co., Ltd.* (新疆華甌礦業有限公司, “Huaou Mining”) in 2025. Huaou Mining owns the Karchar Fluorspar Mine located in Ruoqiang County, Bayingol Mongol Autonomous Prefecture, Xinjiang, and the Company owns 51% of the equity in the fluorite mine. As at 31 December 2025, the Karchar Fluorspar Mine is in the infrastructure construction phase and has not yet commenced formal production.

RESOURCES AND RESERVES

The resources and reserves estimates for the deposits of four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan as at 31 December 2025 are set out in the following tables:

	Ore contents (t)	Grade Cu (%)	Ni (%)	Metal contents Cu (t)	Ni (t)
Resources as of 31 December 2025					
Kalatongke nickel-copper mine	26,013,035	0.98	0.55	253,651	144,135
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	61,239,334	0.29	0.46	177,891	282,346
Total	87,252,369			431,542	426,481
Reserves as of 31 December 2025					
Kalatongke nickel-copper mine	16,038,643	1.03	0.62	165,449	99,874
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	23,614,042	0.31	0.50	74,769	119,239
Total	39,652,685			240,218	219,113

Note: The resources and reserves estimates for the deposits of Kalatongke nickel-copper mine were based on the 2007 estimates in the independent technical review report as shown in the Company’s Prospectus dated 27 September 2007, of which the reserves exclude nickel-copper mines in No. 3 mineral deposit upgraded above the control grade. The resources and reserves estimates for the deposits at three nickel-copper mines in Huangshandong, Huangshan and Xiangshan mines were based on the 2008 estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC, of which the reserves exclude the available low-grade nickel-copper mines. The increases and decreases in resources and reserves due to mining consumption and exploration during the period were confirmed by internal experts.

CORPORATE INFORMATION

The resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River as of 31 December 2025 are set out in the following table:

	Ore contents (t)	V ₂ O ₅ grade (%)	V ₂ O ₅ contents (t)
Resources as of 31 December 2025			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	16,410,100	0.89	146,015
Total	26,569,500		242,315

Note: The resources estimates for the deposits at two vanadium mines in Xianghe Street and Mujia River were based on the 2012 estimates of resources as approved for record by the Land and Resources Bureau of Shaanxi Province. In 2020, according to the Mineral Resources Exploration License Notification issued by the Department of Natural Resources of Shaanxi Province (Shaanxi Ziran Zikuang Kanzi [2021] 045), the resources of the Mujiahe Vanadium Exploration Rights and Mining Rights (retained) were estimated and identified by internal experts. The exploration rights certificate of vanadium mines in Xianghe Street expired as of 31 December 2025. As of the date of this Report, the application for the extension of the validity period of the Xianghe Street vanadium mine was still under application.

As of 31 December 2025, the resources estimates for the Karchar Fluorspar Mine are set out in the following table:

	Ore contents (t)	Grade CaF ₂ (%)	Contents CaF ₂ (t)
Resources as at 31 December 2025			
Karchar Fluorspar Mine	61,860,609	32.96	20,386,963
Total	61,860,609	32.96	20,386,963

	Ore contents (t)	Grade CaF ₂ (%)	Contents CaF ₂ (t)
Reverses as at 31 December 2025			
Karchar Fluorspar Mine	24,714,550	28.61	7,071,492
Total	24,714,550	28.61	7,071,492

Note: The resources and reserves for the Karchar Fluorspar Mine were estimated based on the 2024 estimates published in the Independent Technical Report included in the Company's circular dated 24 March 2025 and confirmed by internal experts.

SUMMARY OF FINANCIAL INFORMATION

Year ended 31 December/As at 31 December

(RMB'000)

	2021	2022	2023	2024 (Restated) ^{Note}	2025
RESULTS OF OPERATIONS					
Revenue	2,382,408	2,863,725	2,049,837	2,292,401	2,561,304
Gross operating profit*	860,464	1,213,221	586,118	524,802	675,517
Net profit or total comprehensive income attributable to					
– Shareholders of the Company	514,262	743,236	162,343	169,794	169,863
– Non-controlling interests	(1,323)	(1,418)	(321)	(14,005)	(24,220)
Earnings per share – basic and diluted (RMB/share)	0.233	0.34	0.07	0.08	0.09
CASH FLOWS					
Net cash flows generated from operating activities	683,043	866,993	557,956	178,404	557,916
FINANCIAL POSITION					
Total assets	7,393,500	7,829,460	7,837,578	9,644,157	10,423,233
Total liabilities	2,447,070	2,139,794	2,317,070	2,423,330	4,243,773
Equity attributable to shareholders of the Company	4,928,375	5,673,029	5,504,193	6,463,117	5,442,416
Non-controlling interests	18,054	16,637	16,315	757,710	737,044
Total shareholders' equity	4,946,429	5,689,666	5,520,508	7,220,827	6,179,460
Cash and cash equivalents	376,577	621,471	483,703	582,406	419,594
KEY FINANCIAL RATIOS					
Gross profit margin (%)	38.23	43.2	33.9	24.3	25.3
Net profit margin (%)	21.59	25.95	7.92	7.41	6.63
Gearing ratio (%) (net debts/total capital**)	17.82	6.18	4.90	2.73	23.71
Current ratio (times)	1.2	2.2	1.8	1.5	1.0

Note: The Group completed the equity acquisition of Huaou Mining in June 2025. This transaction constitutes a business combination under the same control, and the Group has restated its consolidated financial statements for 2024 in accordance with Chinese accounting standards. For details on the consolidated operating performance, please refer to the audited consolidated financial statements.

* Gross operating profit: revenue ± gains or losses on changes in fair value – cost of sales – taxes and surcharges

** Total capital: net debts + total equity

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to extend my gratitude for your confidence and support to Xinjiang Xinxin Mining Industry Co., Ltd.* (the "Company") and its subsidiaries (collectively the "Group"). I am pleased to report the operating results for the year ended 31 December 2025 ("Year 2025" or the "Year"):

MARKET OVERVIEW

In 2025, the average three-month future price of nickel cathode quoted on the London Metal Exchange was US\$15,362 per tonne, representing a decrease of approximately 9.9% as compared to that in 2024, and the average three-month future price of copper cathode was US\$9,967 per tonne, representing an increase of approximately 7.6% as compared to that in 2024.

In 2025, the average settlement price (tax inclusive) of nickel cathode quoted on the Shanghai Futures Exchange was RMB122,443 per tonne, representing a decrease of approximately 7.3% as compared to that in 2024; the average spot price (tax inclusive) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB124,004 per tonne, representing a decrease of approximately 7.0% as compared to that in 2024; and the average spot price (tax inclusive) of copper cathode was RMB81,047 per tonne, representing an increase of approximately 7.9% as compared to that in 2024.

The domestic price trends of nickel cathode and copper cathode were basically in line with the international market in 2025.

INDUSTRY POSITION

The Group is a mining company principally engaged in the mining, ore processing, smelting and refining of nickel cathode products and other non-ferrous metals (namely, copper, cobalt, gold, silver, platinum and palladium). According to the statistics of the website of Metal China (<https://www.metalchina.com>), the domestic nickel output in 2025 was approximately 380,000 tonnes, basically remaining at the same level with that in 2024. The Group produced 13,007 tonnes of nickel cathode in 2025, making it the second largest domestic manufacturer of nickel cathode produced with nickel sulfide resources in China.

BUSINESS REVIEW

Production and Operation

For the year of 2025, facing the cost pressure brought by the price fluctuations of externally procured raw materials, and in accordance with the requirements of the State and local governments regarding enhancing production safety and improvement on environmental protection indicators, the Group adopted a multi-pronged approach to ensure the steady operation of the enterprise. The Group continued to increase investment in the upgrade of production safety facilities, environmental protection facilities and major production processes, strengthened the guidance of party building and internal fundamental management, optimized the internal operation structure and the technical and economic indicators of production processes, strictly controlled non-production expenditures, and ensured the achievement of production capacity and compliance with production standards. In the meantime, the Group continued the sales model of pricing sales by combining spot and futures prices, in order to realize the sales of the Group's major products at a relatively higher market price and effectively enhance the economic efficiency of the enterprise.

CHAIRMAN'S STATEMENT

For the year of 2025, the Group recorded a total nickel cathode output of 13,007 tonnes, representing an increase of approximately 26.6% as compared to that in 2024, and a total copper cathode output of 9,007 tonnes, representing an increase of approximately 2.4% as compared to that in 2024.

For the year of 2025, the Group recorded total nickel cathode sales of 12,585 tonnes, representing an increase of approximately 25.9% as compared to 9,998 tonnes in 2024, and total copper cathode sales of 9,612 tonnes, representing an increase of approximately 7.5% as compared to 8,939 tonnes in 2024.

For the year of 2025, the Group recorded an average selling price (tax exclusive, including gains and losses from changes in fair value) of nickel cathode of approximately RMB112,964 per tonne, representing a decrease of approximately 3.9% as compared to RMB117,604 in 2024, and the average selling price (tax exclusive) of copper cathode of approximately RMB71,505 per tonne, representing an increase of approximately 6.2% as compared to RMB67,326 in 2024.

For the year of 2025, the Group recorded an average cost of sales of nickel cathode of approximately RMB81,181 per tonne, representing a decrease of approximately 0.4% as compared to RMB81,539 in 2024, and the average cost of sales of copper cathode of approximately RMB65,171 per tonne, representing an increase of approximately 5.4% as compared to RMB61,857 in 2024.

For the year of 2025, Huaou Mining was still in the infrastructure construction phase, and fluorite concentrate had not yet been formally produced or sold.

For the year of 2025, the Group achieved revenue of approximately RMB2,561.3 million, representing an increase of approximately 11.7% as compared to that in 2024; the Group realized a net profit of approximately RMB169.9 million, while the net profit was approximately RMB169.8 million in 2024; a comprehensive profit attributable to shareholders of the Company amounted to approximately RMB194.1 million, as compared to a comprehensive profit attributable to shareholders of the Company of approximately RMB183.8 million in 2024; earnings per share (basic and diluted) of approximately RMB0.09 as compared to earnings per share (basic and diluted) of approximately RMB0.08 in 2024.

Mineral exploration activities: For the year of 2025, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining") mainly completed approximately 10,504.03 meters of surface drilling, and approximately 8,252.09 meters of drilling in pit. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") completed approximately 5,117.27 meters of drilling in pit. Huaou Mining completed approximately 15,557.2 meters of drilling in pit. For the year of 2025, the total amount of expenditure that the Group expended on exploration was approximately RMB12.51 million.

Mining development activities: For the year of 2025, Kalatongke Mining mainly completed the excavation of approximately 3,006.1 meters of No. 1 ore body, approximately 3,213.5 meters of No. 2 ore body, and approximately 1,143.3 meters of No. 3 ore body. The progress of the Xinjiang Yakesi Huangshan Copper-Nickel Mine infrastructure development was approximately 2,060.8 meters, and the progress of mining and cutting works was approximately 5,936.1 meters. Huaou Mining completed the excavation of approximately 17,543.8 meters. For the year of 2025, the Group's total expenditure for mining development activities amounted to approximately RMB22.68 million.

Ore mining: For the year of 2025, Kalatongke Mining produced approximately 1,190,000 tonnes of ore, while Xinjiang Yakesi and Hami Jubao Resources Development Co., Ltd. ("Hami Jubao") produced approximately 1,520,000 tonnes of ore. For the year of 2025, the aggregate expenditures of the ore mining operation of the Group was approximately RMB383.13 million.

CHAIRMAN'S STATEMENT

Ore processing: For the year of 2025, Kalatongke Mining produced approximately 109,602 tonnes of nickel-copper combined concentrate, while Xinjiang Yakesi and Hami Jubao produced approximately 51,167 tonnes of nickel concentrate and approximately 7,636 tonnes of copper concentrate.

Smelting and refining: For the year of 2025, Kalatongke Mining produced approximately 30,770 tonnes of water hardening and nickel matte. Fukang Refinery* (阜康冶煉廠) manufactured approximately 13,007 tonnes of nickel cathode, approximately 9,007 tonnes of copper cathode and approximately 121 tonnes of electrolytic cobalt.

Sales: For the year of 2025, the Group achieved revenue from principal businesses of approximately RMB2,553.5 million in total (excluding gains and losses from changes in fair value), which comprised approximately RMB1,336.4 million of sales revenue from nickel cathode (excluding gains and losses from changes in fair value), accounting for approximately 52.7% of the revenue from principal businesses of the Group, approximately RMB687.3 million of sales revenue from copper cathode, accounting for approximately 27.1% of the revenue from principal businesses of the Group, and approximately RMB509.7 million of sales revenue from other products (including copper concentrate, sulphuric acid, gold, silver, platinum, palladium, and precious metal materials) (excluding gains and losses from changes in fair value), accounting for approximately 20.1% of the revenue from principal businesses of the Group.

Progress of Technological Renovation and Capacity Expansion Projects and Infrastructure Projects

For the year of 2025, the technological renovation and capacity expansion projects carried out by the Group mainly included (i) the enhancement of the daily mining capacity to 3,400 tonnes, daily ore processing capacity to 3,000 tonnes and annual production capacity of water hardening and nickel matte to 8,000 tonnes, as well as mine infrastructure construction, workshop technological renovation, environmental protection transformation, energy recovery and related automation transformation projects of Kalatongke Mining, (ii) the enhancement of the auxiliary facilities to improve the refining capacities of nickel cathode and copper cathode, as well as the construction of projects such as safety and environmental protection standard upgrade transformation, electrolysis system optimization transformation, energy-saving and automation transformation of Fukang Refinery, (iii) the construction of projects such as mining technological renovation, excavation, backfilling plant and external water supply pipeline of Xinjiang Yakesi, and (iv) construction of the mining, ore processing and mining area infrastructure projects of Huaou Mining. The major technological renovation and capacity expansion projects and infrastructure projects of the Group proceeded smoothly as a whole in 2025 and the work progress requirements were completed as scheduled during the year. The investment on each major technological renovation and capacity expansion project is as follows:

For the year of 2025, a total of approximately RMB131.4 million was invested in Kalatongke Mining for the further enhancement of the daily mining capacity to 3,400 tonnes, daily ore processing capacity to 3,000 tonnes, annual production capacity of water hardening and nickel matte to 8,000 tonnes of nickel metal, as well as the construction of mine infrastructure, workshop technological renovation, energy recovery and related automation transformation projects.

For the year of 2025, a total of approximately RMB166.8 million was invested in Fukang Refinery in relation to the further enhancement of the auxiliary facilities to improve the refining capacities of nickel cathode and copper cathode, as well as the construction of projects such as safety and environmental protection standard upgrade transformation, electrolysis system optimization transformation, energy-saving and automation transformation.

For the year of 2025, a total of approximately RMB66.1 million was invested in Xinjiang Yakesi in relation to the construction of projects such as mining technological renovation, excavation, backfilling plant and external water supply pipeline.

For the year of 2025, a total of approximately RMB754.2 million was invested in the construction of the mining, ore processing and mining area infrastructure projects of Huaou Mining.

CHAIRMAN'S STATEMENT

Safety and Environmental Protection

The Group adheres to the safety and environmental protection work policies of "Safety First, Precaution Foremost, and Comprehensive Treatment" and "Equal Emphasis on both Resource Exploitation and Environmental Protection", follows to the concept of "putting people first and life first", uphold the thinking of safety as the "red line" and environmental protection as the "bottom line", and earnestly carries out the Group's production safety and environmental protection work. In 2025, the Group achieved its target of production safety. The environmental protection work was conducted in strict compliance with the relevant national laws and regulations.

OUTLOOK

Operating Environment

For the year of 2026, uncertainties that have an impact on global economic development still persist, and the global economy is experiencing insufficient growth momentum. Meanwhile, China is undergoing a transitional phase towards high-quality development, placing greater emphasis on deepening reform and opening up, technological innovation, and optimising industrial structure, and yet it is expected to maintain a relatively stable growth (the Chinese government forecasts China's GDP growth rate to be approximately 4.5%-5% in 2026). In this regard, the Group expects the consumption volume of nickel cathode and copper cathode in the domestic non-ferrous metal market will increase in 2026. As fluorite concentrate is a widely used rare non-metallic material, its market demand is expected to remain stable.

For the year of 2026, the Group will strengthen its management, enhance the Group's overall management level and operational efficiency, explore its internal potential, ensure the balanced operation, stabilised production and over-production for the full process of mining, ore processing, smelting and refining of the Group, and maintain stability in the production level of major products.

Operational Objectives

For the year of 2026, the Group plans to produce 13,000 tonnes of nickel cathode, representing an increase of approximately 7.8% as compared with the planned production of nickel cathode in 2025, plans to produce 9,762 tonnes of copper cathode for the year 2026, which was basically flat as compared with the planned production of copper cathode in 2025. Huaou Mining plans to complete the construction of mining, ore processing, and mining area infrastructure upon the completion of the aforementioned work by July 2026, and commence official production. It plans to produce approximately 122,804 tonnes of fluorite concentrate in 2026.

Shareholders and potential investors should be cautioned that the above estimates are made on the basis of the current market situation and the existing conditions of the Group and are subject to a number of uncertainties in prices of the Company's products, domestic raw materials market and production environment. The Board may adjust the relevant production plan according to the changes of actual situation.

CHAIRMAN'S STATEMENT

BUSINESS STRATEGIES

Production and Operation

For the year of 2026, as there are more uncertainties that may affect the development of the global economy, the Group will continue to strengthen its research and analysis of the trend of price in the international and domestic nickel cathode and cathode copper markets combining with its actual situation and capital capability and carry out more flexible and proactive marketing strategies. Moreover, the Group will continue to strengthen the upgrading of its production safety and environmental protection facilities and major production processes to cater for the optimization of domestic economic structure, changes in development patterns and the requirements of the State and local government for production safety and environmental protection improvement. On top of these, the Group will fully explore its internal potential, strive to increase output and income, and further reduce its production costs and expenses through stringent control of non-production expenditures with an aim to continuously generate greater economic benefits for the Group and improve its management standards and general operation efficiency.

Project Construction Work

For the year of 2026, the planned investments in the major construction projects of the Group are as follows:

Kalatongke Mining will undergo further enhancement of the daily mining capacity to 3,400 tonnes, daily ore processing capacity to 3,000 tonnes, annual production capacity of water hardening and nickel matte to 8,000 tonnes of nickel metal, as well as the construction of its processing scale, production process optimization, workshop technological renovation, environmental protection defect rectification, energy efficiency and related automation projects. The Company expects to invest RMB220.0 million in the plan above for the year 2026.

Fukang Refinery will undergo further enhancement of the auxiliary facilities to improve the refining capacities of nickel cathode and copper cathode, as well as the construction of projects such as the safety and environmental protection standard upgrade transformation, process technology optimization transformation, energy-saving and automation transformation. The Company expects to invest RMB150.7 million in the plan above for the year 2026.

Xinjiang Yakesi will further improve the projects including mining technological renovation, excavation, ore processing construction, tailings pond technological renovation of the ore processing plant and building renovation. The Company expects to invest RMB78.0 million in the plan above for the year 2026.

Huaou Mining will further complete the mining, ore processing and mining area infrastructure projects of Karchar Fluorspar Mine in Xinjiang Ruoqiang County, Xinjiang. The Company expects to invest RMB340.0 million in the plan above for the year 2026.

Mineral Resources Control and Search for Mines by Geological Means

Mineral resources are the fundamental guarantee for the continuing development of a mining company. The control of mineral resources and the search for mines by geological means have always been the core components of the business development of the Group. The Group places great emphasis on searching for preliminary mining projects with potentials for acquisition, enhances in-depth exploration, extends exploration in the surrounding areas of its existing major mines, and applies effective mine searching methods to achieve effective growth of the mineral resources and reserves of the Group. In recent years, significant progress has been made in exploration and reserve expansion, providing a solid resource foundation for the Group's healthy and stable development. The 2021-2025 "Exploration within Existing Deposits" project at the Kalatongke Copper-Nickel Mine, operated by Xinjiang Kalatongke Mining Industry Company Limited, was awarded the Xinjiang Uygur Autonomous Region Geological Exploration Breakthrough Award (Second Prize of Major Achievements for Geological Exploration in Xinjiang).

CHAIRMAN'S STATEMENT

For the year of 2026, the Group plans to invest RMB14.46 million in in-depth exploration and extension of exploration in the surrounding area of its existing major mines resources and search for mines by geological means. In particular, Kalatongke Mining plans to invest RMB7.79 million in exploration while Xinjiang Yakesi and Hami Jubao plan to invest RMB6.67 million in exploration.

Mergers and Acquisition

The Company has placed great emphasis on mergers and acquisition of enterprises since its listing. Following the successful acquisition of various mining companies including Xinjiang Yakesi, Hami Jubao, Zhongxin Mining, Shaanxi Xinxin, Hami Hexin Mining Company Limited (in which the Company holds 50% equity interests) and Huaou Mining, the Group's nickel and copper resources and reserves as well as its development and production capacity achieved substantial increase. The acquisitions have further optimized the Group's production chain, strengthened its core competitiveness and uplifted the operational efficiency of assets as a whole. In 2025, the Group acquired 51% equity interests in Huaou Mining, increasing strategic fluorite resource reserves and enriching the product portfolio of the Group's mining development business. For the year of 2026, the Group will fully utilize its strength to enhance enterprises merger and acquisition, initiate economic cooperation and capture the business opportunities of merger and acquisition in the international and the domestic metal markets. The Group will strive for new breakthrough in terms of mergers and acquisition of enterprises and capital management, leading to a new milestone for the Group.

The year of 2026 will see that the Group embraces a development landscape with both opportunities and challenges coexisting. Faced with the external situation of a complex and volatile global economic environment and a growing number of uncertain factors, the Group will adhere to the development policy that combines proactiveness and prudent operation, and ensure the steady progress and long-term sustainable development of all businesses by optimizing operational management, improving operational efficiency and controlling operating costs.

By virtue of its abundant resource reserves, favorable industrial advantages and a management team with profound industry experience, the Group will seize opportunities and expand its advantages in the process of the gradual recovery of the global economy.

Looking ahead to 2026, with the concerted efforts and diligent endeavors of all employees, as well as the trust and support from various sectors of society, the Group is confident in achieving sustained, stable and high-quality development.

By order of the Board

Chen Yin
Chairman

Xinjiang, the PRC
27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

In 2025, the revenue of the Group amounted to approximately RMB2,561.3 million, representing an increase of approximately 11.7% as compared to approximately RMB2,292.4 million in 2024; the comprehensive net profit of the Group amounted to approximately RMB169.9 million, basically flat with the comprehensive net profit of RMB169.8 million in 2024; the comprehensive net profit attributable to the shareholders of the Company amounted to approximately RMB194.1 million, representing an increase of approximately 5.6% as compared to the comprehensive net profit attributable to the shareholders of the Company amounting to approximately RMB183.8 million in 2024. The increase in the annual operation results in 2025 as compared to that in 2024 was primarily due to: (i) the sales volume of nickel cathode increased from 9,998 tonnes in 2024 to 12,585 tonnes in 2025, representing an increase of approximately 25.9%; (ii) the sales volume of copper cathode increased from 8,939 tonnes in 2024 to approximately 9,612 tonnes in 2025, representing an increase of approximately 7.5%; the average selling price of copper cathode increased from RMB67,326 per tonne in 2024 to approximately RMB71,505 per tonne in 2025, representing an increase of approximately 6.2%; (iii) the increase in sales volume and selling prices of other products in 2025, of which, (a) the sales volume of precious metal materials in 2025 was approximately 1,770 tonnes, representing an increase of approximately 218.9% from 555 tonnes in 2024. The average selling price of precious metal materials in 2025 was approximately RMB103,161 per tonne, up approximately 33.7% from approximately RMB77,181 per ton in 2024; (b) the sales volume of electrolytic cobalt in 2025 was approximately 241 tonnes, with an average selling price of approximately RMB299,792 per tonne, whereas no electrolytic cobalt was sold in 2024; and (c) the sales volume of sulfuric acid in 2025 was approximately 224,939 tonnes, representing an increase of approximately 9.4% from 205,647 tonnes in 2024. The average selling price of sulfuric acid in 2025 was approximately RMB338 per tonne, increased approximately 72.4% from approximately RMB196 per tonne in 2024; and (iv) the Group made an asset impairment provision of approximately RMB70.8 million in 2025, which partially offset the gains.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT OF THE PRINCIPAL BUSINESSES

The following table illustrates the details of sales by products of the Group for the years ended 31 December 2025 and 31 December 2024, respectively:

Product Name	For the year ended 31 December 2025			For the year ended 31 December 2024			
	Sales volume <i>Tonnes</i>	Amount <i>RMB'000</i>	% to Revenue from principal operation	Sales volume <i>Tonnes</i>	Amount <i>RMB'000</i>	% to Revenue from principal operation	Growth rate in amount + / (-)
Nickel cathode	12,585	1,336,394	52.7%	9,998	1,161,909	51.4%	15.0%
Copper cathode	9,612	687,316	27.1%	8,939	601,838	26.7%	14.2%
Copper concentrate	7,336	136,884	5.4%	10,001	136,578	6.0%	0.2%
Other products		372,857	14.7%		359,456	15.9%	3.7%
Of which:							
Electrolytic cobalt	241	72,205	2.9%	–	–	–	–
Precious metal materials	1,770	182,594	7.2%	555	42,866	1.9%	326%
Copper leaching tailings	–	–	–	6,578	222,359	9.8%	(100%)
Total revenue from principal operation		2,533,451	100.0%		2,259,781	100.0%	12.1%
Gains or losses on changes in fair value		88,956	–		17,407	–	–
Cost of sales from principal operation		(1,894,095)	74.8%		(1,712,548)	75.8%	10.6%
Gross profit/Gross profit margin*		728,312	27.8%		564,640	24.8%	29.0%

* Gross profit = (total revenue of principal operation ± gains or losses on changes in fair value – cost of sales from principal operation)/(total revenue of principal operation ± gains or losses on changes in fair value)

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the revenue of nickel cathode of the Group (including gains or losses on changes in fair value of approximately RMB85.2 million) amounted to approximately RMB1,421.6 million, representing an increase of approximately 20.9% as compared to RMB1,175.8 million in 2024, which was mainly attributable to the increase in the production and sales volume of nickel cathode. The Group's average selling price of nickel cathode in 2025 amounted to approximately RMB112,964 per tonne (tax exclusive, including gains and losses from changes in fair value), representing a decrease of approximately 3.9% as compared to approximately RMB117,604 per tonne (tax exclusive, including gains and losses from changes in fair value) in 2024. In 2025, the Group's sales volume of nickel cathode was 12,585 tonnes, representing an increase of approximately 25.9% as compared to 9,998 tonnes in 2024.

In 2025, the revenue of copper cathode of the Group amounted to approximately RMB687.3 million, representing an increase of approximately 14.2% as compared to RMB601.8 million in 2024, which was mainly due to the increase in the sales volume and price of copper cathode. The Group's average selling price of copper cathode in 2025 was approximately RMB71,505 per tonne (tax exclusive), representing an increase of approximately 6.2% as compared to approximately RMB67,326 per tonne (tax exclusive) in 2024. The Group's sales volume of copper cathode in 2025 was 9,612 tonnes, representing an increase of approximately 7.5% as compared to 8,939 tonnes in 2024.

In 2025, the revenue of copper concentrate of the Group (tax exclusive and including gains and losses from changes in fair value of approximately RMB3.7 million) was approximately RMB140.6 million, basically flat with RMB140.1 million in 2024. The Group's average selling price of copper concentrate in 2025 was approximately RMB19,170 per tonne (tax exclusive, including gains and losses from changes in fair value), representing an increase of approximately 36.8% as compared to approximately RMB14,011 per tonne (tax exclusive, including gains and losses from changes in fair value) in 2024. The Group's sales volume of copper concentrate in 2025 was approximately 7,336 tonnes, representing a decrease of approximately 26.6% as compared to 10,001 tonnes in 2024.

In 2025, the revenue of other products of the Group amounted to approximately RMB372.9 million, representing an increase of approximately 3.7% from RMB359.5 million in 2024, which was mainly attributable to (i) the revenue from the sales of precious metal materials amounting to approximately RMB182.6 million in 2025, representing an increase of approximately RMB139.7 million from RMB42.9 million in 2024; (ii) in 2025, revenue from the sale of electrolytic cobalt amounted to approximately RMB72.2 million, whereas no electrolytic cobalt was sold in 2024; (iii) the revenue from the sales of sulfuric acid amounted to approximately RMB76.1 million in 2025, representing an increase of approximately RMB35.8 million from RMB40.3 million in 2024; and (iv) no copper leach residue was sold in 2025, resulting in a decrease of approximately RMB222.4 million in revenue from this source compared to 2024.

In 2025, the gross profit from the Group's principal business amounted to approximately RMB728.3 million, representing an increase of approximately RMB163.7 million as compared to approximately RMB564.6 million in 2024. The gross profit margin of the principal business was approximately 27.8% in 2025, representing an increase of approximately 3 percentage points as compared to approximately 24.8% in 2024, which was mainly due to the increase in sales volume and selling prices of precious metal materials, electrolytic cobalt, and sulfuric acid within other products.

MANAGEMENT DISCUSSION AND ANALYSIS

SELLING EXPENSES

In 2025, selling expenses incurred by the Group increased by approximately 9.8% to approximately RMB19.3 million, as compared to approximately RMB17.6 million in 2024, which was mainly due to the increase in the sales of the Group's major products, leading to the increase in the transportation fees that were incurred for the sales of products to the regions outside of Xinjiang in the Reporting Year.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2025, the general and administrative expenses incurred by the Group increased by approximately 14.6% to approximately RMB234.7 million, as compared to approximately RMB204.9 million in 2024, which was mainly due to the increase in employee compensation and depreciation and amortization expenses.

FINANCE EXPENSES – NET

In 2025, net finance expenses incurred by the Group amounted to approximately RMB51.1 million, representing an increase in finance expenses of RMB16.6 million as compared to net finance expenses of RMB34.5 million in 2024, which was mainly due to the Group's completion of the equity acquisition of Huaou Mining in June 2025, which led to additional interest expenses arising from bank borrowings, as well as the inclusion of additional finance expenses of Huaou Mining upon the consolidation of its financial statements into the Group's financial statements. The Group's finance expenses increased by approximately RMB16.6 million as a result of the above factors.

FINANCIAL ASSETS HELD FOR TRADING

In 2025, the Group's financial assets held for trading amounted to approximately RMB38.2 million, representing an increase of approximately RMB37.8 million from approximately RMB0.4 million in 2024, which was mainly due to the increase in fair value changes arising from the pricing process for sales of electrolytic nickel and copper concentrate mine, driven by fluctuations in international commodity prices such as nickel and copper.

NET LOSS FROM ASSET IMPAIRMENT

Net loss from asset impairment for the Reporting Year was approximately RMB70.8 million (2024: RMB58.5 million), which included impairment losses of intangible assets amounting to approximately RMB75.7 million.

FINANCIAL POSITION

At the end of 2025, shareholders' equity decreased from approximately RMB7,220.8 million at the beginning of the Reporting Year (restated, comprising the initial investment cost of approximately RMB885.6 million in respect of the 51% equity interests in Huaou Mining held by Xinjiang Non-ferrous and minority shareholders' equity of approximately RMB759.6 million in Huaou Mining as at the end of 2024) to approximately RMB6,179.5 million, primarily due to (i) the equity acquisition of Huaou Mining being a business combination under common control, and the Group having paid the consideration for the equity acquisition of Huaou Mining in 2025, resulting in a corresponding deduction of RMB1,098.1 million from capital reserve; (ii) a cash distribution of the final dividend for the year of 2024 of approximately RMB110.5 million and a profit of approximately RMB194.1 million for the year of 2025, leading to an increase of approximately RMB83.6 million in retained profits for the year of 2025. Total assets increased by approximately 8.0% from approximately RMB9,644.2 million in 2024 to approximately RMB10,423.2 million in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the net cash inflow generated from the Group's operating activities amounted to approximately RMB557.9 million, representing an increase of approximately RMB379.5 million, as compared to the net cash inflow of approximately RMB178.4 million in 2024. The net cash outflow used in investing activities was approximately RMB824.3 million, which was mainly attributable to the acquisition of fixed assets and equity acquisition of Huaou Mining. The net cash inflow used in financing activities amounted to approximately RMB103.6 million, of which the cash inflow from financing activities was mainly attributable to loans from banks and connected parties received by the Group of approximately RMB2,432.1 million, and the cash outflow from financing activities was mainly attributable to the Group's repayment of loans from banks and connected parties and interest of approximately RMB1,058.4 million and cash distribution of the final dividend for the year of 2024 amounting to RMB110.5 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had total cash and cash equivalents amounting to approximately RMB419.6 million (2024: RMB582.4 million), and the total borrowings of the Group amounted to approximately RMB2,110.6 million (2024: RMB763.7 million). As such, the net debts of the Group (total borrowings less cash and cash equivalents) amounted to approximately RMB1,691.0 million (2024: RMB181.3 million) and the gearing ratio (net debts divided by total capital*) was approximately 23.71% (2024: 2.73%). The increase in the gearing ratio compared to the year of 2024 was primarily due to the acquisition of equity interests in Huaou Mining and the construction of mining, mineral processing and infrastructure projects of Huaou Mining, which led to an increase in borrowings from banks and related parties.

	As at 31 December 2025	As at 31 December 2024
Current ratio (<i>times</i>)	1.0	1.5
Gearing ratio (<i>net debts/total capital *</i>)	23.71%	2.73%

* Total capital: net debts + total equity

COMMODITY PRICE RISK

The prices of the Group's products are affected by international and domestic market prices and changes in the global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as their supply and demand changes are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the turnover and the comprehensive income of the Group.

FOREIGN EXCHANGE RATE FLUCTUATIONS RISK

The Company's businesses are solely conducted in RMB. The fluctuations of exchange rates may affect the prices of the international and domestic non-ferrous products, and thus affecting the operating results of the Group. The volatility of the RMB exchange rate has intensified in recent years due to uncertainties in the global economic cycle, the trading environment and the monetary policies of certain major countries. Fluctuations in exchange rates may have an adverse effect on the Group's conversion or exchange of net assets, earnings and any declared dividends into Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL RISK

The Chinese economy has shifted from a fast-growing period to a high-quality development phase where emphasis is placed on the optimisation of economic structure and transformation of development patterns. The government's environmental supervision will increase the volatility of output of enterprises to some extent. The Group will continue to strengthen the upgrade of its major production processes to cater for the optimisation of domestic economic structure, focus on key areas, innovate governance models, promote the transformation of safety production governance towards pre-prevention, achieve coordinated and healthy development of environmental protection and production and operation, changes in development patterns and the requirements of the State and local government for enhancing production safety and improvement of environmental protection standard.

INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans. Bank deposits and loans at floating rate expose the Group to cash flow interest rate risk, while fixed rate interest-bearing financial liabilities of the Group are subject to the risk of the fair value of interest. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on the prevailing market situation. As of 31 December 2025, the Group's interest-bearing debts were mainly borrowings denominated in RMB, of which, floating rate borrowings amounted to approximately RMB1,673.6 million (2024: RMB763.7 million) and the Group had no interest rate swap arrangement.

CHARGE ON ASSETS

The Group did not have any charges or pledges over its assets as at 31 December 2025.

HISTORICAL CAPITAL EXPENDITURE

Capital expenditure was primarily used to expand the production capacities of the Group, improve the mining, ore processing, smelting and refining production technology and enhance environmental protection of the Group. The following table sets out the conditions of the Group's capital expenditure as well as the ratio of the capital expenditure of each operation over total capital expenditure for the year ended 31 December 2025 based on various categories of operations:

	Year ended 31 December 2025	
	RMB'000	Percentage
		%
Mining, ore processing, smelting and complementary operations in Kalatongke Mining	131,410	11.7
Refining and complementary operations in Fukang Refiner	166,810	14.9
Mining and ore processing operations in Xinjiang Yakesi	66,128	5.9
Mining, ore processing, and infrastructure construction operations in Huaou Mining	754,231	67.5
Total	1,118,579	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 31 December 2025, the Group had a total of 1,839 full-time employees. Breakdowns by function and division are as follows:

Division	Employees <i>(Headcounts)</i>	Total <i>(in percentage)</i>
Management and administration	155	8.43%
Engineering technician	206	11.2%
Production staff	1,191	64.76%
Repair and maintenance	198	10.77%
Inspection	74	4.02%
Sales	15	0.82%
Total	1,839	100.0%

Employee remuneration for the year ended 31 December 2025
(RMB'000)

323,704*

* Details of breakdowns are disclosed in note V.27 to the Financial Statements.

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organized by the local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium, covering pension insurance, medical insurance, unemployment insurance and housing provident funds. According to the currently applicable local regulations, the respective percentages of the pension insurance, enterprise annuity, medical insurance, unemployment insurance and housing provident funds which the Group must contribute are 16%, 8%, 6.5% to 9.7%, 0.5% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 1.04% to 2.85% of its employees' total monthly basic salary for occupational injury insurance.

The Group adhered to the philosophy that "talent is the most valuable resource", continuously refined its talent management mechanisms, has established regulations such as the "Training Management Measures" and the "Employee Self-Directed Learning Management Measures", and built a diversified training system, with a wide range of courses including new employee on-boarding training, professional skills training, certification training, and external study tours, all of which fully supported employees' career development. The Group designed and provided customized training programs tailored to employees at different levels. During the Year, total investment in employee training amounted to approximately RMB3.6 million.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Li Jiangping (李江平), aged 58, served as an employees' representative supervisor of the Company from October 2017 to March 2020. Mr. Li studied in Keketuohai Technical College (可可托海技工學校) from September 1985 to August 1987, majoring in mine selection, and studied in Non-ferrous Chengdu Geology Staff University (有色金屬成都地質職工大學) from September 1990 to July 1993, majoring in safety engineering. Mr. Li is currently a national registered valuer for safety and a senior engineer of non ferrous metallurgy. Mr. Li worked in flotation at the Xinjiang Keketuohai Mining Bureau's mechanical selection plant from September 1987 to September 1990, successively served as the safety officer in safety and environmental protection department and deputy director of production and dispatching of rare metals and mine in Keketuohai, Xinjiang from September 1993 to March 2000, successively served as the section chief, deputy director, director of copper workshop and deputy supervisor of material department of Fukang Refinery from March 2000 to July 2012, successively served as the member to the Party Committee, deputy director, chairman and deputy secretary to the Party Committee of labour union, director, secretary to the Party Committee and head of Fukang Refinery from August 2012 to January 2024, and has served as the member to the Party Committee and deputy general manager of the Company since January 2024 to August 2025, and has served as the deputy secretary of Party Committee since July 2025 and general manager of the Company since August 2025.

NON-EXECUTIVE DIRECTORS

Mr. Chen Yin (陳寅), aged 39. He studied at Jiangxi University of Science and Technology (江西理工大學), majoring in mining engineering, from September 2005 to July 2009. Mr. Chen has considerable working experience in the non-ferrous metals industry in Xinjiang both in terms of the relevant technical expertise and corporate management. Mr. Chen started his career with the Xinjiang Kalatongke Mining Industry Company Limited ("Xinjiang Kalatongke", a subsidiary of the Company) immediately after his graduation from university. From July 2009 to June 2012, Mr. Chen served various positions in Xinjiang Kalatongke, including dispatcher, mining technician, technician and section chief, as well as head of the technical room and deputy head dispatcher. From June 2012 to May 2019, Mr. Chen served as deputy head, acting head and head of Mine 1 of Xinjiang Kalatongke. Furthermore, during the period from May 2019 to January 2024, Mr. Chen served as deputy head engineer, member to the Party Committee and deputy general manager as well as deputy secretary of the Party Committee and general manager of Xinjiang Kalatongke. Mr. Chen served as deputy general manager and chief engineer of the Company from October 2023 to February 2024. He has served as the general manager of the Company from January 2024 to August 2025, and since June 2025, he has been member of the Party Committee and deputy general manager of Xinjiang Non-ferrous, and since July 2025, he has been secretary of the Party Committee of the Company. As approved at the Company's extraordinary general meeting, Mr. Chen Yin was re-designated as a non-executive Director from an executive Director on 29 August 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou Chuanyou (周傳有), aged 62, was re-appointed as a non-executive Director and the vice-chairman of the Company in October 2017. Mr. Zhou served as a non-executive Director and the vice-chairman of the Company from September 2005 to February 2015, and a non-executive Director of the Company from March 2015 to October 2017. Mr. Zhou completed a postgraduate course in law at Fudan University (復旦大學) and obtained a Master's degree in July 1987. Since September 1995, Mr. Zhou has served as the chairman of the board of Shanghai Jinying Investment Company Ltd.* (上海金鷹投資有限公司), which is the predecessor of Zhongjin Investment, and is now the chairman of the board of Zhongjin Investment in which he is the beneficial owner of 100% equity interests. He has served as a director of Shanghai Zhongjin Real Estate (Group) Co., Ltd.* (上海中金房產(集團)有限公司) since February 1998 and a director of Shanghai Yilian since May 2005 and is currently the beneficial owner of 100% shareholding of Shanghai Yilian. As of the date of this Report, Shanghai Yilian holds 12.80% shareholding of the Company and Zhongjin Investment holds 8.18% shareholding of the Company. The interest attributable to Mr. Zhou in the Company represents his indirect deemed interest in the Company's issued share capital via his equity interests held in the Company through Shanghai Yilian and Zhongjin Investment. Mr. Zhou has served as deputy chairman of the Board of Dazhong Insurance Co., Ltd. of China (大眾保險股份有限公司) from September 1998 to December 2009. Mr. Zhou is the brother-in-law of Mr. Hu Chengye, another non-executive Director of the Company.

Mr. Wang Lijian (王立建), aged 53, has served as a non-executive Director of the Company since June 2022. Mr. Wang studied at Xinjiang Non-ferrous Metal Industry School* (新疆有色金屬工業學校) from September 1989 to July 1991, majoring in thermal power; at China Youth University of Political Studies (中國青年政治學院) from September 1994 to July 1997, majoring in administrative management of diploma course; at China Central Radio and Television University* (中央廣播電視大學) from March 2000 to January 2003, majoring in law of undergraduate course; at China University of Mining and Technology (中國礦業大學) from September 2005 to July 2007, majoring in economic management of postgraduate course; and at Dalian University of Technology (大連理工大學) from October 2016 to December 2016, majoring in public management. Mr. Wang is a senior political engineer, economist (human resource management), and has approximately 30 years working experience in professional techniques and corporate management, party affairs, labour union, human resources management and discipline inspection and supervision in respect of non-ferrous metals business in Xinjiang. From October 1991 to August 2005, he successively served as a benchworker, furnace worker, league officer and labour union officer of Fukang Refinery* (阜康冶煉廠). From September 2005 to June 2009, he served as the business head of the general manager office of the Company. From July 2009 to November 2011, he successively served as the deputy secretary of the Party Committee, secretary of the Discipline Inspection Commission and chairman of the labour union of Xinjiang Yakesi Resources Co., Ltd.* (新疆亞克斯資源開發股份有限公司). From December 2011 to March 2015, he served as the deputy secretary of the Dongjiang Party Committee and secretary of the Discipline Inspection Commission of the Company. From April 2015 to May 2019, he successively served as the deputy secretary of the Party Committee, secretary of the Discipline Inspection Commission and secretary of the Party Committee of Xinjiang Yakesi Resources Co., Ltd.. Since June 2019, he has served as the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Hu Chengye (胡承業), aged 61, has been a non-executive Director of the Company since October 2014. Mr. Hu studied at China Broadcasting and Television College (中國廣播電視大學) from July 1983 to September 1986, majoring in the finance and politics and obtained a college diploma. He completed upgrading courses from junior college student to university student with a major in accounting at Xiamen University and obtained a Bachelor's degree in September 2001. From November 1994 to August 1998, Mr. Hu served as a deputy director of Tianshan Sub-bureau of Urumqi Local Taxation Bureau of Xinjiang (新疆烏魯木齊市地稅局天山區分局). From September 1998 to February 2002, he served as the director of Tianshan Sub-bureau of Urumqi Local Taxation Bureau of Xinjiang. From March 2002 to February 2008, he served as deputy director of the Investigation Bureau of Local Taxation Department in the Xinjiang Uygur Autonomous Region. Mr. Hu has served as general manager and chairman (currently acting as the chairman) of Xinjiang Huizhong Yifu Investment Co., Ltd.* (新疆匯中怡富投資有限公司) since October 2009. Mr. Hu served as the general manager of Shanghai Hengshi Mining Investment Co., Ltd.* (上海恒石礦業投資股份有限公司) from February 2013 to February 2025, the vice-chairman of Xinjiang Baodi Mining Co., Ltd.* (新疆寶地礦業股份有限公司) from December 2013 to August 2021, and an assistant president of Zhongjin Investment from February 2014 to May 2024. Mr. Hu is the brother-in-law of Mr. Zhou Chuanyou, another non-executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Benyuan (胡本源), aged 52, has been as an independent non-executive Director of the Company since October 2017. Mr. Hu studied at Xinjiang University of Finance & Economics from September 1991 to July 1995, majoring in accounting and obtained a Bachelor's degree. Mr. Hu studied at Shanghai University of Finance and Economics from September 2000 to January 2003, majoring in accounting and obtained a Master's degree. He studied at Shanghai University of Finance and Economics from February 2004 to January 2007, majoring in accounting and obtained a Doctoral degree. Mr. Hu has been teaching in Xinjiang University of Finance & Economics since 1995, served as the deputy dean of Institute of Accounting of Xinjiang University of Finance & Economics from January 2011 to February 2018, and served as the dean of Institute of Accounting of Xinjiang University of Finance & Economics from March 2018 to January 2020. He is currently serving as a professor and an instructor of doctorate students of Institute of Accounting of Xinjiang University of Finance & Economics and a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. Hu has been serving as a director of Auditing Education Branch of China Audit Society since November 2011. Mr. Hu has served as independent director in various A Shares listed companies in PRC since 2009, and he served as an independent director of TBEA Co., Ltd. (Stock Code: 600089) from May 2012 to September 2018, as an independent director of Guanghai Energy Co., Ltd. (Stock Code: 600256) from December 2013 to December 2019 and as an independent director of International Industry Co., Ltd. (Stock Code: 000159) since August 2014. He has served as an independent director of Xinjiang Guannong Co., Ltd. (Stock Code: 600251) since December 2018, an independent director of Hejin Investment (Stock Code: 000633) since October 2022, and an independent director of Leon Technology (Stock Code: 300603) since February 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Yong (黃勇), aged 53, studied at Chang'an University (長安大學) from 1997 to 2001, majoring in traffic and civil engineering, and obtained a Bachelor's degree, studied at the Xinjiang Agricultural University (新疆農業大學) from 2004 to 2007, majoring in traffic engineering, and obtained a Master's degree, studied at the Chengdu University of Technology (成都理工大學) from 2007 to 2012, majoring in geotechnical engineering, and obtained a Doctoral degree, studied under the postdoctoral programme at the Chengdu University of Technology (成都理工大學) from 2013 to 2015, majoring in geological engineering, and obtained a postdoctoral certificate. He is currently a professor and doctoral supervisor at the Xinjiang University (新疆大學).

Mr. Lee Tao Wai (李道偉), aged 47, has been an independent non-executive Director of the Company since October 2020. Mr. Lee studied at the Chinese University of Hong Kong from 1997 to 2000, majoring in Business Administration (Professional Accountancy) and obtained a Bachelor's degree with Honours, the Hong Kong University of Science and Technology from 2006 to 2008, majoring in Investment Management and obtained a Master's degree, and the Chinese University of Hong Kong from 2013 to 2015, majoring in International Economic Law and obtained a Master's degree. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants, and has 20 years' experience in auditing, accounting, company secretary services and financial management. Mr. Lee has served as the chief financial officer, independent non-executive directors and company secretary in several Hong Kong listed companies. Mr. Lee served as the company secretary of King Stone Energy Group Limited (金山能源集團有限公司) (Stock Code: 663) from 2010 to 2023. He is currently a company secretary of Zhong Hua International Holdings Limited (Stock Code: 1064).

EMPLOYEES' REPRESENTATIVE DIRECTOR

Ms. Zhang Li (張麗), aged 54, has served as the employees' representative Director of the Company since June 2025. Ms. Zhang graduated from the Central Party School. Ms. Zhang Li successively served as an office clerk, a section member and a deputy section member of the office of Xinjiang Light Industry Department (新疆輕工業廳) from January 1992 to February 2002, a deputy section member and a section member of the office of Xinjiang Enterprises Work Committee (新疆企業工委) from February 2002 to November 2004, a section member and a deputy director of the office (party committee office), a deputy director of the department of planning and development, a deputy director and a researcher of the supervisory committee work department (state-owned enterprises supervisory committee management office) of Xinjiang State-owned Assets Supervision and Administration Commission (Xinjiang SASAC) from November 2004 to February 2015, and a regular departmental-level disciplinary inspector of the discipline inspection committee of Xinjiang SASAC from February 2015 to October 2016. She served as a deputy secretary of the party committee and deputy general manager of Western Gold Corporation Limited (西部黃金股份有限公司) from October 2016 to August 2018, and a deputy secretary of the party committee and secretary of the discipline inspection committee of Western Gold Corporation Limited from August 2018 to January 2024. Since January 2024, she has been the deputy secretary of the party committee and secretary of the discipline committee of Xinjiang Xinxin Mining Industry Co., Ltd.

DIRECTORS AND SENIOR MANAGEMENT

OTHER SENIOR MANAGEMENT

Mr. He Hongfeng (何洪峰), aged 56, has served as the chief financial officer of the Company since September 2005. Mr. He studied at Xinjiang University of Finance and Economics from September 1988 to July 1992 with a Bachelor's degree, majoring in accounting. He completed a postgraduate course in Business Administration at Xinjiang University of Finance and Economics with a Master's degree in June 2009. Mr. He is a certified accountant, certified valuer and certified tax consultant in the PRC. Previously he worked for Zhongjin Investment. He joined the Company since September 2005.

Mr. Wu Ning (武寧), aged 39, has been the joint company secretary of the Company since December 2023. Mr. Wu studied at Henan University of Technology from September 2005 to July 2009, and graduated with a bachelor degree, majoring in environmental engineering. From September 2014 to July 2017, he studied at Xinjiang University of Finance & Economics and graduated with a master degree, majoring in finance. From August 2017 to September 2023, he worked as a project manager for Shenwan Hongyuan Securities* and its subsidiary, Shenwan Hongyuan Securities (Western) Co., Ltd*. From October 2021 to October 2023, Mr. Wu held office as a deputy director under the Property Rights Management Office of Xinjiang State-owned Assets Supervision and Administration Commission.

Mr. Lam Siu Wing (林兆榮), aged 65, has been the joint company secretary and qualified accountant of the Company since October 2023. Mr. Lam graduated from Macquarie University in Australia with a bachelor degree of economics major in accounting in March 1985. In October 1989, he graduated from The University of New South Wales in Australia with a master degree of Commerce major in Finance. He is a fellow member of both Hong Kong Institute of Certified Public Accountants (HKICPA) and Chartered Accountants Australia and New Zealand (CAANZ, formerly known as the Institute of Chartered Accountants of Australia (ICAA)). Mr. Lam has extensive experience in accounting, and business consulting. From 2004 to 2020, Mr. Lam was a partner of both PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in Hong Kong (collectively "PricewaterhouseCoopers"). He also worked for multiple auditing firms, including KPMG Hong Kong (from September 1991 to February 1992), Horwath Australia (from August 1987 to August 1991), and the Office of the Auditor General of New South Wales (from March 1987 to July 1987). He has served as (i) an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 01349) and Shanghai Stock Exchange (stock code: 688505), since May 2023; (ii) an independent non-executive director of Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 2170), since July 2023; (iii) an independent non-executive director of Xi'an Kingfar Property Services Co., Ltd. (西安經發物業股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1354), since May 2024; (iv) an independent non-executive director of Bluestar Adisseo Company (藍星安迪蘇股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600299), since September 2024; (v) an independent non-executive director of Qeeka Home (Cayman) Inc. (齊屹科技(開曼)有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1739), since June 2025; and (vi) an independent non-executive director of Shanghai Biren Technology Co., Ltd. (上海壁仞科技股份有限公司) since June 2025. Mr. Lam has also been appointed as an independent non-executive director of Greatpower Nickel And Cobalt Materials Co., Ltd. (上海格派鎳鈷材料股份有限公司) since June 2022.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain relatively high standards of corporate governance that are best suited to the needs and interests of the Group, as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders and enhancing shareholder value.

The Board has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has fully complied with all the code provisions under the CG Code during the period from 1 January 2025 to 31 December 2025.

THE BOARD OF DIRECTORS

Functions and Duties of the Board

The Board is responsible for the overall leadership and governance of the Company, and is collectively responsible for directing and supervising the affairs of the Company.

The Board has established the Group’s purpose, values and strategy as per CG Code provision A.1.1, and ensures that the Group’s culture is aligned with them. The Board upholds the principles of fairness, trustworthiness and leading by example, promotes the implementation of the Group’s culture, which incorporates the relevant requirements of the CG Code as mentioned above, and continuously conveys to all employees of the Group the values of compliance with the law, social ethics and due diligence in discharging their duties and responsibilities. The Group has implemented anti-corruption and whistleblowing policy to provide forums for reporting issues and concerns on any misconduct, and to uphold business integrity in its operations.

Duties of the Board include deciding on the Company’s business plan and investment scheme, formulating the Company’s profit distribution and loss recovery plan, formulating the Company’s capital expenditure budget, and implementing resolutions as approved by general meetings. The functions of the management are to execute the business plan and investment plan as approved by the Board and to report thereto.

Since 16 March 2012, the Board revised the Company’s corporate governance policy to include the terms of reference of the Board in relation to the corporate governance functions as follows:

- (a) to develop and review the Company’s policies and practices on corporate governance and report to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (e) to review the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

Appropriate Directors’ liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

CORPORATE GOVERNANCE REPORT

Board Composition

On 14 October 2023, the Board has formed the seventh session, and currently comprises nine Directors, one of whom is an executive Director, four of whom are non-executive Directors, three of whom are independent non-executive Directors and one of whom is employees' representative Director. Two of our non-executive Directors, namely Mr. Zhou Chuanyou and Mr. Hu Chengye, are brothers-in-law. Save as disclosed herein, there is no financial, business, family or any other relevant relationships among any members of the Board.

There is a strong independent element on the Board, ensuring the independence and objectivity of the Board's decision-making process as well as the thoroughness and impartiality of the Board's oversight of the Management. The Board possesses, both as individual Directors and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity, to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the material business activities that the Company pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from a variety of different backgrounds, have a diverse range of business and mining expertise. Brief biographical particulars of the Directors are set out in pages 21 to 25 of this Annual Report. As at the date of this Annual Report, an analysis of the members of the Board and its composition is as follows:

Executive Director:	Mr. Li Jiangping (Appointed on 29 August 2025)
Non-executive Directors:	Mr. Chen Yin (Chairman) (Re-designated as a non-executive Director from an executive Director on 29 August 2025), Mr. Zhou Chuanyou, Mr. Wang Lijian, and Mr. Hu Chengye
Independent non-executive Directors:	Mr. Hu Benyuan, Mr. Huang Yong and Mr. Lee Tao Wai
Employees' representative Director:	Ms. Zhang Li (Appointed on 27 June 2025)
Gender:	Male (8); Female (1)
Designation:	ED (1); NED (4); INED (3); ERD (1)
Geographic:	PRC (8); HKSAR (1)
Age:	30-39 (1); 40-49 (1); 50-59 (5); 60-69 (2)
Background:	Mining (2); Geology (1); Business (3); Law (1); Accounting Professionals (2)

The Company received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be in compliance with the independence guidelines as set out in Rule 3.13 of the Listing Rules and considers them to be independent according to the provisions of the guidelines.

Mr. Li Jiangping, an executive Director, had obtained the legal advice referred to in rule 3.09D of the Listing Rules on 29 August 2025 and Ms. Zhang Li, an employees' representative Director, who were appointed during the Year, had obtained the legal advice referred to in rule 3.09D of the Listing Rules on 27 June 2025. Mr. Li Jiangping and Ms. Zhang Li confirmed that they understood their obligations as directors of a listed issuer.

CORPORATE GOVERNANCE REPORT

Pursuant to the articles of association of the Company (the “Articles of Association”), all of the Directors (including executive, non-executive, employees’ representative and independent non-executive Directors) are appointed for a term of three years commencing on the date of their respective appointment or re-appointment and their re-appointment are to be approved in general meetings.

Chairman and Chief Executive Officer

During the present session (the seventh session) of the Board, Mr. Chen Yin, a Director, has served as the Chairman (the Chairman of the Board) since 2 August 2025. Mr. Qi Xinhui, a non-executive Director has resigned as the Chairman on the same date. Mr. Li Jiangping has served as the general manager (Chief Executive Officer) of the Company since 2 August 2025. Mr. Chen Yin resigned as the general manager (Chief Executive Officer) of the Company on 2 August 2025. The respective responsibilities of the Chairman and the general manager of the Company are provided in the Articles of Association, respectively, and duly separated. For details of the responsibilities of the Chairman and the general manager of the Company, please refer to the Articles of Association uploaded to the websites of the Company and the Stock Exchange.

The Board and Management

The Board is responsible for the approval and monitoring of the Company’s overall developmental strategies, annual business plans and investment plans relating to the Company’s business development, evaluating the performance of the Company, supervising the management, and ensuring that Board acts in the best interest of the Company.

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to (1) the special Board committees of the Company namely: the Audit Committee, the Nomination Committee, the Remuneration and Review Committee and the Strategy and Sustainable Development (ESG) Committee. Each committee’s constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board; (2) the general manager, being delegated with authorities to manage the daily business of the Group, is accountable to the Board; and (3) the senior management team of the Group, being delegated with the authorities to deal with daily operational functions, is accountable to the Board.

The Board makes decisions on specific issues whereas the management is delegated with authorities to manage and administer the day-to-day affairs of the Company. The Board regularly reviews the extent of the delegated authority to ensure its appropriateness in view of the Company’s prevailing circumstances and that appropriate reporting and approval systems are in place.

Board Meetings

The Chairman leads the Board and ensures the Board operates effectively to perform its responsibilities, and to timely discuss key and appropriate issues of the Company. The Chairman is primarily responsible for drawing up and approving of the agenda of each Board meeting, and to include any matters, if appropriate, as proposed by other Directors into the Board meeting agenda. The Chairman has already appointed the secretary to the Board for drafting and circulating agenda for each meeting and relevant meeting materials and documents. With the assistance of the executive Directors and the secretaries to the Board, the Chairman will ensure all Directors are properly briefed on issues arising at board meetings and receive, in a timely manner, effective information, which must be accurate, clear, complete and reliable. Upon reasonable request by any Director, the Board can resolve under proper situation to provide separate independent professional advice, at the Company’s expenses, to Directors to assist them to perform their duties to the Company.

CORPORATE GOVERNANCE REPORT

The Company has put in place mechanism to ensure independent views and input are available to the Board. This is achieved by giving directors access to external independent professional advice, as well as the attendance of independent non-executive Directors at all the meetings of the Board and its relevant committees held during the Year. The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis.

During the Year, the Chairman held one meeting with the independent non-executive Directors without the presence of other Directors.

During the year of 2025, eight Board meetings and six general meetings (including two class meetings) were held, and the details of each of the Directors' attendance record of the meetings (none of the meetings were attended by an alternate director) are as follows:

Name of Directors	Number of meetings attended/ Number of meetings convened during the term of office	
	Board meeting	General meeting
<i>Executive Director</i>		
Li Jiangping (李江平) (Appointed on 29 August 2025)	4/4	1/1
<i>Non-executive Directors</i>		
Chen Yin (陳寅) (Appointed as Chairman on 2 August 2025 and re-designated as a non-executive Director from an executive Director on 29 August 2025)	8/8	5/6
Qi Xinhui (Resigned as Chairman on 2 August 2025 and resigned as a Director on 29 August 2025)	3/4	4/5
Zhou Chuanyou (周傳有)	8/8	6/6
Wang Lijian (王立建)	6/8	6/6
Chen Yang (陳陽) (Resigned on 27 June 2025)	1/3	0/4
Hu Chengye (胡承業)	8/8	6/6
<i>Independent non-executive Directors</i>		
Hu Benyuan (胡本源)	8/8	6/6
Huang Yong (黃勇)	8/8	4/4
Lee Tao Wai (李道偉)	8/8	5/5
<i>Employees' representative Director</i>		
Zhang Li (張麗) (Appointed on 27 June 2025)	5/5	2/2

The Company has adopted the CG Code and issued a notice fourteen days prior to the regular board meeting to ensure all Directors are given opportunities to include matters in the agenda for the meeting and sufficient time for the preparation of the meeting. All agenda has been sent to the Directors no less than three days prior to the meeting. All matters discussed and resolved during the meetings have been recorded and documented in the board minutes and kept by the secretary to the Board including any matters raised by the Directors and their concerns and opinion. Minutes of board meetings will be opened by the secretary to the Board for inspection at any reasonable time on reasonable notice by any director.

CORPORATE GOVERNANCE REPORT

Directors', Senior Management' s and Key Personnel' s Remunerations

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice of the Company. Directors' remunerations including discretionary bonus are subject to the approval of Shareholders at general meetings, while senior management's remunerations including discretionary bonus are subject to approval of the Board.

The level of fees paid to non-executive Directors is determined by reference to factors including non-executive Directors' workload and commitments and fees paid by comparable institutions with similar scale and nature.

Regarding Executive Directors and Supervisors, the following factors (including but not limited to) are considered when determining their remuneration packages: (1) business needs, (2) general economic situation, (3) changes in human resources market, (4) individual contributions to results as confirmed in the performance appraisal process, and (5) retention consideration and individual potential.

No individual Director will be involved in decisions relating to his/her own remuneration.

Information relating to the remuneration of each Director, supervisors and other senior management for the year ended 31 December 2025 is set out in note XII. 5. (7) to the Company's financial statements.

Each of the executive, non-executive and employees' representative Directors does not receive additional director's fee for their role as an executive, non-executive or employees' representative Director. They receive their remuneration (including salaries, bonuses and other benefits) for all their offices and services within the Group (if any) in accordance with the remuneration scale and payment procedures and with reference to the prevailing market rate and the expansion scale of the Company. Remuneration for independent non-executive Directors shall be determined on the basis of the assets size, economic efficiency and past and future business development of the Company, as well as the prevailing market level.

Directors' Training and Board Committees

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. All Directors have been updated on the latest developments regarding the statutory and regulatory requirements and also the business and market changes to facilitate the performance of their responsibilities and obligations under the Listing Rules and relevant statutory requirements, and enhance their awareness of good corporate governance practices.

All Directors have participated in continuous professional development to develop and refresh their knowledge and skill to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and funding suitable training, placing appropriate emphasis on the roles, functions and duties of its Directors. All Directors have provided to the Company a record of the training they received during the Year.

CORPORATE GOVERNANCE REPORT

The Board currently has four committees, namely the Audit Committee, the Remuneration and Review Committee, Nomination Committee and Strategy and Sustainable Development (ESG) Committee. Members of these committees and the number of Committee meetings (none of the meetings were attended by an alternate director) and the types of trainings in which all Directors participated in during the reporting Year are as follows:

	Audit Committee	Remuneration and Review Committee	Nomination Committee	Strategic and Sustainable Development (ESG) Committee	Type of Trainings
<i>Number of meetings</i>	3	3	2	1	
<i>Executive Director</i>					
Li Jiangping (<i>Appointed on 29 August 2025</i>)				-✓	A,B,C
<i>Non-Executive Directors</i>					
Chen Yin (<i>Re-designated as a non-executive Director from an executive Director on 29 August 2025</i>)		1/1✓	-✓	1/1◇	A,B,C
Qi Xinhui (<i>Resigned on 29 August 2025</i>)		1/2	1/2	1/1◇	A,B,C
Zhou Chuanyou		3/3✓		1/1✓	A,B
Wang Lijian				1/1✓	A,B,C
Chen Yang (<i>Resigned on 27 June 2025</i>)					
Hu Chengye	3/3✓				A,B
<i>Independent Non-Executive Directors</i>					
Hu Benyuan	3/3◇	3/3◇	2/2◇		A,B
Huang Yong		3/3✓		1/1✓	A,B
Lee Tao Wai	3/3✓	3/3✓	2/2✓		A,B
<i>Employees' Representative Director</i>					
Zhang Li (<i>Appointed on 27 June 2025</i>)					A,B,C

✓: Committee members

◇: Committee Chairman

A: attending seminars, conferences and/or expert briefings relevant to the business or directors' duties

B: reading newspapers, journals and updates relating to the economy, general business or regulatory information

C: paying visits to the Group's local management and facilities

Terms of references of the Company's Audit Committee, Remuneration and Review Committee, Nomination Committee and Sustainable Development (ESG) Committee has been posted on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

ROLE AND FUNCTION OF BOARD COMMITTEES

Nomination Committee and Director Nomination

The Nomination Committee was established on 16 March 2012 by the Board with specific terms of reference in accordance with CG Code. On 30 August 2013, the terms of reference of the Nomination Committee were revised in accordance with the amendments in the CG Code and approved by resolution of the Board and were posted to the websites of the Company and the Stock Exchange. On 9 May 2025, pursuant to the relevant provisions of the Guidelines for the Articles of Association of Listed Companies promulgated by the China Securities Regulatory Commission and the Articles of Association of the Company, the Board resolved to approve the re-revision of the terms of reference of the Nomination Committee to ensure the compliance of the Company's operations with laws and regulations, which was published on the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee are, among other things, to: (a) review the structure, size and composition (including but not limited to the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) assess the independence of the Independent Non-executive Directors; (d) make recommendations to the Board on the appointment or re- appointment of Directors and succession planning for Directors; (e) and review the Board Diversity Policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

In 2025, the Nomination Committee convened two meetings with an average attendance rate of approximately 83.3% for each of the two meetings. Each of the committee members and their attendance record of the meetings are set out in page 31 of this Annual Report. The summary of work performed by the Nomination Committee during the Year was: reviewed the structure, size and composition (including but not limited to the skills, knowledge and experience) of the Board and made recommendations on proposed changes to the Board to complement the Company's corporate strategy; nominated and recommended candidates to the Board; and assessed the independence of each of the Independent Non-executive Directors of the Company.

In reviewing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Diversity Policy, which is reproduced as follows:

Diversity Policy

(i) Vision

The Company recognizes and embraces the benefits of having a diverse Board to enhance its performance. The Company sees increasing diversity, including gender diversity, at the Board level as an essential element in maintaining its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

CORPORATE GOVERNANCE REPORT

(ii) Policy Statement

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industrial experience.

(iii) Measurable Objectives

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board, how and when gender diversity will be achieved in respect of the Board, the numerical targets and timelines set for achieving gender diversity on the Board and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity. The Nomination Committee will make recommendations in relation to the aforesaid to the Board for adoption and consideration. In particular, the Nomination Committee will identify, and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, their skills will prepare them for board positions.

(iv) Monitoring and Reporting

The Nomination Committee will monitor the implementation of the Diversity Policy. The Nomination Committee will report annually a summary of the Diversity Policy, the measurable objectives and relevant programs that the Board has adopted for the implementation of the Diversity Policy, the progress made towards achieving these objectives, how and when gender diversity will be achieved in respect of the Board, the numerical targets and timelines set for achieving gender diversity on the Board and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity in the corporate governance report contained in the Company's Annual Report.

(v) Review of the Diversity Policy

The Nomination Committee will review the Diversity Policy, as appropriate, to ensure the effectiveness of the Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee reviewed the structure, size, and diversity of the Board, to ensure that its composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

CORPORATE GOVERNANCE REPORT

As at 31 December 2025, there is 1 female director in the Board. The proportion of female members of the Board will be gradually increased in accordance with the specific circumstances thereafter. Among the 1,839 employees (including senior management) of the Group, the percentages of male employees and female employees are approximately 81.52% and 18.48%, respectively. Given that the Group's mining operation requires significant labour force, the Board considers that such percentages were more challenging or less relevant to achieve gender diversity across the workforce. Nonetheless, the Board will endeavour to improve the balance of the Group's workforce (including senior management) in terms of gender.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the Company's development strategy and achieve the Board's diversity objectives, where appropriate, before making recommendations to the Board. Where a retiring Director, being eligible, offers himself or herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the relevant information on retiring Directors will be sent to the Shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Articles of Association and the Listing Rules.

During the Year, the Nomination Committee adopted the nomination procedures and selective parameters as follows:

Nomination Procedures:

(i) Identification of candidates

The Nomination Committee has been authorized to identify potential candidates for appointment to the Board through different means and channels, including recommendations from Members, referrals from external search firms, and any other means or channels that it deems appropriate.

(ii) Request for candidate's information

Once a candidate has been identified, the Nomination Committee will request the candidate to provide his/her biographical information and other information deemed necessary, including but not limited to (a) information on his/her interests in the securities of the Company (if any); (b) his/her consent to act as a board member and disclosure of information relating to his/her proposed appointment; and (c) for an Independent Non-executive Director candidate, his/her declaration of independence in accordance with the criteria under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

(iii) Review by the Nomination Committee

The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite any candidate to meet with Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then submit its nomination proposal to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

Selective Parameters:

- (i) the strategy of the Company;
- (ii) the structure, size, composition and needs of the Board and its respective Board Committees at the time, taking into account succession planning, where appropriate;
- (iii) the required skills, which should be complementary to those of the existing board members;
- (iv) the Diversity Policy of the Company as adopted/amended by the Board from time to time;
- (v) any information obtained through third party references or background checks;
- (vi) any other factors that may be used as reference in assessing the suitability of a proposed candidate, including but not limited to the candidate's reputation for integrity, accomplishments and likely commitment in terms of time and interest;
- (vii) if a proposed candidate will be holding his/her seventh (or more) listed company directorship, the candidate's ability to devote sufficient time to the Board; and
- (viii) the independence of a candidate proposed to be appointed as an Independent Non-executive Director.

Remuneration and Review Committee

The Remuneration and Review Committee was established by the Board on 25 November 2006 with specified terms of reference adopted on 19 January 2007. On 16 March 2012, the terms of reference of the Remuneration and Review Committee were revised in accordance with the amendments in the CG Code and approved by resolution of the Board and were posted to the websites of the Company and the Stock Exchange.

The roles and functions of the Remuneration and Review Committee are, among other things, to:

- (a) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (d) make recommendations to the Board on the remuneration of non-executive Directors; and
- (e) make performance appraisal including assessing performance of all Directors and senior management and to monitor the execution of the Company's remuneration system.

CORPORATE GOVERNANCE REPORT

In 2025, three meetings of the Remuneration and Review Committee were held with an average attendance rate of approximately 93.3% for each of the three meetings. Each of the committee members and their attendance record of the meetings are set out in page 31 of this Annual Report. Summary of work during the Year by the Remuneration and Review Committee included:

- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determined, with delegated responsibility, remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- researched the review standards for the Directors' and senior management's remuneration, and made recommendation according to the assessment of the Company's operational situation;
- researched and reviewed the policies and plans for the Directors' and senior management's remuneration and made performance appraisals including assessing performance of all Directors and senior management;
- approved the terms of executive directors' service contracts; and
- reviewed the adjustments to the list of participants and the number of rights under the 2021 H Share Appreciation Rights Incentive Plan of the Company and provided opinions thereon.

Audit Committee

On 19 January 2007, the Board resolved and established the Audit Committee with specific terms of reference. The Board believes that members of the Audit Committee have sufficient knowledge and expertise in laws, accounting and financial management to enable them to perform their duties.

On 16 March 2012, the terms of reference of the Audit Committee have been revised in accordance with the amendments in the CG Code and approved by resolution of the Board, and were posted to the websites of the Company and the Stock Exchange.

On 2 August 2025, in order to reflect changes in Chinese regulations and policies and maintain consistency with domestic policies and regulations, the Board passed a resolution to change the wording of "Audit Committee (審核委員會)" to "Audit Committee (審計委員會)" and revise its work regulations and terms of reference.

CORPORATE GOVERNANCE REPORT

The roles and functions of the Audit Committee are, among other things, to:

- (a) be primarily responsible for making recommendations 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;
- (b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) monitor integrity of the Company's financial statements and annual report and accounts and interim report, and to review significant financial reporting judgements contained in them and to provide advice and comments thereon to the Board;
- (d) review the Company's financial controls, internal control and risk management systems;
- (e) consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and to report to the Board these findings;
- (f) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and
- (g) perform other statutory powers of the supervisory committee in accordance with the law in addition to the aforementioned functions.

In 2025, three meetings of the Audit Committee were held with an average attendance rate of approximately 100% for each of the three meetings. Each of the committee members and their attendance record of the meetings are set out in page 31 of this Annual Report. Summary of work during the Year by the Audit Committee included:

- reviewed the annual report and results announcement of the Company for the year ended 31 December 2024, with a recommendation to the Board for approval;
- reviewed the external auditors' independence and their report;
- made recommendations to the Board for the resignation of the former external auditor and the appointment of the new external auditor, and handled matters relating to the change of auditors;
- reviewed continuing connected transactions;
- reviewed the interim report and interim results announcement of the Company for six months ended 30 June 2025, with a recommendation to the Board for approval;
- considered the audit and non-audit services provided by the external auditors;

CORPORATE GOVERNANCE REPORT

- reviewed the effectiveness of the system of internal control and risk management and the internal audit function of the Company and its subsidiaries;
- reviewed periodic reports prepared by the Internal Audit Department;
- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and the relevant budget; and
- reviewed the audit fees payable to the external auditors for the year ended 31 December 2025, with a recommendation to the Board for approval.

Strategy and Sustainable Development (ESG) Committee

On 19 January 2007, the Board resolved and established the Strategic Development Committee with specific terms of reference. On 25 February 2022, the Strategic Development Committee was renamed as the Strategy and Sustainable Development (ESG) Committee (the "ESG Committee").

The duties of the ESG Committee were to review and evaluate the strategic development solution, business development plan and investment budget of the Company and have been broadened to include ESG-related work. The ESG Committee's members perform their duties in accordance with the committee's terms of reference. Each of the committee members and their attendance record of the meetings are set out in page 31 of this Annual Report.

A working group is established under the ESG Committee, which is mainly responsible for collection and research of the Committee's work information, implementation of relevant resolutions of the ESG Committee, preparation and coordination of the ESG Committee's meetings, as well as the implementation of ESG-related working arrangements and resolutions of the ESG Committee, formulation of the specific implementation plans of the Company's ESG key performance indicators, compilation of the Company's ESG Report, and coordination and facilitation of the ESG-related work of different departments and subsidiaries. Li Jiangping, the general manager of the Company, succeeded Mr. Chen Yin as the head of the working group on 29 August 2025, and the members comprises the deputy general manager, the chief financial officer, the secretary to the Board, and the heads of each department of the Company's headquarters.

The terms of reference of the ESG Committee have been published on the websites of the Stock Exchange and the Company. The "Environmental, Social and Governance Report" for the Year 2025 of the Group was prepared by the ESG working group and reviewed and approved by the ESG Committee.

SUPERVISORY COMMITTEE

The Company's Supervisory Committee was established in 2005 pursuant to the Company's Articles of Association and has formed the seventh session on 13 October 2023. It comprises five supervisors, responsible for supervising the Board, its members, and senior management to prevent them from abusing their power and damaging the legitimate rights and interests of the Company, its shareholders, and employees. The Supervisory Committee held 2 meetings during the period (with a 100% attendance rate).

As approved by the 2024 annual general meeting, the Company amended its Articles of Association and abolished the Supervisory Committee, starting from 27 June 2025, the Audit Committee of the Board of the Company shall exercise the powers of the Supervisory Committee as stipulated in the Company Law, and the Company shall no longer establish a Supervisory Committee or supervisors.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARIES

For the year ended 31 December 2025, the two joint company secretaries of the Company, Messrs Lam Siu Wing and Wu Ning, had received relevant professional trainings of not less than 15 hours to update their skills and knowledge.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers ("Model Code") contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries of all Directors, all Directors have complied with the required standards as set out in the Model Code for the year ended 31 December 2025.

SHARE INTEREST OF SENIOR MANAGEMENT

As at 31 December 2025, none of the senior management of the Company held any share interests in the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems of the Group have been designed to safeguard the interest of the Company and its Shareholders as a whole, by safeguarding the assets of the Group, maintaining proper accounting records, executing with appropriate authority and complying with the relevant laws and regulations. The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. Executive Directors and senior management of the Company are conferred with relevant authority to implement the policies relevant to the respective risk management and operational internal control systems and the on-going assessment of the control activities in the relevant business units.

During the Year, the Board has carried out two reviews of the implemented risk management and internal control systems, policies and procedures, in respect of the year ended 31 December 2024 and six months ended 30 June 2025, including areas covering defining management structure and its relevant authorities, confirming the adoption of appropriate Accounting Standards, providing reliable financial information for internal use and announcements and confirming the compliance of relevant laws and regulations as well as supervision of finance, operation and law compliance and risk management functions. The risk management and internal control systems are implemented to minimize the risk to which the Group is exposed and used as a management tool for the day-to-day operation of business. The systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatement or losses. The Board believes that the present risk management and internal control systems of the Group are effective and adequate to cover the current corporate operations.

CORPORATE GOVERNANCE REPORT

The Group has established a risk management system policy. The system involves a self-assessment by senior management of the Company of a series of process starting from setting up the business objectives, identifying risk factors, assessing the likelihood of each risk factor, prioritizing risk factors, examining control activities, developing and managing appropriate measures to control the risks within acceptable levels. The Group has established an internal accounting control system. The budget management system and investment management system of the Group contain relevant control procedures formulated for evaluating and reviewing principal operational expenses and capital expenditure. Operational results are reported to the Board with financial analysis on a regular basis.

The Group has established a specific internal audit department and formulated risk management policy and internal control procedures to ensure the minimum risk exposure by the Group and the comprehensive, accurate and timely record of accounting and management information. Regular reviews are conducted to ensure the risk management system of the Group is in place and that the financial statements are prepared in accordance with the relevant accounting standards, accounting policies and applicable laws and regulations and cover operational effectiveness and risk management of the Group. Annual work plan of audit department is approved by the Supervisory Committee and Audit Committee of the Company.

The Group regularly held managerial meetings chaired by the General Manager. These meetings were attended by the Directors, the senior management, and the responsible members of all departments at the Company's headquarter. Discussions and decisions on the Group's operations and the implementation of investment projects and financial matters are conducted at the meetings. The management of the Company and the department heads of subsidiaries and headquarter will host regular managerial meetings to assist in the cooperation, communication and supervision of the commencement and execution of all operation projects.

During the Year, the Board reviewed the effectiveness of the risk management and internal control systems of the Group by assessing the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programmes and budget, and considered that the Group had adequate staff resources with the competence, qualifications and experience necessary for the effective performance of its risk management and accounting and financial reporting functions.

AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

For the year ended 31 December 2025, audit fees and non-audit services charged by the auditor of the Company amounted to approximately RMB1.4 million (tax inclusive) and nil.

PAYMENT OF DIVIDEND POLICY

According to the Company's Articles of Association, when distributing the after-tax profits of the current year, the Company shall allocate 10% of its profit to the Company's statutory common reserve fund. Where the accumulated statutory common reserve fund of the Company has reached more than 50% of the Company's registered capital, no allocation is required.

CORPORATE GOVERNANCE REPORT

Where the Company's statutory common reserve fund is insufficient to make up the losses of the Company in the previous year, before allocating the profits to the statutory common reserve fund in accordance with the preceding paragraph, the Company shall first make up the losses by using the profits of the current year. After allocating the after-tax profits to the statutory common reserve fund, with the approval of the general meeting, the Company may allocate the after-tax profits to the discretionary common reserve fund.

The after-tax profits shall be distributed to shareholders in proportion based on their shareholding after making up the losses of the Company and allocating the profits to the statutory common reserve fund, unless otherwise provided by the Company's Articles of Association that distribution may be made without being based on the shareholding. If the Company does not have profits, it shall not distribute dividends.

SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS

As at 31 December 2025 and up to the date of this Annual Report, the Company issued 1,259,420,000 domestic shares and 950,580,000 H shares, totalling 2,210,000,000 shares.

In 2025, the Company convened six general meetings. All proposed resolutions were approved with a passing rate of over 91.56%. The general meetings were chaired by the Chairman of the Board, who explained matters concerning the procedures for voting for shareholders' consideration and the shareholders considered and voted on each proposed resolution. The Directors were notified of and the majority of them attended the general meetings.

The rights and responsibilities of all shareholders are set out in the Company's Articles of Association which was uploaded to the websites of the Company and the Stock Exchange.

Two or more shareholders who hold more than 10% of the issued shares carrying voting right may by written request call for an extraordinary general meeting.

The Company will issue a notice in writing 21 days prior to the annual general meeting informing all shareholders on the shareholders' register, and a notice in writing 15 days prior to the extraordinary general meeting, setting out the proposed matters to be resolved, dates and time of the general meeting.

Where the Company convenes a general meeting, shareholder(s) who individually or jointly hold(s) more than 1% of shares carrying voting rights may propose to the Board any resolutions in writing; the Board will if it considers appropriate, include the proposed resolutions into the agenda of the general meeting. If the board resolves not to include the proposed resolutions into the agenda, it shall be explained and clarified in the meeting; contents of the resolutions and the Board's explanation shall be set forth in an announcement after the relevant general meeting. Shareholders can make enquiries with the Board and put forward proposals for the general meetings through the Company Secretary via our email at xjxxky3833@163.com or blam010@hotmail.com, or by posing questions at our general meeting.

CORPORATE GOVERNANCE REPORT

INVESTORS' RELATIONS AND SHAREHOLDERS' COMMUNICATION POLICY

The Articles of the Association can be downloaded from the Company's website at kunlun.wsfg.hk and the Stock Exchange's website.

Pursuant to Rule 2.07 of the Listing Rules under the expansion of paperless listing regime and mandatory electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted electronic dissemination of corporate communications. The Company communicates with shareholders by issuing annual reports, interim reports, results announcements and other announcements. Relevant corporate communications will be listed on the Company's website at kunlun.wsfg.hk and the Hong Kong Stock Exchange's website at www.hkexnews.hk.

Since 2007, the Company has engaged a professional public relations consultancy firm to organise various investor relations programs (including regular briefing meetings with analysts) aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses. It also aims at promoting market recognition of and support to the Company.

The Company recognises the importance of maintaining on-going communications with its shareholders and encourages them to attend shareholders' meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Secretariat Office and the Corporate Finance and Securities Department of the Board offer comprehensive services to the shareholders and answer their enquiries on a timely basis in order to enhance their understanding of the Company. They also maintain effective communications with the shareholders to ensure that the views of the shareholders will be communicated to the Board.

To ensure that general meetings of the Company provide a useful forum for Shareholders to exchange views with the Board, the Company provides the Shareholders with relevant information on the resolution(s) proposed at the meeting in a timely manner in accordance with the Listing Rules. In addition, the chairman of the Board or his delegates, other Board members, the chairmen of the special committees, appropriate management executives and external auditors will attend general meetings to answer the Shareholders' questions. The Company will also monitor and review the process of its general meetings on a regular basis, and, if necessary, make changes to ensure that the Shareholders' needs are best served.

During the Year, the Board reviewed the implementation and effectiveness of the shareholders' communication policy and regarded that the policy was sustainably effective. The Board was of the view that the policy enables the Company to carry out effective two-way communication with its investors and Shareholders by way of regular meetings and timely updates of the Company's financial results and developments.

As at 31 December 2025, the total market capitalisation of the Company was approximately HK\$6,300 million, of which the market capitalisation of public floatation of H shares was approximately HK\$2,710 million.

CORPORATE GOVERNANCE REPORT

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

To ensure that the Articles of Association comply with the latest PRC laws and regulations, which include the adoption of the new administrative measures issued by the China Securities Regulatory Commission ("CSRC"), the repeal of the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and Mandatory Provision for Companies Listing Overseas issued by the State Council of the PRC, and the relevant consequential changes to the Listing Rules, the Board considered and approved the resolution on amendments to certain provisions of the Articles of Association on 14 February 2025, and agreed that such resolution be submitted to the shareholders of the Company for their consideration and approval at the general meeting. The amendments were duly passed by the shareholders of the Company at the extraordinary general meeting and class meetings of the Company held on 9 May 2025. For details of such amendments to the Articles of Association, please refer to the circular of the Company dated 24 March 2025.

Pursuant to the Company Law of the People's Republic of China (the "Company Law"), the Transitional Period Arrangements for the Implementation of the Rules of the Supporting System of the New Company Law and the Guidelines on Articles of Association for Listed Companies published by the CSRC, the Listing Rules and other relevant laws and regulations, in order to further improve the corporate governance structure and standardise the operation of the Company, taking into account the actual situation of the Company and the needs of its operation and development, the Board considered and approved the resolution on the proposed abolishment of the supervisory committee and amendments to the Articles of Association and the related rules of procedures on 9 May 2025, and agreed that such resolution be submitted to the shareholders of the Company for their consideration and approval at the general meeting. The amendments were duly passed by the shareholders of the Company at the annual general meeting of the Company held on 27 June 2025. For details of such amendments to the Articles of Association, please refer to the circular of the Company dated 6 June 2025.

Save as disclosed above, there were no other changes to the Articles of Association during the year ended 31 December 2025.

The Articles of Association is available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INSIDE INFORMATION

The Group has established an inside information disclosure mechanism to regulate the handling and release procedures of inside information as well as the relevant internal control measures.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper precautions to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defining the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controlling the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle inquiries from external parties related to the market rumour and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

FINANCIAL REPORTING

The Board was in strict compliance with the provisions as set out in the Listing Rules in relation to financial reporting and disclosure to carry out comprehensive evaluation and disclose the Company's performance, financial position and prospect for the year based on detailed and accurate financial information and other data submitted by the management for the Board's approval. The Directors also undertook the responsibility of preparing the Company's financial statements of the interim and annual reports of the year on a true and accurate basis. The statement of the independent auditor of the Company about their responsibilities on the financial statement is set out in the section headed "Independent Auditor's Report" in this Annual Report.

The Directors have not identified any material uncertainties relating to events or circumstances which may constitute a significant negative impact on the Group's ability to continue as a going concern.

REPORT OF THE DIRECTORS

The Directors are pleased to present the 2025 Annual Report and the audited financial statements of Xinjiang Xinxin Mining Industry Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 (the “Year”).

PRINCIPAL ACTIVITIES

The principal activities of the Group are the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. There were no significant changes in the nature of the Group’s principal activities during the Year.

RESULTS

The Group’s results for the year ended 31 December 2025 and the state of financial affairs of the Company and the Group at that date are set out in the Financial Statements in pages 68 to 87.

DIVIDEND

At the meeting of the Board held on 27 March 2026, the Board proposed that payment of final dividend of RMB0.05 per share for the Year is to be made by the Company, which is subject to the approval of the Company’s shareholders at the AGM.

For the distribution of dividends, dividends payable to the holders of domestic shares of the Company will be paid in Renminbi (“RMB”), while dividends payable to the holders of H-shares of the Company (“H Shares”) will be declared in RMB but paid in Hong Kong dollars. The relevant exchange rate between Hong Kong dollars and RMB shall be the average exchange rate between RMB and Hong Kong Dollars as announced by the People’s Bank of China 5 business days preceding the date of approval by the AGM of the Company.

Pursuant to the PRC Individual Income Tax Law 《(中華人民共和國個人所得稅法)》, the Implementation Regulations of the PRC Individual Income Tax Law 《(中華人民共和國個人所得稅法實施條例)》, the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 35 of the Announcement of the State Administration of Taxation for 2019) 《(國家稅務總局非居民納稅人享受協定待遇管理辦法)》 (國家稅務總局公告2019年第35號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) 《(國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知)》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

REPORT OF THE DIRECTORS

For non-resident enterprise holders of H Shares, i.e., any shareholders of the Company who hold the shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H Shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《(國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of H Shares.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the holders of H Shares or any disputes over the withholding mechanism or arrangements.

As of the date of this Report, no shareholder has agreed to waive or has waived any dividend.

BUSINESS REVIEW

The business review of the Group for the Year has been set out in pages 8 to 13 of the Chairman's Statement, in pages 14 to 20 of the Management Discussion and Analysis and the 2025 Environmental, Social and Governance Report (the "ESG Report").

Fair review of business	Chairman's Statement
Principal risks and uncertainties	Management Discussion and Analysis
Events after the balance sheet date	Report of the Directors
Future development of the business of the Company	Chairman's Statement
Key performance indicators	Management Discussion and Analysis
Environmental policies and performance of the Company	ESG Report
Compliance of relevant laws and regulations	ESG Report
Principal relationships between the Company and employees, customers and suppliers	Report of the Directors

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

On 14 February 2025, Xinjiang Non-ferrous, the Company, and Huaou Mining entered into the Equity Transfer Agreement pursuant to which Xinjiang Non-ferrous conditionally agreed to transfer, and the Company conditionally agreed to acquire, the 51% equity interest in the Huaou Mining, at the Consideration of approximately RMB1,098.08 million in accordance with the terms and conditions of the Equity Transfer Agreement. The above transaction was completed on 12 June 2025, and Huaou Mining has become a non-wholly owned subsidiary of the Company. Its financial statements have been consolidated and included in the Company's financial statements.

For further details of the aforesaid transaction, please refer to the announcements (the "Announcements") published by the Company on 14 February 2025, 19 March 2025 and 12 June 2025, and the circular (the "Circular") published by the Company on 24 March 2025. Unless the context otherwise requires, the terms used in this Report shall have the same meanings as those defined in such Announcements and the Circular.

Except as disclosed above, the Company had no other significant investments, acquisitions, or disposals during the Reporting Year, and there is no other plans for material investments or capital assets acquisition as at 31 December 2025 and the date of this Report.

REPORT OF THE DIRECTORS

SUMMARY OF FINANCIAL INFORMATION

A summary of the operating results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 7 of this Annual Report. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the Year are set out in note V.12 to the Financial Statements. The details of investment property held by the Group are set out in note V.11 to the Financial Statements.

INTANGIBLE ASSETS

Details of movements in the intangible assets of the Group during the Year are set out in note V.15 to the Financial Statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note V.38 to the Financial Statements.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

Appropriate Directors' liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company existed or was entered into during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Year.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated and Company's Statement of Changes in Shareholders' Equity, respectively.

BANK LOANS AND BORROWINGS

As at 31 December 2025, the Group had bank loans and other interest-bearing borrowings with total amount of RMB2,110.6 million, of which unsecured loans and other interest-bearing borrowings amounted to RMB2,110.6 million.

DISTRIBUTABLE RESERVES

According to the Articles of Association of the Company, the reserves available for distribution are based on the Company's profit as determined under the Chinese Accounting Standards ("CAS"). In accordance with the Company Law of the PRC, profit after tax can be distributed as dividends after the allocation to the statutory surplus reserve. As at 31 December 2025, the Company's distributable reserve attributable to shareholders of the Company under CAS amounted to RMB434.8 million.

CHARITABLE CONTRIBUTIONS

During the Year, based on the overall planning of business development, the Group has not carried out any work related to charitable donations for the time being. Going forward, the Group will continue to fulfill its social responsibilities in light of the enterprise's development status.

MAJOR CUSTOMERS AND SUPPLIERS

As at 31 December 2025, the proportion of purchases and sales from major suppliers and major customers of the Company to the total purchases and sales, respectively, are as follows:

Purchases

The total purchases from the largest supplier of the Company represent 9.0% of the total purchase value. The total purchases from the five largest suppliers of the Company represent 37.0% of the total purchase value.

Sales

Name of the customer	Proportion in total sales	Sales relationship with the Company	Payment term	Accounts receivable as at 31 December 2025	Repayment subsequent to the balance sheet date
Xinjiang Wuxin Copper Industry Co., Ltd.	25.93%	3 years	3 days	-	-
Trafigura Investment (China) Company Limited	22.00%	9 years	30 days	RMB145.4 million	RMB145.4 million
Mercuria (China) Metal Resources Co., Ltd.* (摩科瑞(中國)金屬資源有限公司)	18.24%	2 years	30 days	RMB121.8 million	RMB121.8 million
China Chengtong Commodity Trading Company Limited	15.14%	19 years	Advances before delivery	RMB26.0 million	RMB26.0 million
Xinjiang Xinhui Copper Co., Ltd* (新疆鑫慧銅業有限公司)	3.16%	6 years	Advances before delivery	-	-
Top 5 customers	84.47%				

REPORT OF THE DIRECTORS

In 2025, the Company's largest nickel cathode customer was Trafigura Investment (China) Company Limited, accounting for 22.00% of the total sales of the Company. Incorporated in the PRC in December 2005, Trafigura Investment (China) Company is a wholly-owned subsidiary under Trafigura Beheer B. V. ("TBBV") with a registered capital of US\$70 million. Founded in 1993, TBBV is a private company registered in Holland. Now it is the third largest independent oil trading company and the second largest independent non-ferrous concentrate trading company in the world. The payment term granted to this customer is 3 days after the receipt of goods, from whom, accounts receivable as at 31 December 2025 was RMB145.4 million, of which RMB145.4 million has been collected as at the date of this Report of the Directors.

As nickel cathode and copper cathode products produced by domestic producers are not able to satisfy domestic demands, such under-supply in the PRC has to be fulfilled by substantial import. The Group is in a better position in the market by selecting customers with better payment terms, excellent background, good credibility and well-established marketing network. The Group makes settlement as per the settlement prices of the futures market of the Shanghai Futures Exchange and the Group generally sells its products at prices in line with the market prices. There are no long-term contracts between the Group and customers. If any customer fails to make any payments on time, the Group can change it anytime. Accordingly, there are no risk of reliance on single major customer nor significant customer credit risk in respect of the Group's sales.

During the Year, to the best of the Directors' knowledge, none of the Directors or their respective associates or any Shareholders of the Company who holds more than 5% of the issued share capital of the Company had any interest in any of the five largest customers or five largest suppliers of the Group.

The Important Relationship between Employees, Customers and Suppliers

Mr. Chen Yin, a non-executive Director and the Chairman of the Company, is the deputy general manager of Xinjiang Non-ferrous. Mr. Wang Lijian, a non-executive Director of the Company, is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous. Mr. Li Jiangping, an executive Director of the Company, is the deputy secretary of the Party Committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. Ms. Zhang Li, an employees' representative Director of the Company, is the secretary of the discipline committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. Mr. Zhou Chuanyou, a non-executive Director of the Company, is one of the beneficial owners of holders of domestic shares and H shares of the Company (for details please refer to the paragraph headed Directors and Supervisors of the Report of the Directors).

Xinjiang Non-ferrous and its subsidiaries (collectively referred to as the "Xinjiang Non-ferrous Group") provides construction services, certain production supplies, storage, transportation and loading services and other supporting and ancillary services and sold property to the Group; and the Group provides products such as nickel cathode, copper cathode, copper concentrate and sulphuric acid to the Xinjiang Non-ferrous Group (for details, please refer to the paragraph headed Related Party Transactions and Connected Transactions of this Report of the Directors).

A wholly-owned subsidiary of Xinjiang Non-ferrous provides certain supporting services including educational, nursery, medical and healthcare services to part of the employees of the Group (for details, please refer to the paragraph headed Related Party Transactions and Connected Transactions of this Report of the Directors).

Save as disclosed in the paragraph headed Related Party Transactions and Connected Transactions of this Report of the Directors, none of other employees, customers or suppliers of the Company has important relationship with the Company, nor has material impact on the Company nor is the key to the prosperity of the Company.

REPORT OF THE DIRECTORS

MAJOR LITIGATION OR ARBITRATION

The Group does not have any major litigation or arbitration as at the date of this Report of the Directors.

CONTINGENT LIABILITIES

Save as disclosed in notes XIV. 2 and XII. 5. (4) to the Financial Statements, the Group had no other significant contingent liabilities as at 31 December 2025.

CAPITAL COMMITMENTS

Save as disclosed in note XIV.1 to the Financial Statements, the Group had no significant capital commitments as at 31 December 2025.

CAPITAL STRUCTURE

The capital structure and types of capital instruments of the Group as at 31 December 2025 are disclosed in note XVI to the Financial Statements. The maturity profile of the Group's debts is disclosed in note X. 1. (2) to the Financial Statements.

The interest rate structure of the Group's short-term borrowings is disclosed in note V.22 to the Financial Statements and the interest rate structure of its long-term borrowings is disclosed in note V.32 to the Financial Statements.

EVENTS AFTER THE BALANCE SHEET DATE

To implement the local government's deployment arrangements for the mineral right consolidation of Huangshandong, realize the centralized development and efficient operation of mineral resources as well as the optimization of equity structure and business management, pursuant to the resolution of the Board dated 4 March 2026, the Group conducted an internal consolidation of its subsidiaries, namely Xinjiang Yakesi, Hami Jubao and Xinjiang Zhongxin Mining Industry Co., Ltd. ("Zhongxin Mining"). The Company acquired the 0.486% equity interest in Xinjiang Yakesi held by Hami Jubao. Upon completion of the equity acquisition, Xinjiang Yakesi absorbed and merged with Hami Jubao and Zhongxin Mining. As of the date of this Report, the absorption merger has not yet been completed.

In accordance with the resolution of the Board on 27 March 2026, the Board proposed the Company to distribute a dividend of approximately RMB110.5 million to all shareholders, which is pending the consideration and approval at the Company's AGM and has not been recognised as a liability in the financial statements.

Except as disclosed above, the Group had no other subsequent events requiring disclosure or adjustment.

OTHER SIGNIFICANT EVENTS

On 25 September 2025, the proposal to carry out the relevant work of issuing A shares and listing on a stock exchange in the PRC was considered and approved by the Board. In October 2025, the Company has appointed and entered into a tutoring agreement with Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源承銷保薦有限責任公司) as the Company's pre-listing tutoring institution for the purpose of the Company's Proposed Issuance of A Shares; and the Xinjiang Regulatory Bureau of the CSRC has accepted the registration for pre-listing tutoring regarding the Proposed Issuance of A Shares. As at the date of this Report, the Company has not yet applied to any relevant regulatory authority in China for approval of the proposed issuance of A shares.

For further details in relation to the above matters, please refer to the announcements published by the Company on 25 September 2025 and 17 October 2025. Unless the context otherwise requires, the terms used in this Report shall have the same meanings as those defined in such announcements.

REPORT OF THE DIRECTORS

DIRECTORS

As at the balance sheet date and the date of this Report of the Directors, the executive Director of the Company is Mr. Li Jiangping; non-executive Directors are Messrs Chen Yin, Zhou Chuanyou, Wang Lijian and Hu Chengye; independent non-executive Directors are Messrs Hu Benyuan, Huang Yong and Lee Tao Wai; and employees' representative Director is Ms. Zhang Li.

During the Year, Ms. Chen Yang ceased to be a Director of the Company on 27 June 2025, and Mr. Qi Xinhui ceased to be a Director of the Company on 29 August 2025. Mr. Li Jiangping was appointed as an executive Director, with effect from 29 August 2025; and Ms. Zhang Li was appointed as an employees' representative Director of the seventh session of the Board, with effect from 27 June 2025. Mr. Chen Yin was re-designated as a non-executive Director from an executive Director on 29 August 2025.

Biographical details of the Directors are set out on pages 21 to 25.

Directors of Subsidiaries

As at the balance sheet date and the date of this Report of the Directors, the directors of subsidiaries of the Company are as follows:

1. The director of Xinjiang Kalatongke Mining Industry Company Limited is Mr. Liu Hong.
2. The directors of Xinjiang Yakesi Resources Co., Ltd. are Mr. Zhao Jingbo, Mr. Li Jiangping, Mr. Chen Bin, Mr. He Hongfeng, Mr. Liu Dongfeng.
3. The director of Hami Jubao Resources Co., Ltd. is Mr. Zhao Jingbo.
4. The director of Beijing Xinding Shunze High Technology Co., Ltd. is Mr. Xia Bing.
5. The directors of Xinjiang Zhongxin Mining Industry Co., Ltd. are Mr. Zhao Jingbo.
6. The directors of Shaanxi Xinxin Mining Co., Ltd. are Mr. Li Jiangping, Mr. Liu Pu and Mr. He Hongfeng.

Service Contracts of Directors

Each of the Directors has entered into a service contract with the Company from 14 October 2023 or the date of new appointment to the expiration of the term of the seventh session of the Board of Directors and of the Supervisors Committee of the Company.

Pursuant to the Articles of Association, the term for Directors is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, there are no service contracts between the Company or its subsidiaries and any of the Directors which is not determinable by the Company within one year without payment of compensation apart from statutory compensation.

REPORT OF THE DIRECTORS

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and considers all the independent non-executive Directors to be independent.

Directors’ Remunerations

Details of remunerations of Directors of the Company for the year ended 31 December 2025 are set out, on a named basis, in note XII. 5. (7) to the Financial Statements.

Directors’ Interests in Contracts

No transaction, arrangement or contract of significance, to which the Company or its subsidiaries or any of its holding companies or fellow subsidiaries was a party and in which a Director or entity connected with any of them had either a direct or indirect material interest, subsisted as at the end of the Year or at any time during the Year.

Directors’ Interests and Short Positions in Shares

Share Appreciation Rights Incentive Plan

Grant and Adjustment

According to the “2021 H Share Appreciation Rights Incentive Plan of Xinjiang Xinxin Mining Co., Ltd. (the “Incentive Plan”) passed by resolution at the general meeting of the Company on 29 October 2021, the Company implemented Share Appreciation Rights Incentive Plan for 150 middle and senior management personnel (including some Directors and supervisors of the Company) and other identified core backbone personnel (the “Participants”), granting a total of 63,500,000 share appreciation rights to the Participants in recognition of the contributions of its senior management and key personnel. The Incentive Plan entitles persons who are granted such rights to receive cash payments when the Company’s share price rises above the exercise price granted in the share appreciation rights in a certain pre-determined period, subject to certain terms and conditions of the Incentive Plan. The exercise price of the share appreciation rights was HKD1.58 per share. If the Company and the Participants meet the predetermined performance conditions, the Participants would exercise the right in three installments within the next 36 months after serving the Company for 24 months from the date of registration completion (29 October 2021), with exercise ratios of 33%, 33%, and 34% for each installment. The validity period of share appreciation rights was 5 years from 29 October 2021. Unless the context otherwise requires, the terms used in this Report shall have the same meanings as those defined in the Company’s announcement dated 26 March 2021 and the Company’s circular dated 26 April 2021.

The Incentive Plan is an arrangement providing for incentive for the management of the Company such that it attaches importance to the performance of the shares of the Company and its long-term development without the characteristics of shares. It is intended to align the senior management’s interests to those of the Company and its shareholders. It is intended that the operation of the Share Appreciation Rights Incentive Scheme will not involve any issue of new H shares of the Company, and the exercise of any share appreciation rights will not create a dilution effect on the Company’s shareholding structure.

The share appreciation rights are not transferable, nor are there any voting rights attached to the share appreciation rights. The Incentive Plan is not a scheme involving the grant of new shares or options over new shares of the Company nor is it funded by existing shares of the Company, and therefore will not fall within the ambit of, and will not be subject to, Chapter 17 of the Listing Rules.

REPORT OF THE DIRECTORS

According to the relevant provisions of the Incentive Plan and the authorization of the general meeting, the Board of the Company considered and approved the adjustment of the list of Participants, effective equity interests, and exercise price of the Incentive Plan on 31 May 2024: (1) 32 Grantees have ceased to be eligible Grantees under the Plan due to job reassignments, resignations, etc. The number of Grantees under the Incentive Plan has been adjusted from 150 to 118, and the number of effective equity interests has been adjusted from 63,500,000 to 43,985,000; (2) According to the relevant provisions of the Incentive Plan, in the event of capitalization issue, bonus issue, share subdivision, share consolidation, dividend distribution, rights issue or additional issue of new shares by the Company prior to any exercise, the exercise price of the share appreciation rights shall be adjusted. The Company paid a final dividend of RMB0.15 per share for the year 2022 (based on the average exchange rate of approximately HK\$0.17, inclusive of tax, between RMB and HK\$ as announced by the People's Bank of China for the five business days preceding the date of approval of the annual profit distribution plan at the general meeting of the Company), and a final dividend of RMB0.05 per share for the year 2023 (based on the average exchange rate of approximately HK\$0.05, inclusive of tax, between RMB and HK\$ as announced by the People's Bank of China for the five business days preceding the date of approval of the annual profit distribution plan at the general meeting of the Company). The adjusted exercise price = the exercise price prior to the adjustment – the amount of dividend per share, i.e. the adjusted exercise price is HK\$1.36 per share.

According to the authorization of the general meeting, the Board of the Company considered and approved another adjustment of the list of Participants, effective equity interests, and exercise price of the Incentive Plan on 2 August 2025: (1) 22 Grantees have ceased to be eligible Grantees under the Plan due to job reassignments, resignations, retirement, etc. during the period from 31 May 2024 to 30 June 2025. As of 30 June 2025, the number of Grantees under the Incentive Plan has been adjusted from 118 to 96, and the number of effective equity interests has been adjusted from 43,985,000 to 34,685,000; (2) According to the relevant provisions of the Incentive Plan, in the event of capitalization issue, bonus issue, share subdivision, share consolidation, dividend distribution, rights issue or additional issue of new shares by the Company prior to any exercise, the exercise price of the share appreciation rights shall be adjusted. The Company paid a final dividend of RMB0.05 per share for the year 2024 (based on the average exchange rate of approximately HK\$0.05, inclusive of tax, between RMB and HK\$ as announced by the People's Bank of China for the five business days preceding the date of approval of the annual profit distribution plan at the general meeting of the Company). The adjusted exercise price = the exercise price prior to the adjustment – the amount of dividend per share, i.e. the exercise price after another adjustment was HK\$1.31 per share. The exercise price of the share appreciation rights issued at the end of the Period was HK\$1.31 per share.

According to the authorization of the general meeting, the Board of the Company considered and approved another adjustment of the list of Participants, effective equity interests and exercise price of the Incentive Plan on 5 September 2025: 3 Grantees have ceased to be eligible Grantees under the Plan due to job reassignments, resignations, retirement, etc. during the period from 1 July 2025 to 5 September 2025. As of 5 September 2025, the number of Grantees under the Incentive Plan has been adjusted from 96 to 93, and the number of effective equity interests has been adjusted from 34,685,000 to 33,965,000.

Exercise of Rights

Pursuant to the Incentive Plan, the Share Appreciation Rights awarded to the Participants may be exercised upon the expiry of the respective restriction periods and satisfaction of the vesting conditions. The Participants shall exercise the Share Appreciation Rights in three equal tranches over a period of 36 months. The exercise periods, timing and exercise status of each tranche of Share Appreciation Rights are set out below:

REPORT OF THE DIRECTORS

For first tranche exercise period, the exercise period runs from the first trading day following the expiry of 24 months from the date of completion of grant to the last trading day falling within 36 months from the date of completion of grant (from 29 October 2023 to 28 October 2024). As the Company's share price did not reach the exercise price and the exercise period expired, no exercise was made in respect of the first tranche exercise period.

For second tranche exercise period, the exercise period runs from the first trading day following the expiry of 36 months from the date of completion of grant to the last trading day falling within 48 months from the date of completion of grant (from 29 October 2024 to 28 October 2025). Pursuant to the Incentive Plan and the relevant assessment rules, the vesting conditions for the second tranche exercise period have been satisfied: (1) no events have occurred during the Second Transcription Period that would prevent the exercise of the Incentive Plan; (2) except for 1 Grantee whose performance assessment results were incompetent, none of the other Grantees has experienced any circumstances that would disqualify them from exercising under the Incentive Plan; (3) the performance during the Second Transcription Period has met the performance requirements specified in the Incentive Plan; and (4) 100% of the Share Appreciation Rights for the relevant period shall be exercisable as the performance assessment results of 88 Grantees for the 2022 financial year were outstanding or competent; 60% of the Share Appreciation Rights for the relevant period shall be exercisable as the performance assessment results of 4 Grantees for the 2022 financial year were basically competent; and all Share Appreciation Rights for the relevant period shall be cancelled as the performance assessment results of 1 Grantee for the 2022 financial year were incompetent. According to the authorization of the general meeting, the Board considered and approved the implementation of exercise in accordance with the Incentive Plan and its assessment management measures. The Company confirmed 5 September 2025 as the exercisable date, and completed the relevant exercisable procedures for the Participants on such date. The number of rights available for exercise is 11,002,530, and the number of eligible Participants is 92. The exercise price is the closing price of the shares on such date (HK\$1.92 per unit). The total amount of incentives paid is RMB6.11 million (tax inclusive). For details of the list of relevant Participants and exercise, please refer to the announcement published by the Company dated 5 September 2025.

For third tranche exercise period, the exercise period runs from the first trading day following the expiry of 48 months from the date of completion of grant to the last trading day falling within 60 months from the date of completion of grant (from 29 October 2025 to 28 October 2026). As the Company's performance conditions were not met, no exercise was made in respect of the third tranche exercise period.

As at the date of this Report, there are no outstanding and unexercised Share Appreciation Rights under the Incentive Plan.

As at 31 December 2025, the interests or short positions, if any, of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("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 for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

REPORT OF THE DIRECTORS

Long Positions in Shares and Underlying Shares of the Company by the Directors as at 31 December 2025

Director/Supervisor	Nature of interest	Number of shares held	Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share capital
Zhou Chuanyou	Interest of controlled corporation	345,924,000	Domestic share (Note 1)	27.47	15.65
		117,850,000	H share (Note 2)	12.40	5.33

Note 1: The domestic shares are held by Shanghai Yilian and Zhongjin Investment. The entire shareholding or equity interest of Shanghai Yilian and Zhongjin Investment are beneficially owned by Zhou Chuanyou. As at the date of this Report, the above domestic share interests in the Company held by Zhou Chuanyou through Shanghai Yilian and Zhongjin Investment are pledged.

Note 2: H shares are held by Zhongjin Investment.

Save as disclosed above, as at 31 December 2025, none of Directors and their respective associates had, any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be and are recorded in the register required to be kept by the Company or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate were granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, its subsidiaries or any of fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this Report of the Directors, the following Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Listing Rules:

Mr. Chen Yin is the deputy general manager of Xinjiang Non-ferrous. Mr. Wang Lijian is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous. Mr. Li Jiangping is the deputy secretary of the Party Committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. Ms. Zhang Li is the secretary of the discipline committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. Mr. Chen, Mr. Wang, Mr. Li and Ms. Zhang have abstained from voting on the resolutions in relation to the revised annual caps for the Company's products under the continuing connected transactions and the renewed continuing connected transactions and annual caps with Xinjiang Non-ferrous and its subsidiaries during the Year.

REPORT OF THE DIRECTORS

Xinjiang Non-ferrous is principally engaged in, among other things, investment in non-ferrous metal industry and sale of non-ferrous metal products. For details of the competition or potential competition between business of the Group and business of Xinjiang Non-ferrous, please refer to the section headed “Relationship with Xinjiang Non-ferrous” in the Company’s Prospectus dated 27 September 2007.

In light of the Non-competition Agreement as set out in the section headed “Non-competition Agreement” below in this Report of the Directors and given the Board of Directors of the Company is independent from the board of directors of Xinjiang Non-ferrous and the above Directors do not control the Board of the Company, the Group is capable of carrying on its businesses independent from, and at arm’s length from, the business of Xinjiang Non-ferrous.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS IN SHARES

So far as was known to any Director, as at 31 December 2025, the persons or companies (other than a Director of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more than the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Class of share	Approximate percentage of shareholding on relevant class of shares (%)	Approximate percentage of the total share capital (%)
Xinjiang Non-ferrous (<i>Note 1</i>)	885,204,000 (L)	Domestic share	70.29	40.06
Shanghai Yilian (<i>Note 2</i>)	282,896,000 (L)	Domestic share	22.46	12.80
Zhongjin Investment (<i>Note 2</i>)	63,028,000 (L)	Domestic share	5.00	2.85
	117,850,000(L)	H Share	12.40	5.33
Zijin Mining	59,444,000 (L)	H Share (<i>Note 3</i>)	6.25	2.69
Zijin Mining (<i>Xiamen</i>)	56,580,000 (L)	H Share	5.95	2.56

(L): Long positions

Note 1: Mr. Chen Yin and Mr. Wang Lijian, each a non-executive Director, hold positions in Xinjiang Non-ferrous; Mr. Li Jiangping, an executive Director, is the deputy secretary of the Party Committee of the Company and Ms. Zhang Li is the discipline committee of the Company, both being appointed by the Party Committee of Xinjiang Non-ferrous. For details, please refer to the section headed “Directors’ Interests in Competing Businesses” in this Report of the Directors.

Note 2: The entire shareholding or equity interests of Shanghai Yilian and Zhongjin Investment are beneficially owned by Mr. Zhou Chuanyou. Mr. Zhou Chuanyou, a non-executive Director, is the chairman of the board of Zhongjin Investment. As at the date of this Report, the above domestic share interests in the Company held by Zhou Chuanyou through Shanghai Yilian and Zhongjin Investment are pledged.

Note 3: The H shares are held by Zijin Mining (Xiamen) and Gold Mountains (H. K.) International Mining Company Limited (金山(香港)國際礦業有限公司). The entire shareholding or equity interests of Zijin Mining (Xiamen) and Gold Mountains (H. K.) International Mining Company Limited are beneficially owned by Zijin Mining.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2025, none of the Directors were aware of any other person (other than a Director of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group in the ordinary and usual course of business during the Year are set out in note XII.5 to the Financial Statements.

Details of the related party transactions as disclosed in the Annual Report which also constituted continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules are disclosed as below:

Continuing Connected Transactions Not Exempt under the Listing Rules

1. Mutual Supply Agreement

On 1 November 2024, Xinjiang Non-ferrous and the Company entered into a renewed mutual supply agreement (the “Mutual Supply Agreement”) whereby both parties agreed that (A) Xinjiang Non-ferrous and its subsidiaries (collectively referred to as the “Xinjiang Non-ferrous Group”) will provide construction services, certain production supplies, storage, transportation and loading services and other supporting and ancillary services to the Group; and (B) the Group will provide products such as nickel cathode, copper cathode, copper concentrate and sulphuric acid to the Xinjiang Non-ferrous Group from 1 January 2025 to 31 December 2027.

As approved at the extraordinary general meeting held on 24 December 2025, the revised annual caps of the aggregate fees payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services for each of the three years ending 31 December 2025, 2026 and 2027 are approximately RMB519.41 million, RMB449.95 million and RMB399.79 million, respectively. For the year ended 31 December 2025, the actual total transaction amount paid/payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services was approximately RMB266.55 million.

As approved at the extraordinary general meeting held on 24 December 2025, the Revised Company's Products Annual Cap, the annual caps of the aggregate fees payable by Xinjiang Non-ferrous Group to the Group in respect of product fees for each of the three years ending 31 December 2025, 2026, and 2027 are approximately RMB812.63 million, RMB888.28 million and RMB985.76 million, respectively. For the year ended 31 December 2025, the actual total transaction amount paid/payable by Xinjiang Non-ferrous Group to the Group in respect of product fees was approximately RMB716.48 million.

The fees in relation to the products, supplies and services payable between the Company and Xinjiang Non-ferrous during the term of the Renewed Mutual Supply Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of the mutual supply services from time to time. Such transactions will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from (as appropriate) third party independent of and not connected with the Company and its connected persons (the “**Independent Third Parties**”).

REPORT OF THE DIRECTORS

Xinjiang Non-ferrous is the controlling shareholder and therefore a connected person of the Company.

Further details of the Mutual Supply Agreement were disclosed in the announcement of the Company dated 2 November 2024 and the circular of the Company dated 5 November 2024.

2. Comprehensive Services Agreement

On 1 November 2024, Kalatongke Mining, a wholly-owned subsidiary of the Company, entered into a renewed comprehensive services agreement (the “Comprehensive Services Agreement”) with Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Company Limited* (新疆有色金屬工業(集團)富蘊興銅服務有限公司) (“Fuyun Xingtong”), whereby Fuyun Xingtong agreed to provide certain supporting services including medical assistance and healthcare services, security services, catering services, mine area hygiene and cleansing services to the employees of Kalatongke Mining from 1 January 2025 to 31 December 2027.

For each of the three years ended 31 December 2025, 2026 and 2027, the annual caps of the services fees payable by the Group to Fuyun Xingtong were approximately RMB7.02 million, RMB7.26 million and RMB7.5 million, respectively. For the year ended 31 December 2025, the actual total transaction amount of the services fees paid/payable by the Group to Fuyun Xingtong was approximately RMB3.23 million.

The supporting services fees payable by Kalatongke Mining to Fuyun Xingtong during the term of the Comprehensive Services Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market price of the supporting services from time to time. Such transactions will be conducted in the ordinary and usual course of business of Kalatongke Mining, on normal commercial terms and on terms not less favourable to Kalatongke Mining than terms available to or from (as appropriate) Independent Third Parties.

Fuyun Xingtong is a wholly-owned subsidiary of Xinjiang Non-ferrous which is the controlling shareholder of the Company, and is therefore a connected person of the Company.

Further details of the Comprehensive Services Agreement were disclosed in the announcement of the Company dated 2 November 2024.

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed the said transactions as set out in the annual report and the accounts of the Company and are of the view that the continuing connected transactions:

- (I) were in the ordinary and usual course of business of the Company;
- (II) have been entered into by the Company on normal commercial terms or better; and
- (III) have been entered in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

REPORT OF THE DIRECTORS

BDO China Shu Lun Pan Certified Public Accountants LLP, the auditors of the Company, has performed certain procedures on the continuing connected transactions and confirmed in writing to the Board that the above-mentioned continuing connected transactions:

1. have been approved by the Board;
2. are in accordance with the pricing policies of the Company if the transactions involved provision of goods or services by the Company;
3. have been entered into and conducted in accordance with the relevant agreements governing the transactions;
4. have not exceeded the annual caps and revised annual caps disclosed in the relevant announcements of the continuing connected transactions.

In respect of each related party transaction disclosed in note XII. 5 to the Financial Statements prepared in accordance with CAS, the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A to the Listing Rules and other relevant requirements under the Listing Rules (if applicable).

CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note XII to the Financial Statements section headed "Related Parties and Related Party Transactions", at no time during the Year had the Company or any of its subsidiaries, and the controlling shareholders or any of its subsidiaries entered into any contract of significance for the provision of services by the controlling shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of our knowledge, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings in the Shares.

NON-COMPETITION AGREEMENT

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the exercise or non-exercise of the right of first refusal to purchase the 34% shareholding or any part thereof in Ashele Copper (as defined in the Prospectus) as held by Xinjiang Non-ferrous under the Non-competition Agreement (as defined in the Prospectus). The non-competition restrictions took effect on 12 October 2007. Xinjiang Non-ferrous has confirmed that it has not breached any of the terms of the Non-competition Agreement and has provided all information necessary for annual review by the independent non-executive Directors of the Company. An annual review has been conducted by the independent non-executive Directors of the Company on the decision of whether or not to exercise the right of first refusal.

REPORT OF THE DIRECTORS

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Report of the Directors, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

Written terms of reference of the audit committee based primarily on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board of Directors.

The audit committee provides an important link between the Board of Directors and the Company's auditors in matters falling within the scope of the audit of the Company and the Group. It will review the effectiveness of the external audit and internal controls and risk evaluation and will provide comments and advice to the Board of Directors. The audit committee comprises one non-executive Director namely, Mr. Hu Chengye and two independent non-executive Directors, namely, Mr. Hu Benyuan and Mr. Lee Tao Wai, with Mr. Hu Benyuan serving as the Chairman. The audit committee and management have reviewed the audited results of the Group for the year ended 31 December 2025.

AUDITORS

According to the announcement disclosed by the Company on 31 May 2023, the ordinary resolution in relation to the re-appointment of PricewaterhouseCoopers Zhong Tian LLP ("PwC") as the auditor of the Company was not passed at the 2022 annual general meeting, as some Shareholders shared concern about re-appointing PwC which had been the auditor of the Company since 2007 and that according to the Administrative Measures for Selection and Appointment of Accounting Firms by State-owned Enterprise and Listed Companies issued by the Ministry of Finance of the PRC, State-owned Assets Supervision and Administration Commission of the State Council and China Securities Regulatory Commission, the term of consecutive engagement of the same accounting firm by a state-controlled enterprise shall, in principle, not exceed 8 years. Accordingly, PwC has retired as auditor of the Company with effect from the conclusion of the 2022 annual general meeting.

According to the announcement disclosed by the Company on 3 August 2023, in light of the casual vacancy arising from the retirement of PwC, with the recommendation of the Audit Committee, ShineWing Certified Public Accountants LLP* (信永中和會計師事務所(特殊普通合伙), "ShineWing") was appointed as the new auditor of the Company with effect from 3 August 2023 to fill the casual vacancy following the retirement of PwC and to hold office until the conclusion of the next general meeting of the Company. According to the announcement disclosed by the Company on 13 October 2023, the ordinary resolution in relation to the appointment of ShineWing was duly passed at the extraordinary general meeting held on 13 October 2023. According to the announcement disclosed by the Company on 31 May 2024, the ordinary resolution in relation to the re-appointment of ShineWing was duly passed at the 2023 annual general meeting held on 31 May 2024.

REPORT OF THE DIRECTORS

According to the announcement disclosed by the Company on 9 May 2025, after completing the public tender process and based on the evaluation results, the Board proposed to appoint BDO China SHU LUN PAN Certified Public Accountants LLP (“BDO”) as the auditor of the Company for a term commencing after the conclusion of the 2024 annual general meeting. In this regard, ShineWing retired as the auditor of the Company upon expiration of its term of office at the conclusion of the 2024 annual general meeting held on 27 June 2025. The Company has appointed BDO as the auditor of the Company following the retirement of ShineWing, which was approved by the Shareholders at the 2024 annual general meeting.

Save for the above, there has been no other change in the auditor of the Company during the last three years.

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

By order of the Board

Chen Yin
Chairman

Xinjiang, the PRC
27 March 2026

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S REPORT

BDO Report No (2026)- [ZA10710]

All Shareholders of Xinjiang Xinxin Mining Industry Co., Ltd. :

I. AUDIT OPINION

We have audited the financial statements of Xinjiang Xinxin Mining Industry Co., Ltd. (hereinafter referred to as the Company), which comprise the consolidated and the Company's balance sheets as at 31 December 2025, and the consolidated and the Company's income statements, the consolidated and the Company's statements of cash flows, the consolidated and the Company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with Accounting Standards for Business Enterprises in all material respects, and presented fairly the consolidated and the Company's financial position as of 31 December 2025, and the consolidated and the Company's results of operations and cash flows for the year then ended.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S REPORT

III. KEY AUDIT MATTERS

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

Key Audit Matters identified in our audit are summarized below.

Key audit matters	Response in audit
(I) Impairment of goodwill and other long-term assets	
Please refer to Note III.19 and Notes V.11, V.12, V.13, V.14, V.15 and V.16 for notes to the relevant statement items.	(1) We gained an understanding of and assessed the management's accounting policies for goodwill and other long-term assets, as well as the processes and internal controls related to the provision for impairment;
As at 31 December 2025, the original book value of goodwill of the company was RMB126,180,736.14, with an impairment provision of RMB18,099,639.19. The goodwill was formed from the acquisition of subsidiaries in the current year and previous years; the original book value of other long-term assets (mainly fixed assets, construction in progress, and intangible assets) was RMB11,223,759,900.59, with an impairment provision of RMB323,854,648.16.	(2) Ask about the management's assessment of impairment indicators to determine the scope of management's impairment testing of goodwill and other related long-term assets;
	(3) Obtain an understanding of and assess the management's approach to determining the recoverable amount of an asset in an impairment test;
	(4) Obtain future cash flow projections approved by the management and compare the future cash flow projections with the data used in the impairment test;

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S REPORT

Key audit matters	Response in audit
<p>As at 31 December 2025, the management assessed and tested whether goodwill and other long-term assets required an impairment provision. The impairment test uses the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows as the recoverable amount of the asset.</p> <p>We identified impairment of goodwill and other long-term assets as a key audit matter due to the complexity of the impairment test and the fact that it involves the use of key assumptions and significant judgments by the management.</p>	<p>(5) Obtain the key assumptions made by the management in the impairment testing of goodwill and other long-term assets, including expected prices of metals, forecasts of mineral reserves, production, capital, and operating costs, and discount rates; compare the expected prices of metal products and inflation rates used in the assumptions with comparable data published in the market in the recent past, and review and measure the discount rates;</p> <p>(6) Compare the mineral reserves with the exploration results and the reserves filed with the Ministry of Land and Resources; compare the production with the design capacity and historical production in the feasibility study report; and compare the capital and operating costs with the historical data and the budget approved by the Board of Directors, and assess whether the above key assumptions and judgments are within the acceptable range.</p>

IV. OTHER INFORMATION

The management of the Company (hereinafter referred to as the Management) is responsible for the other information. Other information includes the information covered in the 2025 Annual Report of the Company, but excludes the financial statements and our auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the matters we have learned in the course of our audit, or appears to contain a material misstatement.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S REPORT

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to achieve a fair presentation, and designing, implementing, and maintaining the necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company'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 Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that expresses our opinion. Although reasonable assurance is a high level of assurance, it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users of the financial statements make on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S REPORT

During the course of the audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the following works:

- (I) Identify and assess the risks of material misstatement of the 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 expressing audit opinions. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal controls.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the Management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of users of the financial statements to the relevant disclosures in the financial statements in our auditors' report or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on information available as of the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (V) Evaluate the overall presentation, structure, and content of the financial statements, as well as whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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 those relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards, where applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation prohibited public disclosure about the matter or when, in 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.

BDO CHINA Shu Lun Pan
Certified Public Accountants LLP

Certified Public
Accountant of China:

Yan Shenghui
(Engagement Partner)

Certified Public
Accountant of China:

Liu Wen

Shanghai, China
27 March 2026

CONSOLIDATED BALANCE SHEET

31 December 2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
Current Assets:			
Cash at bank	V.1	636,243,988.96	648,891,485.62
Financial assets held for trading	V.2	38,188,722.52	444,342.48
Notes receivable	V.3	25,885,569.82	35,557,932.04
Accounts receivable	V.4	296,199,346.43	426,307,912.49
Financing receivable	V.5	78,593,440.13	59,407,818.41
Advances to suppliers	V.6	21,655,210.50	34,073,756.85
Other receivables	V.7	9,214,209.02	7,218,048.42
Inventories	V.8	1,075,686,599.98	1,058,515,443.98
Other current assets	V.9	117,676,955.65	25,810,483.38
Total current assets		2,299,344,043.01	2,296,227,223.67
Non-current assets :			
Long-term receivables		—	—
Long-term equity investments	V.10	196,337,198.42	190,545,162.35
Investment properties	V.11	215,810,759.61	219,958,989.81
Fixed assets	V.12	3,616,082,646.20	3,514,039,233.51
Construction in progress	V.13	1,508,941,958.17	730,737,155.40
Right-of-use assets	V.14	13,329,580.18	12,994,594.68
Intangible assets	V.15	2,362,572,153.32	2,457,491,674.46
Development costs	VI	19,391,892.88	22,016,404.51
Goodwill	V.16	108,081,096.95	108,081,096.95
Long-term prepaid expenses	V.18	1,060,266.79	1,702,435.15
Deferred tax assets	V.19	62,420,457.39	61,922,612.49
Other non-current assets	V.20	19,861,376.72	28,440,659.57
Total non-current assets		8,123,889,386.63	7,347,930,018.88
Total assets		10,423,233,429.64	9,644,157,242.55

CONSOLIDATED BALANCE SHEET

31 December 2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
Current liabilities :			
Short-term borrowings	V.22	437,196,702.94	200,159,722.23
Financial liabilities held for trading		–	–
Notes payable	V.23	336,003,302.00	143,487,517.26
Accounts payable	V.24	488,090,780.65	401,917,381.07
Advances from customers	V.25	307,667.40	201,690.95
Contract liabilities	V.26	14,585,292.80	9,193,741.84
Employee benefits payable	V.27	140,407,871.27	120,187,858.45
Taxes payable	V.28	67,187,420.08	12,183,536.82
Other payables	V.29	570,419,615.72	182,350,561.80
Non-current liabilities due within one year	V.30	129,770,848.34	503,632,403.26
Other current liabilities	V.31	29,239,825.82	1,195,186.44
Total current liabilities		2,213,209,327.02	1,574,509,600.12
Non-current liabilities :			
Long-term borrowings	V.32	1,296,113,211.97	96,000,000.00
Lease liabilities	V.33	1,774,467.65	–
Long-term payables	V.34	250,085,535.35	298,898,866.05
Long-term employee benefits payable	V.35	2,215,517.75	1,481,219.57
Provisions	V.36	154,848,532.22	148,135,563.22
Deferred income	V.37	47,596,004.22	24,533,230.10
Deferred tax liabilities	V.19	277,929,976.46	279,772,000.04
Total non-current liabilities		2,030,563,245.62	848,820,878.98
Total liabilities		4,243,772,572.64	2,423,330,479.10

CONSOLIDATED BALANCE SHEET

31 December 2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
Equity :			
Share capital	V.38	552,500,000.00	552,500,000.00
Capital reserves	V.39	4,042,513,094.67	5,144,151,097.76
Special reserves	V.40	176,721.30	1,300,130.31
Surplus reserves	V.41	276,250,000.00	276,250,000.00
Retained earnings	V.42	570,976,637.99	488,915,211.92
Total shareholders' equity attributable to the company		5,442,416,453.96	6,463,116,439.99
Non-controlling interests		737,044,403.04	757,710,323.46
Total shareholders' equity		6,179,460,857.00	7,220,826,763.45
Total liabilities and shareholders' equity		10,423,233,429.64	9,644,157,242.55

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative :
Li Jiangping

Person in Charge of Accounting Work :
He Hongfeng

Person in Charge of the
Accounting Department :
Jin Shufang

COMPANY BALANCE SHEET

31 December 2025

(Amounts are in RMB unless otherwise stated)

Assets	Notes	31 December 2025	31 December 2024
Current Assets :			
Cash at bank		515,409,367.06	446,697,945.28
Financial assets held for trading		38,188,722.52	444,342.48
Notes receivable		154,618.99	23,759,117.89
Accounts receivable	XVIII.1	295,153,364.30	418,862,429.02
Financing receivables		75,520,330.69	38,190,315.50
Advances to suppliers		346,094,740.05	505,718,684.66
Other receivables	XVIII.2	58,485,367.48	57,923,544.72
Inventories		823,212,353.63	784,589,704.04
Non-current assets due within one year		20,000,000.00	298,700,000.00
Other current assets		18,787,368.46	5,171,326.18
Total current assets		2,191,006,233.18	2,580,057,409.77
Non-current assets :			
Long-term receivables		389,000,000.00	420,000,000.00
Long-term equity investments	XVIII.3	3,400,541,963.46	2,521,260,287.85
Investment properties		3,985,229.10	4,071,473.34
Fixed assets		449,532,261.44	472,185,459.07
Construction in progress		216,731,463.36	72,525,441.64
Right-of-use assets		2,717,029.04	-
Intangible assets		35,708,468.90	38,294,987.29
Development costs		5,942,068.30	6,650,004.08
Long-term prepaid expenses		1,060,266.79	1,702,435.15
Deferred tax assets		48,149,366.55	48,832,704.59
Total non-current assets		4,553,368,116.94	3,585,522,793.01
Total assets		6,744,374,350.12	6,165,580,202.78

COMPANY BALANCE SHEET

31 December 2025

(Amounts are in RMB unless otherwise stated)

Assets	Notes	31 December 2025	31 December 2024
Current liabilities :			
Short-term borrowings		17,031,936.80	–
Notes payable		341,200,000.00	158,450,000.00
Accounts payable		45,677,999.43	92,493,259.08
Advances from customers		–	–
Contract liabilities		414,881.76	631,431.87
Employee benefits payable		63,144,983.08	58,169,004.77
Taxes payable		9,685,788.69	1,453,630.77
Other payables		58,159,563.12	20,537,412.44
Non-current liabilities due within one year		65,092,414.33	298,700,000.00
Other current liabilities		24,027,853.19	82,086.14
Total current liabilities		624,435,420.40	630,516,825.07
Non-current liabilities :			
Long-term borrowings		776,000,000.00	96,000,000.00
Lease liabilities		1,404,647.03	–
Long-term payables		21,000.00	–
Long-term employee benefits payable		1,015,412.68	1,481,219.57
Deferred income		29,780,444.31	6,902,726.23
Deferred tax liabilities		5,728,308.38	66,651.37
Total non-current liabilities		813,949,812.40	104,450,597.17
Total liabilities		1,438,385,232.80	734,967,422.24

COMPANY BALANCE SHEET

31 December 2025

(Amounts are in RMB unless otherwise stated)

Assets	<i>Notes</i>	31 December 2025	31 December 2024
Equity:			
Share capital		552,500,000.00	552,500,000.00
Capital reserves		4,042,251,957.49	4,254,754,857.49
Special reserves		176,721.30	1,300,130.31
Surplus reserves		276,250,000.00	276,250,000.00
Retained earnings		434,810,438.53	345,807,792.74
Total Equity		5,305,989,117.32	5,430,612,780.54
Total liabilities and shareholders' equity		6,744,374,350.12	6,165,580,202.78

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative :
Li Jiangping

Person in Charge of Accounting Work :
He Hongfeng

Person in Charge of the
Accounting Department :
Jin Shufang

CONSOLIDATED INCOME STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
I. Total revenue		2,561,304,232.62	2,292,401,288.60
Including: Revenue	V.43	2,561,304,232.62	2,292,401,288.60
II. Total cost of sales		2,354,850,702.89	2,081,017,254.03
Including: Cost of sales	V.43	1,914,566,795.56	1,736,359,183.71
Taxes and surcharges	V.44	60,176,775.99	48,646,444.56
Selling expenses	V.45	19,286,614.27	17,568,599.72
General and administrative expenses	V.46	234,701,981.97	204,857,771.63
Research and development expenses	V.47	74,984,151.08	39,074,537.67
Finance expenses	V.48	51,134,384.02	34,510,716.74
Including: Interest expenses		35,038,713.82	23,704,862.77
Interest income		4,854,298.07	10,541,349.63
Add: Other income	V.49	16,210,451.82	35,381,653.34
Investment income (loss marked with "-").	V.50	5,792,036.07	4,577,314.69
Including: Income from investments in a joint venture		3,900,575.61	5,659,881.94
Gains on changes in fair value	V.51	82,841,560.04	17,535,289.42
Credit impairment gains	V.52	675,495.79	3,295,110.36
Asset impairment (losses marked with "-")gains	V.53	-70,779,161.47	-58,544,107.87
(Losses marked with "-") Gain on disposal of assets	V.54	-1,417,448.46	310,956.42

CONSOLIDATED INCOME STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
III. Operating profit		239,776,463.52	213,940,250.93
Add:Non-operating income	V.55	4,156,253.02	3,990,617.44
Less:Non-operating expenses	V.56	6,356,488.63	6,828,248.72
IV. Total profit		237,576,227.91	211,102,619.65
Less: Income tax expenses	V.57	67,713,414.76	41,308,215.64
V. Net profit		169,862,813.15	169,794,404.01
(I) Classified by continuity of operations		169,862,813.15	169,794,404.01
1. Net profit from continuing operations (losses)		169,862,813.15	169,794,404.01
2. Net profit from discontinued operations (losses)		—	—
(II) Classified by owner's equity		169,862,813.15	169,794,404.01
1. Net profit attributable to equity owners of the parent company (losses)		194,082,736.66	183,798,832.21
2. Gains or losses attributable to non-controlling interests (losses)		-24,219,923.51	-14,004,428.20
VI. Total comprehensive income		—	—

CONSOLIDATED INCOME STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
VII. Total comprehensive income		169,862,813.15	169,794,404.01
Total comprehensive Income attributable to owners of the parent company		194,082,736.66	183,798,832.21
Total comprehensive Income attributable to minority shareholders		-24,219,923.51	-14,004,428.20
VIII. Earnings per share :			
(1) Basic earnings per share (RMB/share).	V.58	0.088	0.083
(2) Diluted earnings per share (RMB/share).	V.58	0.088	0.083

For the business combination under common control that occurred during the period, the net profit realized by the acquiree prior to the combination was RMB -2,837,715.47, and the net profit realized by the acquiree in the prior period was RMB -4,154,576.37.

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative :
Li Jiangping

Person in Charge of Accounting Work :
He Hongfeng

Person in Charge of the
Accounting Department :
Jin Shufang

COMPANY INCOME STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024
I. Total revenue	XVIII.4	2,310,454,420.57	2,097,981,549.49
Less: Cost of sales	XVIII.4	2,045,456,573.18	1,875,470,365.49
Taxes and surcharges		12,972,661.04	10,775,779.95
Selling expenses		17,871,002.75	16,499,379.59
General and administrative expenses		70,885,255.95	61,665,668.70
Research and development expenses		22,463,098.15	11,218,561.46
Finance expenses		6,681,594.52	-7,514,909.08
Including: Interest expenses		23,640,020.55	12,759,711.11
Interest income		17,519,472.47	21,217,589.47
Add: Other income		5,991,429.33	13,098,664.93
Investment (loss marked with"-") income	XVIII.5	-972,024.15	5,659,881.94
Including: Income from investments in a joint venture		3,900,575.61	5,659,881.94
Gains on changes in fair value		79,096,180.29	13,924,015.32
Gains credit impairment		118,150.32	2,366,370.77
Asset impairment gains (losses marked with"-")		13,877,040.58	-16,216,832.65
Gains on disposal of assets		1,831,408.99	187,452.22
II. Operating profit		234,066,420.34	148,886,255.91
Add:Non-operating income		626,521.06	2,036,424.63
Less:Non-operating expenses		618,447.63	2,331,551.35
III Total profit		234,074,493.77	148,591,129.19
Less:Income tax expenses		34,571,847.98	28,604,890.10
IV. Net profit		199,502,645.79	119,986,239.09
(I) Classified by continuity of operation		199,502,645.79	119,986,239.09
(II) Net profit from discontinued operations		-	-

COMPANY INCOME STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024
V. Net profit(loss)		-	-
VI. Total comprehensive income		199,502,645.79	119,986,239.09
VII. Earnings per share :			
(I) Basic earnings per share (RMB/share).		-	-
(II) Diluted earnings per share (RMB/share).		-	-

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative :
Li Jiangping

Person in Charge of Accounting Work :
He Hongfeng

Person in Charge of the
Accounting Department :
Jin Shufang

CONSOLIDATED CASH FLOW STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		2,127,805,489.39	1,549,748,257.81
Received tax refunds		5,756,854.76	3,794,367.75
Other cash received relating to operating activities		50,446,465.36	79,665,409.00
Sub-total of cash inflows from operating activities		2,184,008,809.51	1,633,208,034.56
Cash payments for goods purchased and services received		722,012,827.29	819,431,053.30
Cash payments to and on behalf of employees		400,939,777.51	320,488,964.63
Payments of taxes and surcharges		249,860,736.50	217,696,660.64
Other cash payments relating to operating activities	V.59	253,279,287.94	97,187,395.06
Sub-total of cash outflows from operating activities		1,626,092,629.24	1,454,804,073.63
Net cash flows generated from operating activities		557,916,180.27	178,403,960.93

CONSOLIDATED CASH FLOW STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
II. Cash flows from investing activities			
Cash received from returns on investments		–	117,926.03
Cash received from the disposal of fixed assets, intangible assets, and other long-term assets		2,394,363.48	80,000.00
Cash received relating to other investing activities		–	151,000,000.00
Sub-total of cash inflows from investing activities		2,394,363.48	151,197,926.03
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets		826,728,745.09	248,772,999.34
Sub-total cash outflows from investment activities		826,728,745.09	248,772,999.34
Net cash flows from investing activities		-824,334,381.61	-97,575,073.31

CONSOLIDATED CASH FLOW STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024 (As restated: Note VII)
III. Cash flows from financing activities			
Cash received from borrowings		2,072,063,748.23	200,000,000.00
Cash received relating to other financing activities		360,000,000.00	–
Sub-total of cash inflows		2,432,063,748.23	200,000,000.00
Cash paid for repayment of borrowings		1,025,200,000.00	204,400,000.00
Cash paid for distribution of dividends, profits or interest payments		143,686,263.85	131,011,004.02
Cash paid relating to other financing activities	V.59	1,159,571,325.02	18,146,938.58
Sub-total of cash outflows from financing activities		2,328,457,588.87	353,557,942.60
Net cash flows from (used in) financing activities		103,606,159.36	-153,557,942.60
IV. Effect of exchange rate changes on cash and cash equivalents		–	–
V. Net decrease (marked with “-”) in cash and cash equivalents		-162,812,041.98	-72,729,054.98
Add: Opening balance of cash and cash equivalents	V.60	582,405,823.83	655,134,878.81
VI. Closing balance of cash and cash equivalents	V.60	419,593,781.85	582,405,823.83

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative : **Li Jiangping**
 Person in Charge of Accounting Work : **He Hongfeng**

Person in Charge of the
 Accounting Department : **Jin Shufang**

COMPANY CASH FLOW STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		1,873,172,550.42	1,292,682,279.63
Received tax refunds		5,250,589.71	2,877,400.51
Other cash received relating to operating activities		46,625,740.71	51,362,880.26
Sub-total of cash inflows from operating activities		1,925,048,880.84	1,346,922,560.40
Cash payments for goods purchased and services received		1,126,300,464.66	1,049,269,750.57
Cash payments to and on behalf of employees		153,441,566.12	131,834,323.74
Payments of taxes and surcharges		81,391,329.38	77,512,218.87
Other cash payments relating to operating activities		180,147,040.80	34,714,318.48
Sub-total of cash outflows from operating activities		1,541,280,400.96	1,293,330,611.66
Net cash flows from operating activities		383,768,479.88	53,591,948.74
II. Cash flows from investing activities			
Cash received from recovery of investments		5,327,400.24	–
Cash received from disinvestments		–	30,759,711.11
Cash received from the disposal of fixed assets, intangible assets, and other long-term assets		2,472,547.17	80,000.00
Cash received relating to other investing activities		709,700,000.00	3,400,000.00
Sub-total of cash inflows from investing activities		717,499,947.41	34,239,711.11
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets		3,427,442.34	3,219,774.78
Net cash paid for acquisition of subsidiaries and other business units		1,098,084,000.00	–
Cash paid relating to other investing activities		400,000,000.00	–
Sub-total cash inflow from investment activities		1,501,511,442.34	3,219,774.78
Net cash flows (used in (marked “-”)) from investing activities		-784,011,494.93	31,019,936.33

COMPANY CASH FLOW STATEMENT

FY2025

(Amounts are in RMB unless otherwise stated)

Item	Notes	31 December 2025	31 December 2024
III. Cash flows from financing activities			
Cash received from borrowings		1,117,031,936.80	–
Sub-total of cash inflows from operating activities		1,117,031,936.80	–
Cash paid for repayment of borrowings		656,200,000.00	3,400,000.00
Cash paid for distribution of dividends, profits or interest payments		132,905,699.72	120,414,684.58
Cash paid relating to other financing activities		1,426,774.53	1,498,113.30
Sub-total of cash outflows from financing activities		790,532,474.25	125,312,797.88
Net cash flows generated from financing activities		326,499,462.55	-125,312,797.88
IV. Effect of exchange rate changes on cash and cash equivalents		–	–
V. Net increase in cash and cash equivalents		-73,743,552.50	-40,700,912.81
Add: Opening balance of cash and cash equivalents		401,652,919.56	442,353,832.37
VI. Closing balance of cash and cash equivalents		327,909,367.06	401,652,919.56

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative : **Li Jiangping**

Person in Charge of Accounting Work : **He Hongfeng**

Person in Charge of the Accounting Department : **Jin Shufang**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FY2025

(All amounts in RMB unless otherwise stated)

Item	31 December 2025							
	Equity Attributable to Owners of the Parent Company							
	Share capital	Capital Surplus	Special Reserve	Surplus Reserve	Retained earnings	Sub-total	Minority Interests	Total Equity
I. 31 December 2024	552,500,000.00	4,258,569,997.76	1,300,130.31	276,250,000.00	492,290,337.75	5,580,910,465.82	4,347,056.33	5,585,257,522.15
Business combinations under common control	-	885,581,100.00	-	-	-3,375,125.83	882,205,974.17	753,363,267.13	1,635,569,241.30
II. 1 January 2025	552,500,000.00	5,144,151,097.76	1,300,130.31	276,250,000.00	488,915,211.92	6,463,116,439.99	757,710,323.46	7,220,826,763.45
III. Amount of changes during the year								
(negative for decreases)								
(I) Total comprehensive income	-	-1,101,638,003.09	-1,123,409.01	-	82,061,426.07	-1,020,699,986.03	-20,665,920.42	-1,041,365,906.45
(II) Capital contributions by and distributions to owners	-	-	-	-	194,082,736.66	194,082,736.66	-24,219,923.51	169,862,813.15
1. Ordinary shares contributed by owners	-	-1,101,638,003.09	-	-	-1,521,310.59	-1,103,159,313.68	3,554,003.09	-1,099,605,310.59
2. Capital contributions by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Equity-settled share-based payment amount recognised in equity	-	-	-	-	-	-	-	-
4. Others (Note)	-	-1,101,638,003.09	-	-	-1,521,310.59	-1,103,159,313.68	3,554,003.09	-1,099,605,310.59
(III) Profit distribution	-	-	-	-	-110,500,000.00	-110,500,000.00	-	-110,500,000.00
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-
3. Distributions to owners (or shareholders)	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-110,500,000.00	-110,500,000.00	-	-110,500,000.00
(IV) Transfers within equity	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-1,123,409.01	-	-	-1,123,409.01	-	-1,123,409.01
1. Accrual during the period	-	-	89,759,886.34	-	-	89,759,886.34	-	89,759,886.34
2. Used during the period	-	-	90,883,295.35	-	-	90,883,295.35	-	90,883,295.35
IV. 31 December 2025	552,500,000.00	4,042,513,094.67	176,721.30	276,250,000.00	570,976,637.99	5,442,416,453.96	737,044,403.04	6,179,460,857.00

Note: The Group had a business combination under common control during the current period. For details, refer to Note VII.

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative : *Person in Charge of Accounting* *Person in Charge of the Accounting*

Li Jiangping *Work :*

Jin Shufang *Department :*

He Hongfeng

Jin Shufang

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FY2025

(All amounts in RMB unless otherwise stated)

Item	Equity Attributable to Owners of the Parent Company						Total shareholder's equity
	Share capital	Capital Surplus	Special reserves	Surplus reserves	Retained earnings	Sub-total	
I. 31 December 2024							
Business combinations under common control	552,500,000.00	4,258,569,997.76	-	276,250,000.00	416,872,671.59	5,504,192,669.35	5,520,508,411.46
	-	885,581,100.00	-	-	-1,256,291.88	884,324,808.12	1,639,723,817.67
II. 1 January 2025							
	552,500,000.00	5,144,151,097.76	-	276,250,000.00	415,616,379.71	6,388,517,477.47	7,160,232,229.13
III. Amount of changes during the year (negative for decreases)							
(I) Total comprehensive income	-	-	1,300,130.31	-	73,298,832.21	74,598,962.52	60,594,534.32
(II) Capital contributions by and distributions to owners	-	-	-	-	183,798,832.21	183,798,832.21	169,794,404.01
(III) Profit distribution	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-110,500,000.00	-110,500,000.00	-110,500,000.00
2. Appropriation of general risk reserves	-	-	-	-	-	-	-
3. Distributions to owners (or shareholders)	-	-	-	-	-110,500,000.00	-110,500,000.00	-110,500,000.00
4. Others	-	-	-	-	-	-	-
(IV) Transfers within equity	-	-	-	-	-	-	-
(V) Special reserves	-	-	1,300,130.31	-	-	1,300,130.31	1,300,130.31
1. Accrual during the period	-	-	70,260,907.17	-	-	70,260,907.17	70,260,907.17
2. Used during the period	-	-	68,960,776.86	-	-	68,960,776.86	68,960,776.86
IV. 31 December 2025							
	552,500,000.00	5,144,151,097.76	1,300,130.31	276,250,000.00	488,915,211.92	6,463,116,439.99	7,220,826,763.45

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative : **Li Jiangping** Person in Charge of Accounting Person in Charge of the Accounting Department : **Jin Shufang**
 Work : **He Hongfeng**

COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FY2025

(All amounts in RMB unless otherwise stated)

Item	31 December 2025						Total shareholder's equity
	Share capital	Capital surplus	Special reserves	Surplus reserves	Retained earnings		
I. 31 December 2024	552,500,000.00	4,254,754,857.49	1,300,130.31	276,250,000.00	345,807,792.74	5,430,612,780.54	
II. 1 January 2025	552,500,000.00	4,254,754,857.49	1,300,130.31	276,250,000.00	345,807,792.74	5,430,612,780.54	
III. Amount of changes during the year (negative for decreases)							
(I) Total comprehensive income	-	-212,502,900.00	-1,123,409.01	-	89,002,645.79	-124,623,663.22	
(II) Capital contributions by and distributions to owners	-	-	-	-	199,502,645.79	199,502,645.79	
1. Ordinary shares contributed by owners	-	-212,502,900.00	-	-	-	-212,502,900.00	
2. Capital contributions by holders of other equity instruments	-	-	-	-	-	-	
3. Equity-settled share-based payment amount recognised in equity	-	-	-	-	-	-	
4. Others	-	-212,502,900.00	-	-	-	-212,502,900.00	
(III) Profit distribution	-	-	-	-	-	-	
1. Appropriation of surplus reserves	-	-	-	-	-	-	
2. Distributions to owners (or shareholders)	-	-	-	-	-110,500,000.00	-110,500,000.00	
(IV) Transfers within equity	-	-	-	-	-110,500,000.00	-110,500,000.00	
(V) Special reserves	-	-	-1,123,409.01	-	-	-1,123,409.01	
1. Accrual during the period	-	-	8,323,199.16	-	-	8,323,199.16	
2. Used during the period	-	-	9,446,608.17	-	-	9,446,608.17	
IV. 31 December 2025	552,500,000.00	4,042,251,957.49	176,721.30	276,250,000.00	434,810,438.53	5,305,989,117.32	

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative : **Li Jiangping** Person in Charge of Accounting : **He Hongfeng** Person in Charge of the Accounting Department : **Jin Shufang**

COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FY2025

(All amounts in RMB unless otherwise stated)

31 December 2024

Item	Share capital	Capital surplus	Special reserves	Surplus reserves	Retained earnings	Total shareholder's equity
I. 31 December 2023	552,500,000.00	4,254,754,857.49	-	276,250,000.00	336,321,553.65	5,419,826,411.14
II. 1 January 2024	552,500,000.00	4,254,754,857.49	-	276,250,000.00	336,321,553.65	5,419,826,411.14
III. Amount of changes during the year (negative for decreases)						
(I) Total comprehensive income	-	-	1,300,130.31	-	9,486,239.09	10,786,369.40
(II) Capital contributions by and distributions to owners	-	-	-	-	119,986,239.09	119,986,239.09
(III) Profit distribution	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-110,500,000.00	-110,500,000.00
2. Distributions to owners (or shareholders)	-	-	-	-	-110,500,000.00	-110,500,000.00
3. Others	-	-	-	-	-	-
(IV) Transfers within equity	-	-	-	-	-	-
(V) Special reserves	-	-	1,300,130.31	-	-	1,300,130.31
1. Accrual during the period	-	-	7,966,558.52	-	-	7,966,558.52
2. Used during the period	-	-	6,666,428.21	-	-	6,666,428.21
IV. 31 December 2024	552,500,000.00	4,254,754,857.49	1,300,130.31	276,250,000.00	345,807,792.74	5,430,612,780.54

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Representative :

Li Jianguo

Work :

He Hongfeng

Person in Charge of Accounting

Department :

Jin Shufang

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION

Xinjiang Xinxin Mining Industry Co. Ltd. (hereinafter referred to as the “Company” and, when including subsidiaries, referred to as the “Group”) was incorporated on 1 September 2005 in Urumqi, Xinjiang Uygur Autonomous Region of the People’s Republic of China (hereinafter referred to as the “PRC”) together by Xinjiang Non-ferrous Metal Industry (Group) Ltd. (hereinafter referred to as the “Xinjiang Non-ferrous Group”), Shanghai Yilian Kuangneng Co. Ltd. (hereinafter referred to as the “Shanghai Yilian”), Zhongjin Investment (Group) Ltd. (hereinafter referred to as the “Zhongjin Investment”), Xiamen Zijin Technology Co., Ltd. (now changed the name to Zijin Mining Group (Xiamen) Investment Co., Ltd. hereinafter referred to as the “Xiamen Zijin”), Xinjiang Xinying New Material Co., Ltd. (hereinafter referred to as the “Xinjiang Xinying”) and Shaanxi Honghao Industry Co. Ltd. (hereinafter referred to as the “Shaanxi Honghao”). Xinjiang Non-ferrous Group is the holding company of the Company. The Company was established with a total equity of RMB300,000,000.00 which was valued at RMB1 per share.

On 19 May 2006, the Company issued 80,000,000 new shares at a value of RMB1 each, the registered capital increased from RMB300,000,000.00 to RMB380,000,000.00. Xinjiang Non-ferrous Group injected its land use rights of Kalatongke Mine and Fukang Refinery as increased capital. Shanghai Yilian, Zhongjin Investment, Xiamen Zijin, Xinjiang Xinying, and Shaanxi Honghao paid the increased capital in cash.

Pursuant to a resolution of the shareholders of the Company dated 11 May 2007 and the approval from China Securities Regulatory Commission dated 29 August 2007, each share of RMB1 was subdivided into four shares of RMB0.25 each with effect from 27 September 2007. The total number of shares immediately after the share split was 1,520,000,000.

In October 2007, the Company completed the issue of 690,000,000 H shares of RMB0.25 each at HKD6.5 (equivalent to approximately RMB6.3) per share as a result of the Initial Public Offering and listing of the Company’s H shares on the Main Board of The Stock Exchange of Hong Kong Limited. In addition, pursuant to the relevant approval from the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), upon the completion of the H share listing, 69,000,000 domestic shares held by Xinjiang Non-ferrous Group were converted into an equivalent number of H shares which par value was RMB0.25 and transferred to the National Council for Social Security Fund of the PRC. Total capital increased to RMB552,500,000.00 after this issue.

On 9 March 2016, Shaanxi Honghao transferred all 6,272,000 domestic shares that it held in the Company to Shaanxi Guangyou Trading Co., Ltd. (hereinafter referred to as the “Shaanxi Guangyou”) through negotiated assignment.

The Group’s business scope mainly includes: ore dressing and smelting of copper ore and nickel ore; processing of copper, nickel, lead, zinc and other non-ferrous metals, as well as sales of self-produced products (excluding those involving hazardous chemicals); processing of sulfuric acid and sales of self-produced products (limited to Fukang Smelter); (excluding those for which the production and operation of the above products are subject to special approval by the state).

These financial statements were authorized for issue by the Company’s Board of Directors on 27 March 2026.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS.

1. Basis for preparation

The Group's financial statements have been prepared on the basis of transactions and events that actually occurred, in accordance with the Accounting Standards for Business Enterprises, its Application Guidelines, Interpretations and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions of Financial Reports issued by the China Securities and Regulatory Commission disclosure related requirements for the preparation.

The disclosure of certain related matters in the financial statements has been made in accordance with the requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Going concern

The financial statements have been prepared on a going concern basis. Based on the assessment by the Group's management, the Group has a recent history of profitable operations and adequate financial resources to support its operations for the 12 months following the end of the reporting period. The Group's going concern ability is sound, and there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operation characteristics include the method of providing for expected credit losses on receivables, the valuation method of inventories, depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets, judgmental criteria for the capitalization of development expenditures, impairment of long-term assets, and recognition and measurement of income.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly, completely reflect the consolidated and Company's financial position as of 31 December 2025 and the consolidated and Company's results of operations and cash flows for the year ended 31 December 2025, and other related information.

2. Accounting year

The accounting year of the Group is from 1 January to 31 December of the calendar year.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3. Operating Cycle

The operating cycle of the Group is 12 months.

4. Recording currency

The recording currency of the Group is Renminbi (RMB). The financial statements are presented in RMB.

5. Accounting methods for business combinations under common control and under non-common Control

Business combinations involving entities under common control : The consideration paid and net assets obtained by the combining party in a business combination are measured at the book value. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid, and net assets obtained by the combining party are measured based on the book values of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the book value of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

Business combinations under non-common control : The cost of a business combination is the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control of the acquiree on the acquisition date. The excess of the combination cost over the acquirer's interest in the fair value of the identifiable net assets of the acquiree obtained in the combination is recognized as goodwill. The deficit of the combination cost relative to the acquirer's interest in the fair value of the identifiable net assets of the acquiree is included in profit or loss for the current period. Identifiable assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria obtained in the combination are measured at their fair values on the acquisition date.

Directly relevant costs incurred for business combinations are recognized in profit or loss when incurred. Transaction costs incurred for the issuance of equity securities or debt securities for business combinations are included in the initial recognition amount of the equity securities or debt securities.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Criteria for determining control and preparation methods of consolidated financial statements

(1). Criteria for determining control

The consolidation scope of the consolidated financial statements is determined on the basis of control and includes the Company and all its subsidiaries. Control is defined as the Company having power over an investee, being exposed to or entitled to variable returns from its involvement with the investee, and having the ability to use its power over the investee to affect the amount of the investor's returns.

(2). Consolidation procedures

The Company regards the entire enterprise group as a single accounting entity and prepares consolidated financial statements using uniform accounting policies to present the overall financial position, operating results and cash flows of the Group. The effects of intragroup transactions between the Company and its subsidiaries and between subsidiaries are eliminated in full. Where an intragroup transaction indicates impairment losses on the relevant assets, such losses are recognized in full. If the accounting policies and accounting periods adopted by a subsidiary are inconsistent with those of the Company, necessary adjustments are made in accordance with the Company's accounting policies and periods during the preparation of consolidated financial statements.

The portion of equity, net profit or loss and total comprehensive income of a subsidiary attributable to non-controlling shareholders is presented separately under equity in the consolidated balance sheet, under net profit and under total comprehensive income in the consolidated income statement, respectively. The balance arising from the losses incurred by a subsidiary during the period attributable to non-controlling shareholders in excess of the non-controlling shareholders' share of the subsidiary's equity at the beginning of the period is offset against non-controlling interests.

1) *Acquisition of subsidiaries or businesses*

Where a subsidiary or business is acquired through a business combination under common control during the reporting period, its operating results and cash flows from the beginning of the current period to the end of the reporting period are included in the consolidated financial statements. The opening balances and relevant items of comparative consolidated financial statements are adjusted as if the combined reporting entity had been in existence since the date the ultimate controlling party obtained control.

Where a subsidiary or business is acquired through a business combination not under common control during the reporting period, its identifiable assets, liabilities and contingent liabilities measured at fair value on the acquisition date are included in the consolidated financial statements from the acquisition date.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Criteria for determining control and preparation methods of consolidated financial statements (Continued)

(2). Consolidation procedures (Continued)

2) Disposal of subsidiaries

① General accounting treatment

Upon loss of control over an investee due to partial disposal of equity investments or other reasons, the remaining equity investment is remeasured at its fair value on the date of loss of control. The difference between (i) the sum of the consideration received for the disposed investment and the fair value of the remaining investment, and (ii) the carrying amount of the acquirer's share of the net assets of the original subsidiary continuously calculated from the acquisition or combination date plus goodwill, is recognized as investment income in the period of loss of control. Other comprehensive income that may be reclassified to profit or loss and other changes in equity accounted for under the equity method relating to the original subsidiary are reclassified to investment income in the period when control is lost.

3) Acquisition of non-controlling Interests

The difference between the cost of additional long-term equity investments acquired through purchasing non-controlling interests and the acquirer's share of the subsidiary's net assets continuously calculated from the acquisition or combination date according to the increased ownership percentage is adjusted against share premium within capital reserves in the consolidated balance sheet. If share premium is insufficient to absorb such difference, retained earnings are adjusted.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Classification of joint arrangements and accounting treatment of joint operations

Joint arrangements are classified into joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items relating to its interest in a joint operation :

- (1) Its assets held separately and its share of assets held jointly;
- (2) Its liabilities incurred separately and its share of liabilities incurred jointly;
- (3) Revenue from the sale of its share of the output arising from the joint operation;
- (4) Its share of the revenue from the sale of output by the joint operation;
- (5) Expenses incurred separately and its share of expenses incurred jointly by the joint operation.

The Group accounts for its investment in joint ventures using the equity method. See Note V. 10 “Long-term equity investments” for details.

8. Criteria for determining cash and cash equivalents

Cash represents cash on hand and demand deposits that are readily available for payment. Cash equivalents represent short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Foreign currency transactions and translation of foreign currency financial statement

(1). Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences are recognized in profit or loss for the current period, except for exchange differences arising from foreign currency borrowings specifically for the acquisition or construction of qualifying assets, which are capitalized in accordance with the principles for borrowing costs.

(2). Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. Items of shareholders' equity, other than "retained earnings", are translated at the spot exchange rates on the dates of the transactions. Items of income and expenses in the income statement are translated at the spot exchange rates on the transaction dates (or at exchange rates determined by a systematic and rational method that approximate the spot exchange rates on the transaction dates).

10. Financial instruments

The Group recognizes a financial asset, financial liability or equity instrument when it becomes a party to the contractual provisions of the financial instrument.

(1). Classification of financial instruments

According to the business model of financial assets management and the contractual terms of the cash flows of financial assets, the Group classifies its financial assets in the following categories: (1) financial assets carried at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The Group classifies a financial asset as measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- The business model aims at collecting contractual cash flows;
- Contractual cash flows are only payments of principal and interest based on the outstanding principal amount.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(1). Classification of financial instruments (Continued)

The Group classifies financial assets (debt instruments) that simultaneously meet the following conditions and have not been designated as financial assets measured at fair value through profit or loss, as financial assets measured at fair value through other comprehensive income :

- The business model aims both at collecting contractual cash flows and at selling the financial asset;
- The contractual cash flows are only payments of principal and interest based on the outstanding principal amount.

For non-trading equity instrument investments, the Group may irrevocably designate them at initial recognition as financial assets measured at fair value with changes in fair value recognized in other comprehensive income (equity instruments). Such designation is made on an individual investment basis and the relevant investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the financial assets measured at amortized cost and those measured at fair value with changes recognized in other comprehensive income as mentioned above, the Group classifies all the remaining financial assets as financial assets measured at fair value with changes recognized in profit or loss for the current period. Financial liabilities are classified at initial recognition as either financial liabilities measured at fair value with changes in fair value recognized in profit or loss or financial liabilities measured at amortized cost.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2). Recognition criteria and measurement methods of financial instruments

1) *Financial assets measured at amortized cost*

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, etc. They are initially measured at fair value, with directly attributable transaction costs included in the initial recognition amount. Accounts receivable without significant financing components, and accounts receivable for which The Group elects not to reflect financing components of no more than one year, are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is recognized in profit or loss for the current period.

Upon derecognition or disposal, the difference between the consideration received and the carrying amount of the financial asset is recognized in profit or loss for the current period.

2) *Financial assets measured at fair value through other comprehensive income (debt instruments)*

Financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments) include receivables financing, other debt investments, etc. They are initially measured at fair value, and related transaction costs are included in the initial recognition amount. This financial asset is subsequently measured at fair value, and changes in fair value, except for interest calculated using the actual interest rate method, impairment losses or gains, and exchange gains or losses, are all included in other comprehensive income.

When they are derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to the current profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2). Recognition criteria and measurement methods of financial instruments (Continued)

- 3) *Financial assets measured at fair value through other comprehensive income (equity instruments)*

Financial assets measured at fair value through other comprehensive income (equity instruments) include other equity instrument investments, etc. They are initially measured at fair value, with directly attributable transaction costs included in the initial recognition amount. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. Dividends received are recognized in profit or loss for the current period.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

- 4) *Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss include held-for-trading financial assets, derivative financial assets, other non-current financial assets, etc. They are initially measured at fair value, with related transaction costs recognized in profit or loss. These financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

- 5) *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include trading financial liabilities, derivative financial liabilities, etc. They are initially measured at fair value, with related transaction costs recognized in profit or loss for the current period. Such financial liabilities are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the current period.

Upon derecognition, the difference between their carrying amount and the consideration paid is recognized in profit or loss for the current period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2). Recognition criteria and measurement methods of financial instruments (Continued)

6) *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and long-term payables. They are initially measured at fair value, with directly attributable transaction costs included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is recognized in profit or loss for the current period.

Upon derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss for the current period.

(3). Derecognition of financial assets and recognition criteria and measurement methods for transfers of financial assets

A financial asset is derecognized when any of the below criteria are met :

- the contractual rights to receive the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers all the risks and rewards of ownership of the financial asset substantially to the transferee;
- the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

Where the Group renegotiates or modifies the contract with the counterparty and such modification constitutes a substantial change, the original financial asset is derecognized, and a new financial asset is recognized in accordance with the modified terms.

In the case of a transfer of financial assets, if the Group retains substantially all the risks and rewards of ownership of the financial assets, the financial assets are not derecognized.

When determining whether the transfer of financial assets meets the above-mentioned conditions for the termination of recognition of financial assets, the principle of “substance over form” is adopted.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(3). Derecognition of financial assets and recognition criteria and measurement methods for transfers of financial assets (Continued)

The Group classifies transfers of financial assets into transfers of entire financial assets and transfers of part of financial assets. Where a transfer of an entire financial asset qualifies for derecognition, the difference between the following two amounts is recognized in profit or loss for the current period:

- 1) The carrying amount of the transferred financial asset;
- 2) The sum of the consideration received from the transfer and the cumulative amount of fair value changes originally recognized directly in equity (applicable where the transferred financial asset is a financial asset measured at fair value through other comprehensive income (debt instrument)).

If a partial transfer of a financial asset meets the derecognition conditions, the carrying amount of the entire transferred financial asset is allocated between the derecognized portion and the non-derecognized portion based on their respective relative fair values. The difference between the following two amounts is recognized in profit or loss for the current period: :

- 1) The carrying amount of the derecognized portion;
- 2) The sum of the consideration for the derecognized portion and the amount attributable to the derecognized portion of the cumulative fair value changes originally recognized directly in equity (applicable where the transferred financial asset is a financial asset measured at fair value through other comprehensive income (debt instruments)).

If a transfer of a financial asset does not meet the derecognition conditions, the financial asset continues to be recognized, and the consideration received is recognized as a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4). Derecognition of financial liabilities

Financial liability is derecognized in whole or in part when the present obligation thereunder is extinguished in whole or in part. Where The Group enters into an agreement with a creditor to replace an existing financial liability with a new financial liability under substantially different contractual terms, the existing financial liability is derecognized, and a new financial liability is recognized simultaneously.

Where the contractual terms of an existing financial liability are substantially modified in whole or in part, the existing financial liability is derecognized in whole or in part, and a new financial liability under the modified terms is recognized simultaneously.

On full or partial derecognition of a financial liability, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including any non-cash asset transferred or new financial liabilities assumed) is recognized in profit or loss for the current period.

If The Group repurchases part of a financial liability, the carrying amount of the financial liability in its entirety is allocated between the portion to be derecognized and the portion to be continuously recognized based on their respective relative fair values on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the current period.

(5). Fair value determination of financial assets and financial liabilities

For financial instruments with an active market, the fair value is determined based on the quoted prices in the active market. For financial instruments without an active market, fair value is determined using valuation techniques. In valuation, The Group uses valuation techniques that are appropriate in the current circumstances and supported by sufficient available data and other information, selects inputs consistent with the characteristics of the asset or liability that would be considered by market participants in a transaction for the relevant asset or liability, and uses observable inputs whenever possible. Unobservable inputs are used only when relevant observable inputs are not available or obtainable without undue cost and effort.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(6). Impairment testing and accounting treatment of financial instruments

For financial assets measured at amortized cost, debt instruments investments measured at fair value with changes recorded in other comprehensive income, contract assets, receivables from leases, and financial guarantee contracts, etc., the Group recognizes loss provisions based on expected credit losses.

The Group considers reasonable and well-founded information such as information about past events, current conditions, and forecasts of future economic conditions that can be obtained without incurring unnecessary additional costs and efforts on the balance sheet date, and calculates the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the expected cash flows that can be received, based on the risk of default, to confirm expected credit losses.

For notes receivable, accounts receivable, receivables financing and contract assets arising from daily operating activities such as sale of goods and rendering of services, the Group measures the loss allowance at expected credit losses over the entire life of the instruments, regardless of whether they contain significant financing components. The Group also elects to measure the loss provisions for lease receivables at expected credit losses over the entire life.

Except for notes receivable, accounts receivable, financing receivables, contract assets, and lease receivables mentioned above, at each balance sheet date, the Group measures separately the expected credit losses on financial instruments in different stages. If the credit risk of a financial instrument has not increased significantly since initial recognition, the financial instrument is in stage 1, and the Group measures the loss allowances based on the expected credit losses in the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition, but credit impairment has not occurred, the financial instrument is in stage 2, and the Group measures the loss allowances based on the expected credit losses over the entire duration of the instrument; and if a financial instrument has been impaired since initial recognition, the financial instrument is in stage 3, and the Group measures the loss provisions based on the expected credit losses over the entire duration of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Group assumes that there has been no significant increase in credit risk since initial recognition, recognizes them as financial instruments in stage 1, and measures the loss allowances based on the expected credit losses in the next 12 months.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(6). Impairment testing and accounting treatment of financial instruments (Continued)

The Group calculates interest income on financial instruments in stages 1 and 2 on the basis of their book balance before the provision for impairment and the effective interest rate. For financial instruments in stage 3, interest income is calculated on the basis of their book balance less amortized cost after provision for impairment and the effective interest rate.

When information on expected credit losses cannot be assessed at a reasonable cost for a single financial asset, the Group classifies receivables into portfolios based on credit risk characteristics, calculates expected credit losses on a portfolio basis, and determines the portfolios on the following basis:

Related party portfolio	Related Party Customers
Unrelated party portfolio	Unrelated party customers

For the receivables, lease receivables, notes receivable, and financing receivables derived from daily business activities such as sales of goods and rendering of services, which are classified as portfolios, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of future economic conditions, and based on the exposure at default and lifetime expected credit loss rate throughout its lifetime. The other notes receivable, financing receivables and other receivables, and long-term receivables are divided into portfolios, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic conditions, and based on the exposure at default and lifetime expected credit loss rate within the next 12 months or throughout its lifetime.

The Group recognizes the gains or losses in profit or loss of the provision or reversal of the impairment. In the case of a debt instrument held at fair value through other comprehensive income, the Group adjusts other comprehensive income while recording gain or loss in current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories

(1). Classification and cost of inventories

Inventories are classified into raw materials, work in progress, semi-finished goods, finished goods, etc.

Inventories are measured initially at cost, the cost of inventories includes purchase costs, processing costs and other costs incurred in bringing the inventories to their present location and condition.

(2). Valuation method of issued inventories

Cost is determined using the weighted average method.

(3). Inventory system

The Group adopts the perpetual inventory system.

(4). Amortization methods for low-value consumables and packaging

- 1) Low-value consumables are amortized using the one-time write-off method;
- 2) Packaging materials are amortized using the one-time write-off method.

(5). Recognition criteria and provision method of provision for inventory depreciation

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the cost of inventories exceeds their net realizable value, a provision for inventory depreciation is made. Net realizable value is the estimated selling price of inventories in the ordinary course of business, less the estimated costs of completion, the estimated selling expenses and relevant taxes and expenses.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

(5). Recognition criteria and provision method of provision for inventory depreciation (Continued)

For inventories held for direct sale, such as finished goods, merchandise and materials held for sale, the net realizable value is determined as the estimated selling price less the estimated selling expenses and relevant taxes and expenses in the ordinary course of production and operation. For materials inventories that require further processing, the net realizable value is determined as the estimated selling price of the finished goods to be produced, less the estimated costs of completion, the estimated selling expenses and relevant taxes and expenses in the ordinary course of production and operation. For inventories held to fulfill sales or service contracts, the net realizable value is calculated based on the contract price. If the quantity of inventories held exceeds the quantity under the sales contract, the net realizable value of the excess portion is calculated based on the general selling price.

After the provision for inventory depreciation has been made, if the factors that caused the inventory value to be written down cease to exist, resulting in the net realizable value of the inventory being higher than its carrying amount, the reversal is made within the amount of the provision previously recognized, and the reversed amount is recognized in profit or loss for the current period.

12. Long-term equity investment

(1). Criteria for judging joint control and significant influence

Joint control is the contractually agreed sharing of control over an arrangement, where decisions about the relevant activities require the unanimous consent of the parties sharing control. Where the Group, together with other joint venturers, exercises joint control over an investee and has rights to the net assets of the investee, the investee is a joint venture of The Group.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. An investee over which The Group is able to exercise significant influence is an associate of The Group.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investment (Continued)

(2). Determination of initial investment cost

1) *Long-term equity investments formed by business combinations*

For long-term equity investments in subsidiaries formed by a business combination under common control, the initial investment cost is measured on the combination date as the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid is adjusted against share premium within capital reserves. If the share premium is insufficient to absorb the difference, the remaining amount is adjusted against retained earnings.

For long-term equity investments in subsidiaries formed by a business combination not under common control, the initial investment cost is measured as the combination cost determined on the acquisition date.

2) *Long-term equity investments obtained through means other than business combinations*

For long-term equity investments acquired by payment of cash, the initial investment cost is measured at the purchase price actually paid.

For long-term equity investments acquired by issuance of equity securities, the initial investment cost is measured at the fair value of the equity securities issued.

(3). Subsequent measurement and recognition of related profit and loss

1) *For long-term equity investments accounted for using the cost method*

The Company accounts for long-term equity investments in subsidiaries using the cost method, unless the investments qualify as held for sale. With the exception of cash dividends or profits that have been declared but not yet distributed, which are included in the purchase price or consideration actually paid upon acquisition of the investment, the Company recognizes investment income in the current period equal to its share of cash dividends or profits declared and distributed by the investee.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investment (Continued)

(3). Subsequent measurement and recognition of related profit and loss (Continued)

2) *For long-term equity investments accounted for using the equity method*

The Company accounts for long-term equity investments in associates and joint ventures using the equity method. The excess of the initial investment cost over the Company's share of the fair value of the investee's identifiable net assets at the acquisition date is not adjusted to the initial investment cost. The deficit of the initial investment cost relative to the Company's share of the fair value of the investee's identifiable net assets at the acquisition date is recognized in profit or loss for the current period, with a corresponding adjustment to the cost of the long-term equity investment.

The Company recognizes its share of the net profit or loss and other comprehensive income of the investee as investment income and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly. The Company's share of profits or cash dividends declared by the investee reduces the carrying amount of the long-term equity investment. For other changes in the owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution ("other changes in owners' equity"), the carrying amount of the long-term equity investment is adjusted and recorded in owners' equity.

When recognizing the Company's share of the net profit or loss, other comprehensive income and other changes in owners' equity of the investee, the Company makes adjustments to the net profit or loss and other comprehensive income of the investee based on the fair value of the investee's identifiable net assets at the acquisition date and in accordance with the Company's accounting policies and accounting periods.

Unrealized intra-group profits or losses arising from transactions between the Company and its joint ventures are eliminated to the extent of the Company's ownership interest, and investment income is recognized thereon, except where the assets contributed or sold constitute a business. Unrealized intra-group losses arising from transactions with the investee that are asset impairment losses are recognized in full.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investment (Continued)

(3). Subsequent measurement and recognition of related profit and loss (Continued)

- 2) *For long-term equity investments accounted for using the equity method
(Continued)*

The Company's share of net losses incurred by joint ventures or associates is recognized only to the extent of the carrying amount of the long-term equity investment and other long-term interests that in substance constitute net investment in the joint venture or associate, unless the Company has an obligation to incur additional losses. When the joint venture or associate subsequently realizes net profits, the Company resumes recognizing its share of profits only after its share of earnings offsets the unrecognized share of losses.

- 3) *Disposal of long-term equity investments*

Upon disposal of a long-term equity investment, the difference between its carrying amount and the proceeds actually received is recognized in profit or loss for the current period.

13. Investment properties

Investment property is property held for the purpose of earning rental income or for capital appreciation, or both, including: land use rights leased out, land use rights held and intended for transfer after appreciation, buildings leased out (including buildings constructed or developed for leasing upon completion, and buildings under construction or development intended for leasing in the future).

Subsequent expenditures related to investment property are capitalized to the cost of the investment property when it is probable that the related economic benefits will flow to the Company and their cost can be measured reliably. Otherwise, such expenditures are recognized in profit or loss when incurred.

The Group measures its existing investment property using the cost model.

For investment property measured under the cost model: Buildings held for leasing adopt the same depreciation policy as The Group's property, plant and equipment. And use rights held for leasing adopt the same amortization policy as The Group's intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties (Continued)

The estimated useful lives, net residual values rates, and annual depreciation (amortization) rates of investment properties are shown below:

Type	Period of depreciation (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Land use rights	50	0.00	2.00
Buildings	50	5.00	1.90

14. Fixed assets

(1). Recognition and initial measurement of fixed assets

Fixed assets are tangible assets held for the production of commodities, the provision of services, rental, or administrative purposes, and have a useful life exceeding one accounting period. Fixed assets are recognized only when both of the following conditions are met:

- 1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- 2) the cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (considering the effect of estimated decommissioning costs).

Subsequent expenditures related to fixed assets are capitalized into the cost of fixed assets when it is probable that the associated economic benefits will flow to the Company and their cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other subsequent expenditures are recognized in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

(2). Depreciation method

Depreciation of fixed assets is provided for using the straight-line method by category, except for shafts and underground tunnels. The depreciation rate is determined based on the category of fixed assets, estimated useful life and estimated residual value rate. For fixed assets for which impairment provision has been recognized, the depreciation amount in future periods is determined based on the carrying amount after deducting the impairment provision and the remaining useful life. Where the components of a fixed asset have different useful lives or provide economic benefits to the Company in different manners, different depreciation rates or depreciation methods are adopted and depreciation is provided for separately.

The depreciation method, estimated service life, net residual value, and annual depreciation rate of fixed assets outside the construction of the tunnel are listed as follows:

Type	Depreciation method	Period of Depreciation (years)	Estimated salvage value rate (%)	Annual depreciation rate (%)
Buildings	straight-line method	5-50	3or5	1.90-19.00
Machinery	straight-line method	5-30	3or5	3.23-19.40
Transportation equipment	straight-line method	4-15	3or5	6.47-24.25
Electronics and office equipment	straight-line method	3-20	3or5	4.75-31.67

Mining structures comprise the main and auxiliary mine shafts and underground tunnels. Depreciation of mining structures is provided using the output method.

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed and adjusted as appropriate at least at each year-end.

(3). Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement, or damage of a fixed asset net of its book value and related taxes and expenses is recognized in profit or loss for the current period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization, and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins the following month. The criteria and timing for the reclassification of construction in progress to fixed assets of the Group are as follows:

Item	Criteria for carrying forward fixed assets
Buildings	From the date of reaching the intended usable state
Machinery	Complete installation and commissioning, meet design requirements and complete trial production

16. Borrowing costs

(1). Recognition principle for capitalization of borrowing costs

Borrowing costs incurred by the Group that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized and included in the cost of the relevant assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, including fixed assets, investment property and inventories.

(2). Capitalization period of borrowing costs

The capitalization period is the period from the date on which capitalization of borrowing costs commences to the date on which capitalization ceases, excluding periods during which capitalization is suspended.

Capitalization of borrowing costs commences when all the following conditions are satisfied:

- 1) Expenditures for the asset have been incurred, including expenditures in the form of cash payments, transfers of non-cash assets, or incurrences of interest-bearing liabilities for the acquisition, construction or production of qualifying assets;
- 2) Borrowing costs have been incurred;
- 3) Activities necessary to prepare the asset for its intended use or sale have commenced.

Capitalization of borrowing costs ceases when the qualifying asset under construction or production is ready for its intended use or sale.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs (Continued)

(3). Suspension period of capitalization

If the construction or production of a qualifying asset is abnormally interrupted and the interruption period lasts for more than three consecutive months, capitalization of borrowing costs is suspended. If such interruption is a necessary procedure to prepare the qualifying asset for its intended use or sale, capitalization of borrowing costs continues. Borrowing costs incurred during the suspension period are recognized in profit or loss for the current period until the construction or production activities resume.

(4). Capitalization rate and calculation of capitalized amount of borrowing costs

For specific borrowings for the acquisition, construction or production of qualifying assets, the capitalized amount of borrowing costs is determined as the actual borrowing costs incurred during the period, less interest income from depositing unused borrowings in banks or investment income from temporary investments.

For general borrowings used for the acquisition, construction or production of qualifying assets, the capitalized amount of borrowing costs is calculated by multiplying the weighted average of asset expenditures in excess of specific borrowings by the capitalization rate applicable to the general borrowings. The capitalization rate is determined based on the weighted average actual interest rate of general borrowings.

During the capitalization period, foreign exchange differences arising from the principal and interest of foreign currency specific borrowings are capitalized and included in the cost of qualifying assets. Foreign exchange differences arising from other foreign currency borrowings (other than foreign currency specific borrowings) are recognized in profit or loss for the current period.

17. Intangible assets

(1). Measurement of intangible assets

1) *Intangible assets acquired by the Company are initially measured at cost.*

The cost of purchased intangible assets includes the purchase price, relevant taxes and duties, and other expenditures directly attributable to bringing the asset to its intended use.

2) *Subsequent measurement*

Upon acquisition of intangible assets, their useful lives are assessed.

Intangible assets with finite useful lives are amortized over the period during which economic benefits are expected to flow to the Company. Intangible assets for which the useful life cannot be estimated reliably are regarded as having indefinite useful lives and are not amortized.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

(2). Estimation of useful lives of intangible assets with finite useful lives

1) *Mining rights*

Mining rights are stated at the actual cost. While mining rights acquired by the business combination are recognized at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortization and impairment losses. Once the mineral object has been formally mined, the mining rights are amortized on the output method.

2) *Exploration rights*

Exploration rights acquired by business combinations under non-common control are recognized at the fair value at the acquisition date. Upon transformation to mining rights, accounting policies relating to mining rights are used to account for them.

3) *Land use rights*

Land use rights invested by the shareholders are recognized at the value agreed by all the shareholders unless the agreed value is not fair. Purchased land use rights are stated at actual cost, while land use rights acquired by the business combination are recognized at fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortization and impairment losses. Land use rights are amortized on a straight-line basis over the period of the land use rights varying from 10 to 70 years.

4) *Periodical review useful life and amortization methods*

For an intangible asset with a finite useful life, a review of its useful life and amortization method is performed at each year-end, with adjustments made as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

(3). Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all the following conditions are satisfied:

- 1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- 2) management intends to complete the intangible asset, and use or sell it;
- 3) it can be demonstrated how the intangible asset will generate economic benefits;
- 4) there are adequate technical, financial, and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Development expenditures that do not meet the above criteria are recognized in profit or loss as incurred. Development expenditures charged to profit or loss in prior periods are not re-recognized as assets in subsequent periods. Expenditures in the development stage that have been capitalized are presented as development expenditures on the balance sheet and are transferred to intangible assets from the date the project reaches its scheduled use.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Exploration assets and filing cost

The Group's exploration assets include topographical and geological exploration, exploration drilling, sampling, trenching, and relevant commercial and technical feasibility studies, and the expenditure arising from expanding existing orebody exploration and improving the orebody productivity.

At the initial stage of the exploration project, exploration and evaluation expenditures are recognized in profit or loss when they occur. When the project has technical feasibility and commercial feasibility, the exploration and evaluation expenditures (including the cost of purchasing the mineral exploration right) are capitalized into exploration and evaluation assets by individual projects.

Exploration and evaluation assets are recorded in construction in progress, transferred to fixed assets or intangible assets at the date that the assets are ready for their intended use, and are depreciated or amortized over the term of the rights. When the project is aborted, the relevant unrecoverable cost will be written off and recognized in profit or loss when it occurred. Infill costs incurred after the extraction of the deposit are included in production costs.

19. Impairment of long-term assets

Long-term assets including long-term equity investments, investment property measured under the cost model, fixed assets, construction in progress, right-of-use assets, and intangible assets with finite useful lives are tested for impairment at the reporting date if there is any indication of impairment. If the recoverable amount of an asset is estimated to be lower than its carrying amount, an impairment loss is recognized for the difference, and an impairment provision is made accordingly. The recoverable amount is the higher of the fair value of the asset less costs of disposal; and the present value of the estimated future cash flows expected to arise from the asset. An impairment loss is recognized for an individual asset. If the recoverable amount of an individual asset cannot be estimated reliably, the recoverable amount of the cash-generating unit to which the asset belongs is determined. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows independently.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Impairment of long-term assets (Continued)

Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment at least annually at the end of each reporting year, regardless of whether there is any indication of impairment.

For the purpose of goodwill impairment testing, the carrying amount of goodwill arising from a business combination is allocated to the related cash-generating units from the acquisition date on a reasonable basis. If the goodwill cannot be allocated to individual cash-generating units, it is allocated to the related groups of cash-generating units. The related cash-generating units or groups of cash-generating units are those that are expected to benefit from the synergies of the business combination.

In testing the cash-generating units or groups of cash-generating units containing goodwill for impairment, if there is any indication of impairment, the Company first tests the cash-generating units or groups of cash-generating units without goodwill by comparing their recoverable amount with their carrying amount to recognize any related impairment loss. Then, the cash-generating units or groups of cash-generating units including goodwill are tested for impairment by comparing their carrying amount with their recoverable amount. If the recoverable amount is lower than the carrying amount, the impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit or group of cash-generating units. Any remaining impairment loss is allocated proportionately to the other assets in the cash-generating unit or group of cash-generating units based on their relative carrying amounts.

Once an impairment loss is recognized for the above assets, it shall not be reversed in subsequent accounting periods.

20. Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on a straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortization.

21. Contract liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations satisfied and customer payments. A contract liability is recognized for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or is due consideration) from the customer. Contract assets and contract liabilities relating to the same contract are presented on a net basis.

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Employee benefits

(1). Accounting treatment for short-term employee benefits

The Group recognizes short-term employee benefits actually incurred as liabilities during the accounting periods in which employees render services, and records them in profit or loss for the current period or the cost of relevant assets.

Social insurance premiums and housing fund contributions paid by The Group for employees, as well as union funds and employee education funds appropriated in accordance with regulations, are recognized as employee benefits based on the stipulated bases and ratios during the periods in which employees render services.

Employee benefits paid by The Group are recognized in profit or loss for the current period or the cost of relevant assets based on the actual amount incurred. Non-monetary benefits are measured at fair value.

(2). Accounting Treatment for post-employment benefits

Post-employment benefits are classified as defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefits plan in which the Group is not obliged to make further payments after paying a certain amount to individual funds. Defined benefit plans are other post-employment benefits plans except for defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pension insurance, unemployment insurance, and enterprise annuity for employees, which are all defined contribution plans.

Basic pension benefits

Employees of the Group participate in the defined contribution pension plan set up and administered by local labor and social security departments. Based on the salaries of the employees, basic pensions are provided monthly according to stipulated proportions, which are paid to local labor and social security institutions. After the employees are retired, the local labor and social security departments have the responsibility to pay basic pension benefits to them. Basic pension benefits are recognized as payables in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Employee benefits (Continued)

(3). Accounting Treatment for Termination Benefits

The Group recognizes a liability for employee benefits in respect of termination benefits provided to employees, and recognizes the amount in profit or loss for the current period, at the earlier of the following dates, when the Group can no longer unilaterally withdraw the termination benefits offered under an employment termination plan or redundancy proposal. When the Group recognizes the costs or expenses relating to a restructuring that involves the payment of termination benefits.

23. Special payables

Special payables are the special or specific purpose funds that the Group obtained from governments as the owner of the enterprise, which should be included in the special payables when the funds are received. After the completion of the specific project, the expenditure that forms assets is recognized as deferred income according to actual costs. Other expenditures that do not form assets, which need to be handed in or written off, should be written down from the special payables after approval.

24. Dividend distribution

A cash dividend is recognized as a liability for the period in which the dividend is approved by the annual general meeting.

25. Provision

A provision is recognized when all the following conditions are met:

- 1) The obligation is a present obligation of the Group;
- 2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- 3) The amount of the obligation can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Provision (Continued)

Certain present obligations are required as a result of events that have already occurred and are recognized as provisions when it is probable that an outflow of economic benefits will result from the performance of the operation and the amount can be measured reliably. Provisions for closure of tailings and environmental restoration are recognized when the Group has a present obligation, an outflow of economic benefits will probably be required to settle the obligation, and the amount of the obligation can be measured reliably. Asset retirement obligations that meet the criteria of provisions are recognized as provisions and the amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related fixed assets of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the fixed assets. Interest expenses from the assets retirement obligations for each period are recognized with the effective interest method during the useful lives of the related fixed assets. If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal, and site cleaning will be expensed in the income statement when occurred.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties, and the time value of money, are considered in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from the passage of time is recognized as interest expense.

The book value of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

26. Share based payment

The Group's share-based payment transactions are those in which the Group grants equity instruments or incurs liabilities based on equity instruments, in exchange for services received from employees or other parties. The Group classifies share-based payment transactions into: equity-settled share-based payment; and cash-settled share-based payment.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Share based payment (Continued)

(1). Cash-settled share-based payment

Share-based payments settled in cash are measured at the fair value of the liabilities incurred by the Group, which are calculated based on the Group's shares or other equity instruments. For share-based payment transactions that vest immediately upon grant, the Group recognises the relevant costs or expenses at the fair value of the incurred liabilities on the grant date, with a corresponding increase in liabilities. For share-based payment transactions that vest only upon the completion of service during the vesting period or the satisfaction of specified performance conditions after grant, the Group recognises the services received for the current period as relevant costs or expenses on each balance sheet date during the vesting period, based on the best estimate of the number of awards expected to vest and the fair value of the liabilities incurred by the Group, with a corresponding recognition of liabilities. The fair value of the relevant liabilities is remeasured on each balance sheet date prior to settlement and on the settlement date, and any changes therein are recognised in profit or loss for the current period.

(2). Basis for recognizing the best estimate for unlockable or exercisable equity instruments

On each balance sheet date of the waiting period, the Group makes the best estimate based on the latest follow-up information such as the change in the number of employees who can be unlocked or vested and revised the estimated number of equity instruments that can be unlocked or vested. On the unlockable or exercisable date, the final estimated number of unlockable or exercisable equity instruments is consistent with the actual number of unlockable or exercisable equity instruments.

27. Revenue

(1). Accounting policies for revenue recognition and measurement

The Group recognizes revenue based on the transaction price allocated to the performance obligation when The Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. Obtaining control over relevant goods or services means being able to lead the use of such goods or services and gain almost all of the economic benefits from them.

Where a contract contains two or more performance obligations, The Group allocates the transaction price to each performance obligation at the inception of the contract, based on the relative standalone selling prices of the promised goods or services underlying each performance obligation.

Revenue is measured at the transaction price allocated to each respective performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Revenue (Continued)

(1). Accounting policies for revenue recognition and measurement (Continued)

The transaction price is the amount of consideration to which The Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. The Group determines the transaction price based on contract terms and its customary business practices. In determining the transaction price, The Group considers the effects of variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to a customer. The transaction price including variable consideration is measured at an amount that does not exceed the cumulative amount of revenue for which it is highly probable that no significant reversal will occur when the uncertainty associated with the variable consideration is subsequently resolved. For contracts with a significant financing component, the transaction price is determined as the amount of cash that the customer would have paid if the customer had obtained control of the goods or services at that time. The difference between this transaction price and the promised consideration is amortized over the contract period using the effective interest method.

It is a performance obligation satisfied during a period of time and The Group recognizes revenue during a period of time according to the progress of performance if one of the following conditions is met:

- The customer obtains and consumes economic benefits at the same time of The Group 's performance.
- The customer is able to control goods or services in progress during The Group 's performance.
- Goods or services generated during the Company's performance have irreplaceable utilization, and The Group is entitled to collect amounts of cumulative performance part which have been done up to now.

For the performance obligations fulfilled within a certain period, the Group recognizes revenue during that period in accordance with the progress of performance, except where the progress of performance cannot be reasonably determined. The Group considers the nature of the goods or services and determines the progress of performance by using the output or input method. When the progress of performance cannot be reasonably determined and the costs incurred are expected to be compensated, the Group recognizes revenue based on the amount of costs incurred until the progress of performance can be reasonably determined.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Revenue (Continued)

(1). Accounting policies for revenue recognition and measurement (Continued)

For performance obligations fulfilled at a point in time, the Group recognizes revenue at a point in time when the customer acquires control of the relevant goods or services. When determining whether a customer has obtained control of the goods or services, the Group considers the following signs:

- The Group has the right to receive payment for the goods or services at present, that is, the customer is obligated to make payment for the goods or services at present.
- The Group has transferred the legal ownership of the commodity to the customer, that is, the customer already has the legal ownership of the commodity.
- The Group has physically transferred the commodity to the customer, that is, the customer has physically occupied the commodity.
- The Group has transferred the principal risks and rewards of ownership of the commodity to the customer, that is, the customer has obtained the principal risks and rewards of ownership of the commodity.
- The customer has accepted the goods or services, etc.

The Group determines whether it is a principal or an agent in a transaction based on whether it controls the promised goods or services before they are transferred to the customer. If The Group controls the goods or services before transfer to the customer, The Group acts as a principal and recognizes revenue at the gross amount of consideration received or receivable. Otherwise, The Group acts as an agent and recognizes revenue at the amount of commission or fee it is entitled to receive.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Revenue (Continued)

(2). Disclosure of specific revenue recognition and measurement methods by type of business

1) Sales of good

Sales are recognized when the products have been shipped to the specific location in accordance with the sales contract and the customers have inspected the products and signed acceptance notices. There is no significant financing component as the sales are made with a credit term varied by customers' credit risk characteristics, which is consistent with market practices. Advance received from customers is presented as contract liabilities in the balance sheet.

2) Provision of Services

The Group recognises revenue at the amount of consideration to which it expects to be entitled when the customer obtains control of the services.

28. Safety production costs

Pursuant to Regulation No. [2022]136, "Management Measures of Accrual and Use of Safety Fund of Business Enterprises", issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to accrue safety production costs. Safety production cost is earmarked for improving the safety of production.

Pursuant to Regulation No. [2010]8, "Accounting Standards for Business Enterprises Interpretation No. 3", issued by the Ministry of Finance on 21 June 2010, enterprises in high-risk industries should accrue safety production costs under China's law and regulation, and safety production cost should be accrued to production costs or current profit or loss, and credited to special reserves. When the Group uses the extracted production safety fees, if it is an expense, it should be directly offset against the special reserves. The safety production costs of the Group that is formed into fixed assets through a collection of construction in progress are recognized as fixed assets when the safety projects are completed and to the expected conditions for use; at the same time, the special reserves are written down through the costs of formed fixed assets, and the same amount is confirmed to accumulated depreciation. For these fixed assets, there will be no further depreciation in the following accounting periods.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Government grant

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax returns, financial subsidies, etc.

Government grants are recognized when the grants can be received, and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants that are obtained by the Group for the purposes of purchase, construction, or acquisition of long-term assets. Government grants related to income refer to government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets or recorded as deferred income and recognized in profit or loss on a systematic reasonable over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses, or losses are recorded as deferred income and recognized in profit or loss, or deducted against related costs, expenses, or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognized in profit or loss, or deducted against related costs, expenses or losses directly in the current period. The Group applies the presentation method consistently to similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

30. Deferred tax assets and deferred tax liabilities

Income tax comprises current income tax and deferred income tax. Current and deferred tax are recognized in profit or loss, except for income tax arising from business combinations and transactions or events recognized directly in equity (including other comprehensive income), which are recognized accordingly.

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences, being the differences between the carrying amounts of assets and liabilities and their tax bases.

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1 January 2025 – 31 December 2025

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Deferred tax assets and deferred tax liabilities (Continued)

A deferred tax asset is recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are also recognized for unused tax losses and tax credits available for carry-forward to future periods, to the extent that it is probable that future taxable profit will be available against which such unused tax losses and tax credits can be offset.

Deferred tax liabilities are recognized for all taxable temporary differences, except in certain exceptional circumstances.

Exceptional circumstances where deferred tax assets or deferred tax liabilities are not recognized include:

- initial recognition of goodwill;
- transactions or events that are not business combinations, and do not affect accounting profit or taxable profit (or deductible tax losses) at the time of occurrence, and the initial recognition of assets and liabilities does not result in equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates, and joint ventures, except where the Group can control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures, and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

At the reporting date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax laws and regulations enacted or substantively enacted at the reporting date.

At the reporting date, The Group reviews the carrying amount of deferred tax assets. If it is probable that sufficient taxable profit will not be available in future periods to allow the benefit of the deferred tax assets to be utilized, the carrying amount of the deferred tax assets is reduced. When it is probable that sufficient taxable profit will be available, the amount previously written down is reversed.

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Deferred tax assets and deferred tax liabilities (Continued)

Current tax assets and current tax liabilities are presented net when The Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

At the reporting date, deferred tax assets and deferred tax liabilities are offset and presented on a net basis if both of the following conditions are satisfied:

- The taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- Deferred tax assets and deferred tax liabilities are related to income taxes levied by the same taxation authority on the same taxable entity, or relate to different taxable entities that intend, in future periods in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered, to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

31. Lease

Leases, refer to a contract in which the lessor transfers the right to use the assets to the lessee for consideration in a certain period.

(1). The Group as the lessee

The Group recognizes the right to use assets at the beginning of the lease term and recognizes the lease liabilities by the present value of unpaid lease payments.

Lease payments include fixed payments and payments to be made in the case of a reasonable determination of the exercise of the purchase option or termination of the lease option. The variable rent determined according to a certain proportion of sales volume is not included in the rental payment amount but is included in the current profit and loss when it occurs. The Group's lease liabilities payable within one year (including one year) from the balance sheet date are listed as non-current liabilities due within one year.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Lease (Continued)

(1). The Group as the lessee (Continued)

Right-of-use assets of the Group comprise leased buildings and land use rights. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, and any initial direct costs, less any lease incentives received. If the Group is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, depreciation is provided over the remaining useful life of the leased asset; if it cannot be reasonably certain that the ownership of leased assets can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life. When the recoverable amount is less than the book value of the right-of-use asset, the Group writes down the book value to its recoverable amount.

For short-term leases with a lease term not exceeding 12 months and leases of low-value assets with a low brand-new value of a single asset, the Group chooses not to recognize right-of-use assets and lease liabilities and to recognize the related rental expenses in profit or loss or costs of the related assets on a straight-line basis over each period of the lease term.

(2). The Group as a lessor

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. Others are classified as operating leases.

1) *Accounting treatment for operating leases*

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, the rental income therefrom is recognized on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognized in rental income as incurred.

When the lease is changed, the Group regards it as a new lease from the effective date of the change and regards the advance receipts or lease receivables related to the lease before the change as the receipts for the new lease.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Debt restructuring

(1). The Group as a creditor

The Group derecognizes a claim when its contractual right to receive the cash flows of the claim expires. In a debt restructuring where the debtor settles the debt by transferring assets or by converting debt into equity instruments, The Group recognizes the related assets when they meet the definition and recognition criteria for assets.

For debt restructurings conducted by settling liabilities through the transfer of assets, the Group measures non-financial assets received at cost upon initial recognition. For debt restructurings conducted by converting debt into equity instruments that result in the creditor converting claims into equity investments in an associate or joint venture, the Group measures the initial cost of such investments at the fair value of the waived claims plus other costs directly attributable to the assets, such as taxes. The difference between the fair value and the carrying amount of the waived claims is recognised in profit or loss for the current period.

For debt restructurings involving the modification of other terms, The Group recognizes and measures the restructured claims in accordance with the accounting policy set out in Note III (X) Financial instruments.

For debt restructurings involving settlement by multiple assets or a combination of methods, The Group first recognizes and measures financial assets received and restructured claims in accordance with the accounting policy set out in Note III (X) Financial instruments. The net amount, being the fair value of the claim surrendered less the recognized amounts of financial assets received and restructured claims, is then allocated to each non-financial asset received based on their relative fair values. The cost of each asset is determined accordingly based on the aforementioned methods. The difference between the fair value and the carrying amount of the claim surrendered is recognized in profit or loss for the current period.

(2). The Group as a debtor

The Group derecognizes a liability when its present obligation for the debt is discharged.

In a debt restructuring by settling the debt through transfer of assets, The Group derecognizes the related assets and the debt being settled when they meet the derecognition criteria. The difference between the carrying amount of the debt settled and the carrying amount of the assets transferred is recognized in profit or loss for the current period.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Debt restructuring (Continued)

(2). The Group as a debtor (Continued)

For debt restructurings involving the conversion of debt into equity instruments, The Group derecognizes the debt being settled when it meets the derecognition criteria. Upon initial recognition, equity instruments are measured at their fair value. If the fair value of the equity instruments cannot be reliably measured, they are measured at the fair value of the debt being settled. The difference between the carrying amount of the debt settled and the recognized amount of the equity instruments is recognized in profit or loss for the current period.

For debt restructurings involving the modification of other terms, The Group recognizes and measures the restructured debt in accordance with the accounting policy set out in Note III (X) Financial Instruments.

For debt restructurings involving settlement by multiple assets or a combination of methods, The Group recognizes and measures equity instruments and restructured debt in accordance with the aforementioned methods. The difference between the carrying amount of the debt settled and the sum of the carrying amounts of assets transferred, the recognized amount of equity instruments and restructured debt, is recognized in profit or loss for the current period.

33. Fair value measurement

The Group measures investments in equity instruments at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or paying for transferring a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are identified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; Level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the underlying assets or liabilities.

The fair value of financial instruments traded in an active market is determined at the quoted market price, and for financial instruments that are not traded in an active market, the Group determines the fair value using valuation techniques and the valuation models used are mainly discounted cash flow models. The inputs to the valuation technique consist mainly of the risk-free rate, credit premium, and liquidity premium for debt and the valuation multiplier and liquidity discount for equity.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Fair value measurement (Continued)

The fair value of Level 3 is determined based on the Group's valuation models, such as discounted cash flow models. The Group also considers the initial transaction price, recent transactions in identical or similar financial instruments, or full third-party transactions in comparable financial instruments. As at 31 December 2025, Level 3 financial assets measured at fair value are valued using significant unobservable inputs such as discount rates, but the fair value is not materially sensitive to reasonable changes in these significant unobservable inputs.

The Group uses the net asset value at the balance sheet date to determine the fair value of unlisted equity investments.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether a transition between the fair value measurement hierarchy has occurred.

34. Segment information

The Group determines operating segments based on its internal organizational structure, management requirements, and internal reporting system, and determines reporting segments and discloses segment information based on operating segments.

An operating segment is a component of the Group that also meets the following conditions: (1) the component is capable of generating income and incurring expenses in the ordinary course of its activities; (2) the Group's management is able to periodically evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; (3) the Group has access to accounting information on the financial position, operating results and cash flows of the component. Two or more operating segments may be combined into one operating segment if they have similar economic characteristics and meet certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

35. Important accounting estimates and judgments

(1). Critical judgments in applying accounting policies

1) *Classification of financial assets*

The significant judgments involved in determining the classification of the Group's financial assets include, among others, analyses of business models and contractual cash flow characteristics.

The Group determines the business model for managing financial assets at the portfolio level, taking into account factors such as the manner in which the performance of the financial assets is evaluated and reported to key management personnel, the risks affecting the performance of the financial assets and the manner in which they are managed, and the manner in which the management of the underlying business is remunerated.

The following key judgments exist when the Group assesses whether the contractual cash flows of a financial asset are consistent with the underlying lending arrangement: whether it is probable that the principal amount will change in time distribution or amount over the life of the asset, for example, as a result of early repayment; and whether the interest rate includes only the time value of money, credit risk, other fundamental borrowing risks, and considerations for costs and profits. For example, whether the amount of the early repayment reflects only the outstanding principal and interest based on the unpaid principal, as well as reasonable compensation paid for early termination of the contract.

2) *Judgment that credit risk has increased significantly*

In distinguishing different stages in which the financial instruments are held, the Group's judgments of significant increases in credit risk and credit impairments are set out below:

The Group's main criteria for determining a significant increase in credit risk are the overdue days exceeding 180 days, or significant changes in one or more of the following indicators: the operating environment in which the debtor operates, internal or external credit ratings, actual or expected results of operations, or significant decreases in the value of the guarantee or the credit rating of the guarantor.

The Group's main criteria for determining that credit impairment has occurred are that the overdue days are more than 360 days (i.e., a default has occurred) or that one or more of the following conditions have been met: the debtor is experiencing significant financial difficulty, other debt restructuring, or it is probable that the debtor will be insolvent, among other things.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Determination method and basis for selection of materiality

The Group follows the principle of materiality in the preparation and disclosure of its financial statements. The disclosures in the notes to the financial statements that involve materiality judgments and the methodology for determining and selecting the materiality criteria are as follows:

Disclosures involving materiality criteria judgments	Methodology for determining materiality criteria and basis for selection
Significant Important accounts receivable with single provision for bad debt reserves	The single provision amount accounts for more than 10% of the total bad debt provision for various receivables and the amount of more than RMB1 million.
Significant bad debt provision recovery or reversal	The single recovery or reversal amount accounts for more than 10% of the total bad debt reserves of various receivables and the amount of more than RMB1 million.
Significant accounts receivable write-off	The single write-off amount accounts for more than 10% of the total amount of various receivables and the amount of more than RMB1 million.
Accounts payable/other payables aging over 1 year	Single accounts payable/other payables aging over 1 year accounted for more than 10% of total accounts payable/other payables and the amount of more than RMB1 million.
Significant construction projects in progress	Single construction-in-progress project budget of more than RMB40 million.
Significant estimated liabilities	Expected liabilities of a single type account for more than 1% of the total estimated liabilities and the amount exceeds RMB20 million.
Significant joint ventures or associates	The book value of long-term equity investments in a single-invested entity accounts for more than 2% of the Group's net assets and the amount is more than RMB100 million.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Key accounting estimates and judgments

The following significant accounting estimates and key assumptions involve material risks that may result in significant adjustments to the carrying amounts of assets and liabilities in the next fiscal year:

(1). Accounting estimates for impairment provisions of non-current assets other than goodwill

When testing for impairment of fixed assets, construction in progress, land use rights, mining rights and exploration rights where there are impairment indicators, the Group recognizes an impairment loss equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the present value of estimated future cash flows from the asset. The calculation requires the use of accounting estimates (Note V (12), (13) and (15)).

If the management revises the growth rate used in the calculation of future cash flows of the asset groups and the revised growth rate is lower than the current rate, the Group will need to recognize additional impairment provisions for fixed assets.

If the management revises the gross profit margin used in the calculation of future cash flows of the asset groups and the revised gross profit margin is lower than the current margin, the Group will need to recognize additional impairment provisions for fixed assets.

If the management revises the discount rate applied to discount future cash flows and the revised discount rate is higher than the current rate, the Group will need to recognize additional impairment provisions for fixed assets.

If the actual growth rate and gross profit margin are higher than the management's estimates, or the actual discount rate is lower than the management's estimate, the previously recognized impairment losses on fixed assets shall not be reversed.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Key accounting estimates and judgments (Continued)

(2). Accounting estimates for impairment provisions of goodwill

The Group tests goodwill for impairment annually. The recoverable amount of the asset group or combination of asset groups containing goodwill is the higher of the fair value less costs of disposal and the present value of estimated future cash flows, the calculation of which requires the use of accounting estimates (Note V (16)).

For the year ended 2025, the Group determined the recoverable amount of goodwill arising from the acquisition of Xinjiang Yakesi Resources Development Co., Ltd. (hereinafter referred to as Xinjiang Yakesi) and Hami Jubao Resources Development Co., Ltd. (hereinafter referred to as Hami Jubao), together with goodwill arising from business combinations under common control, based on the present value of estimated future cash flows. As parameters such as future production volume, prices and costs are subject to uncertainty due to technological progress, policies and changes in economic conditions, the growth rate, gross profit margin and discount rate used in determining estimated future cash flows are also subject to uncertainty.

If the management revises the growth rate used in the calculation of future cash flows of the asset group or combination of asset groups and the revised growth rate is lower than the current rate, the Group will need to recognize additional impairment provisions for goodwill.

If the management revises the gross profit margin used in the calculation of future cash flows of the asset group or combination of asset groups and the revised gross profit margin is lower than the current margin, the Group will need to recognize additional impairment provisions for goodwill.

If the actual growth rate and gross profit margin are higher than the management's estimates, or the actual discount rate is lower than the management's estimate, the previously recognized impairment losses on goodwill shall not be reversed.

(3). Income taxes

The Group pays corporate income tax in multiple jurisdictions. In ordinary operating activities, uncertainty exists in the ultimate tax treatment of certain transactions and events. Significant judgment is required when the Group is accounting for income tax expenses in each region. If the final determination of these tax matters results in a difference from the amounts initially recorded, the difference will affect the amount of income tax expense and deferred income tax in the period in which such final determination is made.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Key accounting estimates and judgments (Continued)

(3). Income taxes (Continued)

In accordance with the accounting policies described in Note III.30, the Group prepares profit forecasts on an annual basis and recognizes corresponding deferred tax assets in respect of the deductible losses and deductible temporary differences that can be set off against taxable income in subsequent years in accordance with the provisions of the tax law.

The estimation of deferred tax assets requires the estimation of taxable income and applicable tax rates for each subsequent year, and the realization of deferred tax assets depends on whether it is probable that the Group will generate sufficient taxable income in the future. Future changes in tax rates and the timing of reversal of temporary differences may also affect income tax expense as well as the balance of deferred income taxes. Changes in the above estimates could result in significant adjustments to deferred income taxes.

As at 31 December 2025, the Group recognized a total of RMB62,420,457.39 in deferred income tax assets. As mentioned in Note V(19), as at 31 December 2025, the Group has unrecognized deductible losses amounting to RMB79,181,906.57. Deferred income tax assets have also not been recognized by these companies as they are in a loss-making position and it is highly uncertain whether it is probable that sufficient taxable income will be available to offset the losses in future periods or it is more likely than not that the losses will be approved by the Revenue Department. If the future taxable income of these companies is more or less than currently expected, or if the losses are approved by the Revenue Department, the Group will be required to further recognize or reverse the deferred tax assets.

(4). Useful life of fixed assets and intangible assets

The management of the Group determines the estimated useful lives, the related depreciation, and the amortization of fixed assets and intangible assets. The estimate is calculated based on past experiences of the actual useful lives of fixed assets and intangible assets of similar nature and function and may change significantly due to technological innovations and competitors' responses to severe industry cycles. If the useful life is shorter than previously estimated, the management will re-estimate the useful life.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Key accounting estimates and judgments (Continued)

(5). Mineral reserves

Given the subjective judgement involved in the preparation of information on mineral reserves, it is not possible to achieve a high degree of precision in the technical estimation of the Group's mineral reserves, which can only be estimated to approximate figures.

The Group is required to follow a number of authoritative guidelines on technical standards before an estimated mineral reserve can be identified as "proven" and "probable". Estimates of proven and probable reserves are updated regularly, and recent production and technical data from individual mines are taken into account. In addition, estimates of proven and probable mineral reserves are subject to change as prices and costs change from year to year. For accounting purposes, these changes are treated as changes in accounting estimates and are reflected in the relevant depreciation rates on a prospective basis.

Despite the inherent limitations of these reserve estimation techniques, these estimates are used to determine depreciation expense and impairment losses. Depreciation rates are determined on the basis of proven developed economically mineable reserves at the end of the period and current mine ore production. The capitalized cost of mining structures is amortized over the non-ferrous units produced.

(6). Measurement of expected credit losses

The Group calculates expected credit losses by using default exposures and expected credit loss rates, and determines the expected credit loss rate based on the probability of default and the default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience and adjusts the historical data for current conditions and forward- looking information.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

38. Significant changes in accounting policies and accounting estimates

(1). Significant accounting policy changes

Implementation of the “Implementation Q&A on Financial Instruments Standards” regarding the accounting treatment of standard warehouse receipt transactions

On 8 July 2025, the Ministry of Finance issued the Implementation Q&A on the accounting treatment of standard warehouse receipt transactions, which clearly stipulates that, in accordance with the financial instruments recognition and measurement standards, where an enterprise frequently enters into contracts for the purchase and sale of standard warehouse receipts through futures exchanges to earn price differences without taking delivery of the underlying commodities, this generally indicates that the enterprise has a practice of reselling the contract subject shortly after receipt to profit from short-term price fluctuations. Such contracts for the purchase and sale of standard warehouse receipts shall be treated as financial instruments and accounted for in accordance with the financial instruments recognition and measurement standards. Where an enterprise obtains standard warehouse receipts under the aforesaid contracts and resells them within a short period, it shall not recognize sales revenue; instead, the difference between the consideration received and the carrying amount of the standard warehouse receipts sold shall be recognized in investment income. Standard warehouse receipts held but not yet sold at the end of the reporting period shall be presented as other current assets. For standard warehouse receipts obtained under the aforesaid contracts, if doing so would eliminate or significantly reduce an accounting mismatch, the enterprise may, at initial recognition, elect to measure them at fair value through profit or loss, and shall apply this election consistently to all standard warehouse receipts that meet the election criteria. For standard warehouse receipts that were measured at fair value through profit or loss at initial recognition, the enterprise shall not revoke this election in subsequent periods.

Pursuant to the requirements of the “Notice on Strict Implementation of Enterprise Accounting Standards and Proper Preparation of 2025 Annual Reports” (Cai Kuai [2025] No. 33), where an enterprise adjusts its accounting treatment methods as a result of implementing the aforesaid provisions on standard warehouse receipts, it shall adjust the comparative period information in the financial statements.

The implementation of this provision has not had a material impact on the Group’s financial position and operating results.

(2). Significant changes in accounting estimates

The Group had no significant changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. TAXATION

1. Main Types of Taxes and Tax Rates

Types of Taxes	Basis for tax calculation	tax rate/levy rate/tax
Value-Added tax(VAT)	Taxable value-added (except for simplified taxation, the taxable amount is calculated based using the taxable sales amount multiplied by the effective tax rate less deductible input tax of the current period)	5%、6%、9%、13%
Resource tax	Sales volume of taxable resource products	4%、8%
Urban maintenance and Construction tax	Turnover tax payable	7%、5%、1%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Property tax	Taxable residual value, taxable rental income	1.2%、12%
Land use tax	Actual area of land in use	RMB12/m ² , RMB4.2/m ² , RMB1.5/m ² , RMB1.05/m ²
Environmental protection tax	Emissions from different items	RMB1.2/unit pollution equivalent
Corporate income tax	Taxable income	15%、20%、25%

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. TAXATION (CONTINUED)

1. Main Types of Taxes and Tax Rates (Continued)

Descriptions of taxpayers with different corporate income tax rates:

Name of the taxpayer	Income tax rate
Xinjiang Xinxin Mining Industry Co., Ltd.	15%
Xinjiang Yakesi Resources Development Co., Ltd.	15%
Hami Jubao Resources Development Co., Ltd.	15%
Xinjiang Kalatongke Mining Co., Ltd.	15%
Xinjiang Zhongxin Mining Co., Ltd.	25%
Beijing Xinding Shunze High Technology Co., Ltd.	25%
Shaanxi Xinxin Mining Co., Ltd.	25%
Xinjiang Huaou Mining Co., Ltd.	25%

2. Tax Preferences

(1). Corporate income tax

- 1) The Company is a high-tech enterprise in Xinjiang Uygur Autonomous Region. On 1 December 2020, it obtained the certificate of high-tech enterprise jointly issued by the Science & Technology Department of Xinjiang Uygur Autonomous Region, the Department of Finance of Xinjiang Uygur Autonomous Region, and the Xinjiang Autonomous Region Tax Service, State Taxation Administration. The certificate number is GR202065000296, and the validity period is three years. On 16 October 2023, we renewed the certificate of high-tech enterprise jointly issued by the above organisations. The certificate number is GR202365000012, and the validity period is three years. Previously, the Company obtained the certifying document of encouraged industry stating that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region (FY2024: 15%).
- 2) Xinjiang Yakesi, a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region. Xinjiang Yakesi calculated and paid corporate income tax using the preferential rate of 15% for the year 2025 (2024: 15%).

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. TAXATION (CONTINUED)

2. Tax Preferences (Continued)

(1). Corporate income tax (Continued)

- 3) Hami Jubao, a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region. Hami Jubao calculated and paid corporate income tax using the preferential rate of 15% for the year 2025 (2024: 15%).
- 4) Xinjiang Kalatongke Mining Co., Ltd. (hereafter referred to as Kalatongke Mining), a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region. Kalatongke Mining calculated and paid corporate income tax using the preferential rate of 15% for the year 2025 (2024: 15%).
- 5) The corporate income tax rate applicable to Xinjiang Zhongxin Mining Co., Ltd. (hereinafter referred to as Zhongxin Mining), a subsidiary of the Company, was 25% for the year 2025 (2024: 15%).
- 6) Other subsidiaries of the Company, including Beijing Xinding Shunze High Technology Co., Ltd. (hereafter referred to as Beijing Xinding), Shaanxi Xinxin Mining Co., Ltd. (hereafter referred to as Shaanxi Xinxin), and Xinjiang Huaou Mining Co., Ltd. (hereafter referred to as Huaou Mining), the applicable corporate income tax rate for the year 2025 is 25% (2024: 25%).

(2). Value added tax (VAT)

- 1) Pursuant to the Announcement on Relevant Policies for Deepening the Reform of Value-added Tax (Announcement No. 39 [2019] of the Ministry of Finance, the State Taxation Administration, the General Administration of Customs) and related regulations promulgated by the Ministry of Finance, the State Taxation Administration, the General Administration of Customs, with effect from 1 April 2019, the VAT output tax rates applicable to the Group's major product sales business and the leasing business are 13% and 9%, respectively. The simplified levy rate is 5%.

Input VAT paid on purchases of raw materials, fuel, power, equipment, etc. is deductible against output VAT. Value-added tax payable is equal to the output VAT less deductible input VAT of the current period.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. TAXATION (CONTINUED)

2. Tax Preferences (Continued)

(2). Value added tax (VAT) (Continued)

- 2) In accordance with the Announcement on the Policy of Additional Deduction of Input VAT for Advanced Manufacturing Enterprises (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration) and the Notice on Matters Relating to the Formulation of the List of Advanced Manufacturing Enterprises Eligible for the Additional VAT Deduction Policy for 2025 (Letter No. 217 [2025] of the General Offices of MIIT, MOF and STA), the Company's Fukang Smelter and its subsidiary Kalatongke Mining are eligible for the additional VAT deduction policy. For the year 2025, the Company deducts an additional 5% of the deductible input VAT (excluding input VAT arising from taxable transactions between head office and branches, and between enterprises under common control) from the VAT payable.

(3). Resource tax

Pursuant to the Decision of the Standing Committee of the People's Congress of the Xinjiang Uygur Autonomous Region on the Specific Applicable Tax Rate, Method of Taxation, and Measures for Tax Reduction and Exemption on Resource Tax of the Autonomous Region, the mixed concentrates of the Kalatongke Mining are subject to the resource tax at a rate of 4% of the sales amount of the consumption of the taxable products deemed to be sold, and the massive rich ores are subject to the resource tax at a rate of 8% of the sales amount of the consumption of the taxable products deemed to be sold. Xinjiang Yakesi and Hami Jubao pay resource tax at the rate of 4% on the sales of taxable products for which sales proceeds are received and for which sales proceeds are documented.

(4). Environmental protection tax

According to the Notice on Issues Relating to Environmental Protection Tax (Cai Shui [2018] No. 23), since 1 January 2018, Kalatongke Mining, Xinjiang Yakesi, Hami Jubao, Zhongxin Mining, and Fukang Smelter have been paying environmental protection tax based on the number of pollution equivalents (kg/day) translated from pollutant emissions at RMB1.2/pollution equivalent.

(5). Land use tax

The Group's subsidiary, Kalaketong Mining, part of its land in use is exempted from land use tax in accordance with the Notice of the State Taxation Administration on Issues Concerning the Taxation and Exemption of Land Use Tax for Mining Enterprises (Guo Shui Di Z[i 1989] No. 122): "Land use tax shall be exempted for land used for the safety zones of the mining site, the discharge site, the tailings storage, the explosives storage, the road for transporting mine and rocks in the mining area, and the land used for tailings conveying pipelines and the water return system of the mines. The collapsed land caused by mining enterprises extracting underground mines, as well as the land occupied by barren mountains, shall be temporarily exempted from land use tax until it is utilized".

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank

Item	31 December 2025	31 December 2024
Cash at bank	636,243,988.96	648,891,485.62
Total	636,243,988.96	648,891,485.62

Restricted cash at bank

Item	31 December 2025	31 December 2024
Deposits for bank acceptance notes	187,500,000.00	45,038,625.72
Fund for mine environment remediation and restoration	27,393,295.75	19,834,643.46
Deposits for land reclamation	1,518,800.00	1,518,800.00
Bank deposits subject to judicial freeze	228,911.36	–
ETC guarantee	9,200.00	15,800.00
Dedicated accounts and public call deposits	–	77,792.61
Total	216,650,207.11	66,485,661.79

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets held for trading

Item	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss	38,188,722.52	444,342.48
Including: Derivative financial assets	38,188,722.52	444,342.48
Total	38,188,722.52	444,342.48

3. Notes receivable

(1). Notes receivable presented by category

Item	31 December 2025	31 December 2024
Bank acceptances notes	25,885,569.82	35,557,932.04
Total	25,885,569.82	35,557,932.04

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable (Continued)

(2). Notes receivable presentation by bad debt accrual method

Type	31 December 2025				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual (%)	Book value
Bad debt provision by individual basis	-	-	-	-	-
Bad debt provision by portfolios	25,885,569.82	100.00	-	-	25,885,569.82
Including:					
Bank acceptances notes	25,885,569.82	100.00	-	-	25,885,569.82
Commercial acceptances notes	-	-	-	-	-
Total	25,885,569.82	100.00	-	-	25,885,569.82

(Continued):

Type	31 December 2024				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual (%)	Book value
Bad debt provision by individual basis	-	-	-	-	-
Bad debt provision by portfolios	35,557,932.04	100.00	-	-	35,557,932.04
Including:					
Bank acceptances notes	35,557,932.04	100.00	-	-	35,557,932.04
Commercial acceptances notes	-	-	-	-	-
Total	35,557,932.04	100.00	-	-	35,557,932.04

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable (Continued)

(3). Provisions for bad debts on notes receivable accrued, recovered and reversed during the year

As at 31 December 2025, all the notes receivable held by the Group were bank acceptance notes. The Group considers that the bank acceptance notes held within this portfolio do not have significant credit risk and therefore no provision for bad debts has been made for bank acceptance notes.

(4). Pledged notes receivable as at the end of year-end

As at 31 December 2025, the Group had no pledged notes receivable presented as notes receivable.

(5). Notes receivable endorsed or discounted at year-end and not yet due at the balance sheet date

Item	Amounts derecognized at the ended of 31 December 2025	Amounts not derecognized at the ended of 31 December 2025
Bank acceptance notes	100,000.00	23,433,221.96
Total	100,000.00	23,433,221.96

(6). Notes receivable actually written off during the year

The Group did not have any notes receivable actually written off in 2025.

(7). Age of notes receivable at year-end

As at 31 December 2025, the aging of the Group's notes receivable were all within 365 days.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

Item	31 December 2025	31 December 2024
Accounts receivable	300,244,333.86	430,416,685.62
Less: Provision for bad debts	4,044,987.43	4,108,773.13
Book value	296,199,346.43	426,307,912.49

The majority of the Group's sales are on credit together with a credit period of no more than 180 days.

(1). Accounts receivable presented according to aging

Aging	31 December 2025	31 December 2024
Within 1 year	296,063,606.36	426,543,500.48
1-2 years	457,437.12	13,044.80
2-3 years	13,044.80	149,894.76
3-4 years	–	–
4-5 years	–	249,114.00
Over 5 years	3,710,245.58	3,461,131.58
Sub-total	300,244,333.86	430,416,685.62
Less: Provision for bad debts	4,044,987.43	4,108,773.13
Total	296,199,346.43	426,307,912.49

Note : Accounts receivable presented according to aging at the date of accounting.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2). Presentation of accounts receivable by bad debt accrual method

Type	31 December 2025				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	-	-	-	-	-
Bad debt provision by portfolio	300,244,333.86	100.00	4,044,987.43	1.35	296,199,346.43
Including: Receivables from related party customers	2,217,395.94	0.74	77,485.43	3.49	2,139,910.51
Receivables from non-related party customers	298,026,937.92	99.26	3,967,502.00	1.33	294,059,435.92
Total	300,244,333.86	100.00	4,044,987.43		296,199,346.43

(Continued):

Type	31 December 2024				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	1,371,044.41	0.32	137,104.44	10.00	1,233,939.97
Bad debt provision by portfolio	429,045,641.21	99.68	3,971,668.69	0.93	425,073,972.52
Including: Receivables from related party customers	345,383.46	0.08	18,655.45	5.40	326,728.01
Receivables from non-related party customers	428,700,257.75	99.60	3,953,013.24	0.92	424,747,244.51
Total	430,416,685.62	100.00	4,108,773.13		426,307,912.49

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2). Presentation of accounts receivable by bad debt accrual method (Continued)

1) *Bad debt provision for accounts receivable on an individual basis:*

Name	31 December 2025				31 December 2024	
	Book balance	Bad debt provision	Accrual ratio (%)	Reason of accrual	Book balance	Bad debt provision
Beijing Yuanhang TianHui Zhizaogu Technology Industry Co., Ltd.	-	-	-	-	1,371,044.41	137,104.44
Total	-	-	-	-	1,371,044.41	137,104.44

2) *Bad debt provision for accounts receivable by portfolio*

i) Combined Provision Items:

Portfolio – Accounts receivables from related party customers

Aging	31 December 2025		
	Book balance	Accrual ratio (%)	Bad debt provision
Not overdue	1,907,345.82	2.89	55,122.60
1-6 months overdue	-	-	-
7-18 months overdue	310,050.12	7.21	22,362.83
More than 18 months overdue	-	-	-
Total	2,217,395.94		77,485.43

(Continued):

Aging	31 December 2024		
	Book balance	Accrual ratio (%)	Bad debt provision
Not overdue	345,383.46	5.40	18,655.45
1-6 months overdue	-	-	-
7-18 months overdue	-	-	-
More than 18 months overdue	-	-	-
Total	345,383.46		18,655.45

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2). Presentation of accounts receivable by bad debt accrual method (Continued)

2) *Bad debt provision for accounts receivable by portfolio (Continued)*

i) Combined Provision Items: (Continued)

Portfolio – Accounts receivables from non-related party customers

Aging	31 December 2025		
	Accounts receivable	Accrual ratio (%)	Bad debt provision
Not overdue	294,156,260.54	0.07	212,883.16
1-6 months overdue	–	–	–
7-18 months overdue	147,387.00	26.95	39,725.63
More than 18 months overdue	3,723,290.38	99.77	3,714,893.21
Total	298,026,937.92		3,967,502.00

(Continued):

Aging	31 December 2024		
	Accounts receivable	Accrual ratio (%)	Bad debt provision
Not overdue	424,827,072.61	0.04	190,768.05
1-6 months overdue	13,044.80	16.98	2,214.52
7-18 months overdue	–	–	–
More than 18 months overdue	3,860,140.34	97.41	3,760,030.67
Total	428,700,257.75		3,953,013.24

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3). Provisions for bad debts on accounts receivable accrued, recovered, and reversed during the period

Type	31 December 2024	Changes in the current period			31 December 2025
		Accrual	Recovery or reversa	Write-off or reversal	
Bad debt provision on an individually basis	137,104.44	-	137,104.44	-	-
Bad debt provision by portfolio	3,971,668.69	73,318.74	-	-	4,044,987.43
Total	4,108,773.13	73,318.74	137,104.44	-	4,044,987.43

Including: significant amounts of bad debt provisions recovered or reversed during the year:

Name	Recovery or reversa	Reasons for reversal	Methods of recovery
Beijing Yuanhang TianHui Zhizaogu Technology Industry Co., Ltd.	137,104.44	Amounts recovered	Cash at bank
Total	137,104.44	-	-

(4). Accounts receivable actually written off during the year

The Group had no write-offs accounts receivable during the year.

(5). As at 31 December 2025, accounts receivable with top five closing balances by debtors

Name of the organization	Closing balance of accounts receivable	Percentage in total ending balances of accounts receivable (%)	Ending balances of allowance for bad debts on accounts receivable
Total accounts receivable with top-five balances	295,819,339.58	98.53	1,081,823.39

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Financing receivables

(1). Financing receivables by category

Item	31 December 2025	31 December 2024
Notes receivable	78,593,440.13	59,407,818.41
Total	78,593,440.13	59,407,818.41

(2). Presentation of financing receivables by bad debt accrual method

Type	31 December 2025				
	Book balance		Bad debt preparation		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	78,593,440.13	100.00	–	–	78,593,440.13
Including: Bank acceptances notes	78,593,440.13	100.00	–	–	78,593,440.13
Total	78,593,440.13	100.00	–	–	78,593,440.13

(Continued):

Type	31 December 2024				
	Book balance		Bad debt preparation		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	59,407,818.41	100.00	–	–	59,407,818.41
Including: Bank acceptances notes	59,407,818.41	100.00	–	–	59,407,818.41
Total	59,407,818.41	100.00	–	–	59,407,818.41

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Financing receivables (Continued)

(3). Provisions for bad debts on financing receivables accrued, recovered, and reversed during the year

As at 31 December 2025, all the financing receivables held by the Group were bank acceptance notes. The Group considers that the bank acceptance notes held within this portfolio do not have significant credit risk and therefore no provision for bad debts has been made for bank acceptance notes.

(4). Pledged receivables financing at the end of the year

As at 31 December 2025, the Group had no pledged notes receivable presented as financing receivables.

(5). Financing receivables endorsed or discounted as at the year and not yet due at the balance sheet date

Item	Amounts derecognized at the year-end	Amounts not derecognized at the year-end
Bank acceptances notes	577,517,921.25	–
Total	577,517,921.25	–

(6). Financing receivables actually written off during the year

The Group did not have financing receivables actually written off during the year.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advances to suppliers

(1). Aging of advances to suppliers

Aging	31 December 2025		31 December 2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	14,174,759.00	65.46	30,601,058.15	89.81
1–2 years	6,027,577.20	27.83	1,987,598.45	5.83
2–3 years	385,304.96	1.78	5,949.73	0.02
More than 3 years	1,067,569.34	4.93	1,479,150.52	4.34
Total	21,655,210.50	100.00	34,073,756.85	100.00

Note: As at 31 December 2025, the prepayment aged over one year amounted to RMB7,480,451.50 (31 December 2024: RMB3,472,698.70), which were mainly prepayments for material purchases, which had not yet been settled as the goods purchased had not yet arrived.

(2). Prepayments with top five closing balances by prepayment recipients

Prepayment recipients	Closing balance	Ratio of the total closing balance of prepayments (%)
Total prepayments with top-five balances	15,254,715.43	70.44

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables

Item	31 December 2025	31 December 2024
Other receivables	9,214,209.02	7,218,048.42
Total	9,214,209.02	7,218,048.42

(1). Other receivables

1) Other receivables presented by aging

Aging	31 December 2025	31 December 2024
Within 1 year	8,670,230.40	6,325,387.10
1-2 years	849,984.71	829,759.72
2-3 years	188,382.22	1,000,000.00
3-4 years	–	233,847.00
4-5 years	80,610.29	3,000.00
Over 5 years	1,421,949.41	1,434,712.70
Total	11,211,157.03	9,826,706.52

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

2) Presentation of other receivables by bad debt accrual method

Type	31 December 2025				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	1,209,199.27	10.79	1,209,199.27	100.00	–
Bad debt provision by portfolio	10,001,957.76	89.21	787,748.74	7.88	9,214,209.02
Including:					
Related party portfolio	1,207,789.05	10.77	–	–	1,207,789.05
Non-related party portfolio	8,794,168.71	78.44	787,748.74	8.96	8,006,419.97
Total	11,211,157.03	100.00	1,996,948.01		9,214,209.02

(Continued):

Type	31 December 2024				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	1,117,745.39	11.37	1,117,745.39	100.00	–
Bad debt provision by portfolio	8,708,961.13	88.63	1,490,912.71	17.12	7,218,048.42
Including:					
Related party portfolio	1,141,550.60	11.62	34,087.44	2.99	1,107,463.16
Non-related party portfolio	7,567,410.53	77.01	1,456,825.27	19.25	6,110,585.26
Total	9,826,706.52	100.00	2,608,658.10		7,218,048.42

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

2) Presentation of other receivables by bad debt accrual method (Continued)

i) Bad debt provision on an individual basis:

Name	31 December 2025				31 December 2024	
	Book balance	Bad debt provision	Accrual ratio (%)	Reason for the provision	Book balance	Bad debt provision
Beijing Donglin Huamao Technology Co., Ltd.	625,935.00	625,935.00	100.00	The likelihood of recovery is expected to be low	625,935.00	625,935.00
Qingdao Jieneng High & New Technology Co., Ltd.	84,000.00	84,000.00	100.00	The likelihood of recovery is expected to be low	84,000.00	84,000.00
Shanghai Ganjiang Electromechanical Co., Ltd.	75,100.00	75,100.00	100.00	The likelihood of recovery is expected to be low	75,100.00	75,100.00
Tongling Nonferrous Metals Holding Tongguan Mining and Metallurgy Equipment Co., Ltd.	73,430.39	73,430.39	100.00	The likelihood of recovery is expected to be low	73,430.39	73,430.39
Urumqi Runtianyuan Environmental Testing Co., Ltd.	71,000.00	71,000.00	100.00	The likelihood of recovery is expected to be low	71,000.00	71,000.00
Urumqi Economic and Technological Development Zone Lean Electronic Repair Department	63,200.00	63,200.00	100.00	The likelihood of recovery is expected to be low	63,200.00	63,200.00
Urumqi Lushengyuan Trading Co., Ltd.	59,660.00	59,660.00	100.00	The likelihood of recovery is expected to be low	59,660.00	59,660.00
Xinjiang Tedian Trading Co., Ltd.	900.00	900.00	100.00	The likelihood of recovery is expected to be low	900.00	900.00
Xinjiang Dezong Petrochemical Equipment and Technology Co., Ltd.	21,500.00	21,500.00	100.00	The likelihood of recovery is expected to be low	21,500.00	21,500.00

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

2) Presentation of other receivables by bad debt accrual method (Continued)

i) Bad debt provision on an individual basis: (Continued)

Name	31 December 2025				31 December 2024	
	Book balance	Bad debt provision	Accrual ratio (%)	Reason for the provision	Book balance	Bad debt provision
Xinjiang Zhanxin Fire Insulation Material Co., Ltd.	43,020.00	43,020.00	100.00	The likelihood of recovery is expected to be low	43,020.00	43,020.00
Urumqi Kelixin Control System Engineering Co., Ltd.	53,308.18	53,308.18	100.00	The likelihood of recovery is expected to be low	-	-
Shaoxing Shuguang Machinery Co., Ltd.	30,500.00	30,500.00	100.00	The likelihood of recovery is expected to be low	-	-
Shanghai United Electric (Group) Co., Ltd.	5,045.70	5,045.70	100.00	The likelihood of recovery is expected to be low	-	-
Urumqi Zhengqi Lifting Equipment Co., Ltd.	2,600.00	2,600.00	100.00	The likelihood of recovery is expected to be low	-	-
Total	1,209,199.27	1,209,199.27	100.00		1,117,745.39	1,117,745.39

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

2) Presentation of other receivables by bad debt accrual method (Continued)

ii) Bad debt provision for other receivables by portfolio:

Portfolio Items:

Aging	31 December 2025		
	Other receivables	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year).	8,578,776.52	247,663.49	2.89
1-2 years	849,984.71	77,408.41	9.11
2-3 years	145,362.22	34,842.53	23.97
3-4 years	–	–	–
4-5 years	63,764.29	63,764.29	100.00
Over 5 years	364,070.02	364,070.02	100.00
Total	10,001,957.76	787,748.74	

(Continued):

Aging	31 December 2024		
	Other receivables	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year).	6,325,387.10	307,790.32	4.87
1-2 years	786,739.72	145,490.76	18.49
2-3 years	1,000,000.00	569,068.61	56.91
3-4 years	229,764.29	102,757.18	44.72
4-5 years	3,000.00	1,735.82	57.86
Over 5 years	364,070.02	364,070.02	100.00
Total	8,708,961.13	1,490,912.71	

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

3) Provision for bad debts

	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss over the next 12 months	Lifetime expected credit loss (No credit impaired)	Lifetime expected credit loss for the entire duration (credit impaired)	
Balance as at 31 December 2024	1,523,850.40	10,082.31	1,074,725.39	2,608,658.10
Balance as at 1 January 2025	1,523,850.40	10,082.31	1,074,725.39	2,608,658.10
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
- Transferred back to Stage 2	-	-	-	-
- Transferred back to Stage 1	-	-	-	-
Accrual during the year	-729,477.29	26,313.32	91,453.88	-611,710.09
Reversal in current year	-	-	-	-
Charge-offs in current year	-	-	-	-
Write-off in the year	-	-	-	-
Other changes	-	-	-	-
Balance as at 31 December 2025	794,373.11	36,395.63	1,166,179.27	1,996,948.01

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

- 4) *The State of provisions for bad debts on other receivables accrued, reversed, and recovered during the year.*

Type	31 December 2024	Changes in current the year			31 December 2025
		Accrual	Recovery or reversal	Charge-offs	
Bad debt provision on an individual basis	1,117,745.39	91,453.88	-	-	1,209,199.27
Bad debt provision by portfolio	1,490,912.71	-703,163.97	-	-	787,748.74
Total	2,608,658.10	-611,710.09	-	-	1,996,948.01

- 5) *Other receivables actually written off during the year*

The Group did not have other receivables written off during the year.

- 6) *Other receivables categorized by nature of the payment*

Nature of the payment	31 December 2025	31 December 2024
Receivables from related parties	1,083,209.05	1,169,581.08
Social Security advances receivable	2,675,578.84	2,313,981.09
Margin	3,468,444.00	1,170,000.00
Others	3,983,925.14	5,173,144.35
Less: Provision for bad debts	1,996,948.01	2,608,658.10
Total	9,214,209.02	7,218,048.42

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(1). Other receivables (Continued)

7) Other receivables with top five closing balances collected by debtors

Name of the organization	Nature of payment	31 December 2025	Aging	Ratio of the total closing balance of other receivables (%)	Bad debt provision
Xinjiang Habahe Ashele Copper Co., Ltd.	Deposit	3,158,000.00	Within 1 year	28.17	185,455.14
Beijing Donglin Huamao Technology Co., Ltd.	Others	625,935.00	Over 5 years	5.58	625,935.00
Kalatongke Town Copper-Nickel Mine Community Residents' Committee	Others	344,737.95	Within 1 year · 1-2 years	3.07	32,188.52
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	Related party	260,238.44	Within 1 year	2.32	–
Fuyun Xin Shengtong Trading Co., Ltd.	Related party	204,738.00	Within 1 year	1.83	–
Total accounts receivable with top-five balances	–	4,593,649.39	–	40.97	843,578.66

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories

(1). Classification of inventories

Item	31 December 2025		
	Book balance	Provision for the decline in value of inventories	Book value
Raw materials	162,487,479.22	6,757,399.08	155,730,080.14
Work in progress	257,028,467.73	–	257,028,467.73
Finished goods	298,930,438.21	–	298,930,438.21
Self-made semi-finished goods	363,997,613.90	–	363,997,613.90
Total	1,082,443,999.06	6,757,399.08	1,075,686,599.98

(Continued):

Item	31 December 2024		
	Book balance	Provision for the decline in value of inventories	Book value
Raw materials	215,525,587.51	12,336,481.61	203,189,105.90
Work in progress	94,749,047.26	–	94,749,047.26
Finished goods	366,321,912.88	27,328,493.64	338,993,419.24
Self-made semi-finished goods	421,583,871.58	–	421,583,871.58
Total	1,098,180,419.23	39,664,975.25	1,058,515,443.98

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(2). Provision for the decline in value of inventories

Type	31 December 2024	Increase in the year		Decrease in the year		31 December 2025
		Accrual	Others	Charge-off	Others	
Raw materials	12,336,481.61	-	-	5,579,082.53	-	6,757,399.08
Finished goods	27,328,493.64	-	-	27,328,493.64	-	-
Total	39,664,975.25	-	-	32,907,576.17	-	6,757,399.08

Note: The Group's inventories are measured at the lower cost and net realizable value to determine net realizable value. Net realizable value is the estimated selling price of inventories in ordinary activities, less costs to be incurred to completion, estimated selling expenses, and related taxes.

9. Other current assets

Item	31 December 2025	31 December 2024
Input tax to be deducted	112,901,002.69	19,929,585.36
Input tax to be verified	4,747,951.57	691,633.84
Prepaid income tax	28,001.39	5,189,264.18
Total	117,676,955.65	25,810,483.38

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments

(1). Long-term equity investments

Item	31 December 2025	31 December 2024
Investments in a joint venture	196,337,198.42	190,545,162.35
Sub-total	196,337,198.42	190,545,162.35
Less: provision for impairment for long-term equity investments	–	–
Total	196,337,198.42	190,545,162.35

Note: The Group's investees are unlisted companies and there are no significant restrictions on the realization of long-term equity investments.

Item	31 December 2024 (Book Value)	Ending balance of impairment provisions at the end of last year	Net profit (loss) adjusted using the equity method	Offset of unrealized profits in internal trading	Declaration of cash dividends or profits	Provision for impairment	31 December 2025 (Book Value)	Closing balance of Provision for impairment
Joint venture								
Hami Hexin Mining Industry Co., Ltd. ("Hexin Mining")	190,545,162.35	–	3,900,575.61	1,891,460.46	–	–	196,337,198.42	–
Total	190,545,162.35	–	3,900,575.61	1,891,460.46	–	–	196,337,198.42	–

Note: The place of incorporation and principal place of business of Hexin Mining is in the PRC. Hexin Mining is one of the major suppliers of raw materials to the Group, which is strategically important to ensure the supply of raw materials to the Group.

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment properties

(1). Investment properties using the cost model

Item	Buildings	Land use rights	Total
Original book value			
31 December 2024	192,011,485.85	68,551,732.40	260,563,218.25
Increase during the year	1,292,102.88	–	1,292,102.88
–Transfer from fixed assets and construction in progress	1,292,102.88	–	1,292,102.88
Decrease during the year	459,435.00	–	459,435.00
–Disposal	459,435.00	–	459,435.00
31 December 2025	192,844,153.73	68,551,732.40	261,395,886.13
Accumulated depreciation and accumulated amortization			
31 December 2024	22,780,777.80	17,823,450.64	40,604,228.44
Increase during the year	3,609,863.40	1,371,034.68	4,980,898.08
–Accrual or amortization	3,609,863.40	1,371,034.68	4,980,898.08
Decrease during the year	–	–	–
–Disposal	–	–	–
31 December 2025	26,390,641.20	19,194,485.32	45,585,126.52
Provision for impairment			
31 December 2024	–	–	–
Increase during the year	–	–	–
Decrease during the year	–	–	–
31 December 2025	–	–	–
Book value			
As at 31 December 2025	166,453,512.53	49,357,247.08	215,810,759.61
As at 31 December 2024	169,230,708.05	50,728,281.76	219,958,989.81

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets

(1). Fixed assets

Item	31 December 2025	31 December 2024
Fixed assets	3,616,082,646.20	3,514,039,233.51
Total	3,616,082,646.20	3,514,039,233.51

State of fixed assets

Item	Buildings	Shaft and alley structures	Machinery	Transportation equipment	Electronic and office equipment	Total
Original book value						
As at 31 December 2024	2,108,289,499.69	2,053,397,558.16	1,967,310,717.49	45,603,887.54	142,372,273.51	6,316,973,936.39
Increase during the year	117,714,422.83	150,605,210.26	96,848,352.55	1,451,216.84	31,622,306.71	398,241,509.19
– Purchase	8,664,669.90	–	37,101,518.05	1,451,216.84	15,255,737.51	62,473,142.30
– Transfer from construction in progress	109,049,752.93	150,605,210.26	59,746,834.50	–	16,366,569.20	335,768,366.89
Decrease during the year	7,141,707.13	18,751,548.98	19,036,943.37	1,422,184.11	1,219,226.78	47,571,610.37
– Disposal or scrapping	3,818,798.09	18,751,548.98	19,036,943.37	1,422,184.11	1,219,226.78	44,248,701.33
– Others	3,322,909.04	–	–	–	–	3,322,909.04
As at 31 December 2025	2,218,862,215.39	2,185,251,219.44	2,045,122,126.67	45,632,920.27	172,775,353.44	6,667,643,835.21

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

(1). Fixed assets (Continued)

State of fixed assets (Continued)

Item	Buildings	Shaft and alley structures	Machinery	Transportation equipment	Electronic and office equipment	Total
Accumulated depreciation						
As at 31 December 2024	803,556,593.00	547,070,747.96	1,259,612,185.85	28,739,515.33	92,074,143.65	2,731,053,185.79
Increase during the year	65,067,693.15	80,103,756.23	112,761,785.20	3,781,791.59	19,880,236.47	281,595,262.64
–Accrual	65,067,693.15	80,103,756.23	112,761,785.20	3,781,791.59	19,880,236.47	281,595,262.64
Decrease during the year	2,887,108.37	18,074,379.53	18,406,837.95	1,374,564.94	1,177,505.76	41,920,396.55
–Disposal or scrapping	2,887,108.37	18,074,379.53	18,406,837.95	1,374,564.94	1,177,505.76	41,920,396.55
As at 31 December 2025	865,737,177.78	609,100,124.66	1,353,967,133.10	31,146,741.98	110,776,874.36	2,970,728,051.88
Provision for impairment						
As at 31 December 2024	38,119,351.70	–	33,737,028.20	–	25,137.19	71,881,517.09
Increase during the year	135,232.02	8,659,019.82	19,144.60	–	138,223.60	8,951,620.04
–Accrual	135,232.02	8,659,019.82	19,144.60	–	138,223.60	8,951,620.04
Decrease during the year	–	–	–	–	–	–
As at 31 December 2025	38,254,583.72	8,659,019.82	33,756,172.80	–	163,360.79	80,833,137.13
Book Value						
As at 31 December 2024	1,314,870,453.89	1,567,492,074.96	657,398,820.77	14,486,178.29	61,835,118.29	3,616,082,646.20
As at 31 December 2025	1,266,613,554.99	1,506,326,810.20	673,961,503.44	16,864,372.21	50,272,992.67	3,514,039,233.51

Note: The depreciation of fixed assets for year ended 31 December 2025 was RMB281,595,262.64 (2024: RMB260,804,023.47), of which the depreciation expense included in cost of sales, general and administrative expenses, selling expenses and research and development expenses was RMB256,244,876.58, RMB21,705,591.56 and RMB15,476.99, RMB3,629,317.51 respectively (2024: RMB238,345,185.87, RMB19,903,401.40, RMB29,560.11 and RMB2,525,876.09).

The original cost transferred from construction in progress to fixed assets is RMB355,768,366.89 (2024: RMB112,165,874.81).

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

(2). Temporarily idle fixed assets

As at 31 December 2025, fixed assets with a book value of RMB42,625,433.53 (original price: RMB:183,858,501.39) (31 December 2024: RMB2,490,421.31,(original price: RMB46,765,801.52)) were temporarily idled due to resource integration, expansion and renovation of production lines, as analyzed below:

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Machinery	69,565,524.07	66,624,244.44	–	2,941,279.63
Buildings	51,517,406.77	35,460,956.65	135,232.02	15,921,218.10
Shaft and alley structures	54,898,422.09	23,040,559.47	8,659,019.82	23,198,842.80
Office equipment	7,174,449.02	6,510,193.09	138,223.60	526,032.33
Electronic equipment	702,699.44	664,638.77	–	38,060.67
Total	183,858,501.39	132,300,592.42	8,932,475.44	42,625,433.53

(3). Fixed assets with pending certificates of ownership

On 31 December 2025, the book value of RMB158,429,007.49 of buildings were in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificate, and there is no significant adverse effect on the Group's operation.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

(4). Impairment test of fixed assets

The relevant assets of Xiangshan Mine of Xinjiang Yakesi, a subsidiary of the Group, are idle. Management considers that there are indicators of impairment for the relevant fixed assets. The Group performed impairment tests on the relevant assets and recognized impairment provisions for fixed assets based on the results of the impairment tests.

The recoverable amount is determined based on the present value of estimated future cash flows.

Item	Book value	Recoverable amount	Impairment amount	Length of the estimation period	Key parameters for the estimation period	Basis for determining key parameters for the stability period
Buildings Xiangshan Mine	238,494.50	103,262.48	135,232.02	9 years	Revenue growth rate 0% · discount rate before tax 13.97%	Not Applicable
Shaft and alley structures – Xiangshan Mine	15,271,002.32	6,611,982.50	8,659,019.82	9 years	Revenue growth rate 0% · discount rate before tax 13.97%	Not Applicable
Electronic and office equipment	243,770.43	105,546.83	138,223.60	9 years	Revenue growth rate 0% · discount rate before tax 13.97%	Not Applicable

13. Construction in progress

(1). Construction in Progress and Construction Materials

Item	31 December 2025			31 December 2024		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Construction in progress	1,490,179,186.59	–	1,490,179,186.59	725,511,155.45	–	725,511,155.45
Construction materials	18,762,771.58	–	18,762,771.58	5,225,999.95	–	5,225,999.95
Total	1,508,941,958.17	–	1,508,941,958.17	730,737,155.40	–	730,737,155.40

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(2). State of construction in progress

Item	31 December 2025			31 December 2024		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Fukang Refinery						
Wastewater treatment design and development	64,361,644.79	-	64,361,644.79	16,588,913.62	-	16,588,913.62
Technological transformation of high-efficiency and environmentally friendly electrolyzer applications	97,994,155.85	-	97,994,155.85	2,684,296.74	-	2,684,296.74
Key Technology and Engineering Demonstration of Multi-component Deep Separation and Extraction of Sulfur-based Nickel-Cobalt Slag (Self-funded)	21,322,949.49	-	21,322,949.49	20,146,982.85	-	20,146,982.85
Other projects	33,052,713.23	-	33,052,713.23	33,105,248.43	-	33,105,248.43
Sub-total	216,731,463.36	-	216,731,463.36	72,525,441.64	-	72,525,441.64
Kalatongke Mining						
Fuyun living base	2,555,033.71	-	2,555,033.71	78,509,765.58	-	78,509,765.58
No. 1 ramp surface renewal and renovation project	857,186.65	-	857,186.65	267,836.97	-	267,836.97
Production expansion project	136,009,763.22	-	136,009,763.22	52,102,959.26	-	52,102,959.26
Other projects	83,179,344.45	-	83,179,344.45	49,826,481.34	-	49,826,481.34
Sub-total	222,601,328.03	-	222,601,328.03	180,707,043.15	-	180,707,043.15
Hami Jubao						
Huangshan East Deep Mining Project	102,888,091.79	-	102,888,091.79	102,888,091.79	-	102,888,091.79
Other projects	13,894,198.43	-	13,894,198.43	13,742,874.18	-	13,742,874.18
Sub-total	116,782,290.22	-	116,782,290.22	116,630,965.97	-	116,630,965.97

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(2). State of construction in progress (Continued)

Item	31 December 2025			31 December 2024		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Shaanxi Xinxin						
Mine exploration project	-	-	-	2,034,073.00	-	2,034,073.00
Sub-total	-	-	-	2,034,073.00	-	2,034,073.00
Huaou Mining						
Karchar Southwest Fluorite Mine	914,525,555.96	-	914,525,555.96	231,564,144.37	-	231,564,144.37
Sub-total	914,525,555.96	-	914,525,555.96	231,564,144.37	-	231,564,144.37
Xinjiang Yakesi						
Huangshan West Mine Mining and Processing Project	19,538,549.02	-	19,538,549.02	122,049,487.32	-	122,049,487.32
Sub-total	19,538,549.02	-	19,538,549.02	122,049,487.32	-	122,049,487.32
Total	1,490,179,186.59	-	1,490,179,186.59	725,511,155.45	-	725,511,155.45

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(3). Changes in significant construction in progress projects during the year

Project name	Budget	31 December 2024	Increase during the year	Transfer to fixed		31 December 2025	Engineering inputs as percentage of budget (%)	Project Progress (%)	Accumulated Capitalized Interest	Including: Amount of interest capitalized during the year	Interest capitalization rate for the year (%)	Source of Funds
				assets during the year	Other decreases during the year							
Karchar Southwest Fluorite Mine	1,612,000,000.00	231,564,144.37	754,231,043.55	56,373,912.93	14,895,719.03	914,525,555.96	56.73	56.73	6,992,564.13	6,992,564.13	2.66	Self-raised
Technological transformation of high-efficiency and environmentally friendly Wastewater treatment design and development	154,561,400.00	2,684,296.74	95,309,859.11	-	-	97,994,155.85	63.40	63.40	-	-	-	Self-raised
Huangshan West Mine Mining and Processing Project	200,000,000.00	16,588,913.62	47,772,731.17	-	-	64,361,644.79	32.18	32.18	-	-	-	Self-raised
Fuyun County Life Base	1,335,673,185.74	122,049,487.32	66,128,070.72	168,639,009.02	-	19,538,549.02	98.00	98.00	-	-	-	Self-raised
	142,755,100.00	78,509,765.58	-10,430,035.91	65,524,695.96	-	2,555,033.71	48.29%	48.29%	-	-	-	Self-raised
Total		451,396,607.63	953,011,668.64	290,537,617.91	14,895,719.03	1,098,974,939.33			6,992,564.13	6,992,564.13		

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Right-of-use assets

(1). Detail of right-of-use assets

Item	Buildings	Land use rights	Total
Original book value			
As at 31 December 2024	3,697,175.19	13,922,780.00	17,619,955.19
Increase during the year	4,594,914.41	–	4,594,914.41
–New Leases	4,594,914.41	–	4,594,914.41
Decrease during the year	3,697,175.19	–	3,697,175.19
–Lease expiration	3,697,175.19	–	3,697,175.19
As at 31 December 2025	4,594,914.41	13,922,780.00	18,517,694.41
Accumulated depreciation			
As at 31 December 2024	3,697,175.19	928,185.32	4,625,360.51
Increase during the year	1,475,372.95	2,784,555.96	4,259,928.91
–Accrual	1,475,372.95	2,784,555.96	4,259,928.91
Decrease during the year	3,697,175.19	–	3,697,175.19
–Lease expiration	3,697,175.19	–	3,697,175.19
As at 31 December 2025	1,475,372.95	3,712,741.28	5,188,114.23
Provision for impairment			
As at 31 December 2024	–	–	–
Increase during the year	–	–	–
Decrease during the year	–	–	–
As at 31 December 2025	–	–	–
Book value			
As at 31 December 2025	3,119,541.46	10,210,038.72	13,329,580.18
As at 31 December 2024	–	12,994,594.68	12,994,594.68

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets

(1). Details of intangible assets

Item	Land use rights	Exploration rights	Mining rights	others	Total
Original book value					
31 December 2024	187,892,683.58	251,793,762.43	2,567,121,845.85	9,588,670.55	3,016,396,962.41
Increase in the year	24,880,775.12	-	6,207,762.56	3,559,464.02	34,648,001.70
-Purchase	24,880,775.12	-	6,207,762.56	3,559,464.02	34,648,001.70
Decrease during the year	-	3,778,400.00	-	92,456.90	3,870,856.90
-Disposal	-	3,778,400.00	-	92,456.90	3,870,856.90
31 December 2025	212,773,458.70	248,015,362.43	2,573,329,608.41	13,055,677.67	3,047,174,107.21
Accumulated amortization					
31 December 2024	56,462,090.15	-	329,574,069.23	5,571,344.15	391,607,503.53
Increase in the year	7,350,362.07	-	41,862,090.58	852,943.58	50,065,396.23
-Accrual	7,350,362.07	-	41,862,090.58	852,943.58	50,065,396.23
Decrease during the year	-	-	-	92,456.90	92,456.90
-Disposal	-	-	-	92,456.90	92,456.90
31 December 2025	63,812,452.22	-	371,436,159.81	6,331,830.83	441,580,442.86
Impairment provision					
31 December 2024	-	167,297,784.42	-	-	167,297,784.42
Increase in the year	17,623,157.99	37,076,815.58	21,023,753.04	-	75,723,726.61
-Accrual	17,623,157.99	37,076,815.58	21,023,753.04	-	75,723,726.61
Decrease during the year	-	-	-	-	-
31 December 2025	17,623,157.99	204,374,600.00	21,023,753.04	-	243,021,511.03
Book value					
31 December 2025	131,337,848.49	43,640,762.43	2,180,869,695.56	6,723,846.84	2,362,572,153.32
31 December 2024	131,430,593.43	84,495,978.01	2,237,547,776.62	4,017,326.40	2,457,491,674.46

Note: The amortization amount of intangible assets was RMB50,065,396.23 for the year ended of 31 December 2025(For the year ended of 31 December 2024: RMB40,444,285.72).

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

(1). Details of intangible assets (Continued)

Intangible assets generated from The Group's internal research and development accounted for 0.00% of the balance of intangible assets at the end of the year.

The detailed exploration right for the Xianghejie Vanadium Mine in Shangnan County, Shaanxi Province, acquired by the Group in 2011, has expired. The Group is in the process of applying for the registration of the exploration right. As of the reporting date, the registration procedures have not yet been approved.

(2). Land use rights with pending certificates of ownership

As at 31 December 2025, the land with a book value of RMB39,841,979.24 was in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificates described above, and no significant adverse effect would be exerted on the Group's operation.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

(3). Impairment testing of intangible assets

Relevant assets such as the Xiangshan Mine of Xinjiang Yakesi (a subsidiary of the Group) and the exploration right of Shaanxi Xinxin are in an idle state. The management believes that there are impairment indicators for the relevant intangible assets, has conducted impairment tests on the relevant assets, and accrued intangible asset impairment provisions based on the results of the impairment tests.

The recoverable amount is determined based on the present value of the expected future cash flows.

Item	Book value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period	Key parameters of the stabilization period
Mining rights -Xiangshan Mine	33,408,461.23	12,384,708.19	21,023,753.04	9 years	Revenue growth rate 0%, profit margin 9.59%-12.11%, discount rate before tax 13.97%	Not Applicable
Mujahe exploration rights	24,974,603.42	0.00	24,974,603.42	30.6 years	Revenue growth rate is 0%, profit margin is 11.27%, and discount rate after tax is 8.00%	Not Applicable
Xianghe Street exploration rights	12,102,212.16	0.00	12,102,212.16	27.3 years	Revenue growth rate 0%, profit margin 12.48%, discount rate after tax 8.35%	Not Applicable

The recoverable amount is determined based on the fair value less costs of disposal.

Item	Book value	Recoverable amount	Impairment amount	Fair Value and Disposal Costs	Key parameters	The reason of Key parameters
Land use rights	27,406,346.47	9,783,188.48	17,623,157.99	Fair value is determined using the market approach, and disposal costs represent expenses directly attributable to the disposal of the asset.	Assessed Unit Price	Based on recent transaction prices or average quotations of comparable assets in the market, adjusted for differences in relevant factors.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill

(1). The changes of goodwill

Name of the investee or the matter resulting in goodwill	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
Original value				
Zhongxin Mining	17,844,894.10	–	–	17,844,894.10
Xinjiang Yakesi and Hami Jubao	9,987,911.01	–	–	9,987,911.01
Shaanxi Xinxin	254,745.09	–	–	254,745.09
Huaou Mining	98,093,185.94	–	–	98,093,185.94
Total	126,180,736.14	–	–	126,180,736.14
Provision for impairment				
Zhongxin Mining	17,844,894.10	–	–	17,844,894.10
Shaanxi Xinxin	254,745.09	–	–	254,745.09
Total	18,099,639.19	–	–	18,099,639.19
Book value	108,081,096.95	–	–	108,081,096.95

(2). Information about the asset group or portfolio of asset groups to which goodwill belongs

All of the Group's goodwill arose when the equity interests in the above companies were acquired. Each company was recognized as an asset group. The asset group to which the goodwill belongs at the end of the period was consistent with the asset group determined at the purchase date and during the impairment tests of goodwill in previous years.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

(3). Specific method for determining the recoverable amount

The recoverable amount is determined as the present value of estimated future cash flow:

Item	Book value (RMB' 0000)	Recoverable amount (RMB' 0000)	Impairment amount	Years of the forecast period	Key parameters for the forecast period	Key parameters of the stabilization period	The basis for determining the key parameters of the stability period
Xinjiang Yakesi and Hami Jubao	98,105.58	101,286.33	-	6 years	Revenue growth rate 28.56%- 31.28%, gross margin 12.95%-14.91%, after tax discount rate 8.50%	Not Applicable	Not Applicable
Huaou Mining	152,482.11	202,567.49	-	44 years	Revenue growth rate 0.00%, gross margin 38.68%, after tax discount rate 8.50%	Not Applicable	Not Applicable
Total	250,587.69	303,853.82	-	-	-	-	-

(4). Fulfillment of performance commitments

On 14 February 2025, The Group, Nonferrous Metals Group and Huaou Mining entered into an equity transfer agreement, under which The Group conditionally agreed to acquire 51% equity interest in Huaou Mining from Nonferrous Metals Group for a consideration of approximately RMB1,098.08 million. The acquisition includes a performance commitment that has not yet reached the settlement period; accordingly, no related financial data has been reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Provision for impairment of assets and losses

Item	31 December 2024	Increase during the year	Decrease during the year		31 December 2025
			Reversal	Charge-offs	
Bad debt provision for accounts receivable	4,108,773.13	73,318.74	137,104.44	-	4,044,987.43
Including: Bad debt provision on an individual basis	137,104.44	-	137,104.44	-	-
Bad debt provision by portfolio	3,971,668.69	73,318.74	-	-	4,044,987.43
Bad debt provision for other receivables	2,608,658.10	-611,710.09	-	-	1,996,948.01
Provision for impairment of intangible assets	71,881,517.09	8,951,620.04	-	-	80,833,137.13
Provision for impairment of fixed assets	167,297,784.42	75,723,726.61	-	-	243,021,511.03
Provision for the decline in value of inventories	39,664,975.25	-	13,896,185.18	19,011,390.99	6,757,399.08
Provision for impairment of goodwill	18,099,639.19	-	-	-	18,099,639.19
Total	303,661,347.18	84,136,955.30	14,033,289.62	19,011,390.99	354,753,621.87

18. Long-term prepaid expenses

Item	31 December 2024	Increase in the year	Amortization in the year	Other decrease in the year	31 December 2025
Total	1,702,435.15	-	642,168.36	-	1,060,266.79

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities

(1). Deferred tax assets without offsetting

Item	31 December 2025		31 December 2024	
	Deductible Temporary differences	Deferred tax assets	Deductible Temporary differences	Deferred tax assets
Provision for asset impairment	86,817,271.34	17,499,984.11	194,506,846.08	29,176,026.92
Unrealized profits in internal trading	225,478,335.92	33,821,750.39	111,639,571.40	16,745,935.71
Deferred income	40,952,003.01	6,142,800.46	24,533,230.08	3,679,984.51
Lease Liabilities	3,180,432.27	518,834.02	–	–
Depreciation of fixed asset	27,423,258.24	4,113,488.74	31,349,569.60	4,702,435.44
Mineral royalty	86,818,751.73	13,022,812.76	91,213,212.73	13,681,981.91
Provisions for environment remediation and restoration	135,354,292.49	20,303,143.88	146,267,955.98	21,940,193.40
Deductible losses	–	–	16,182,982.18	2,427,447.33
Dismissal benefits	3,448,071.91	517,210.79	2,222,267.57	333,340.14
Total	609,472,416.91	95,940,025.15	617,915,635.62	92,687,345.36

(2). Deferred tax liabilities without offsetting

Item	31 December 2025		31 December 2024	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset valuation appreciation of business combinations not under common control	1,814,448,831.63	276,839,619.02	1,856,892,818.22	278,533,922.73
Depreciation of fixed assets	23,279,558.87	3,491,933.83	31,578,188.92	4,736,728.34
Amortization of intangible asset	8,574,621.27	1,286,193.19	5,307,826.21	796,173.93
Long-term payables	36,450,717.53	5,467,607.63	50,289,228.60	7,543,384.29
Provisions for environment remediation and restoration	120,851,331.32	18,127,699.70	125,732,481.66	18,859,872.25
Right-of-use asset	3,119,541.49	508,182.47	–	–
Profit and loss of the fair value change of derivative financial assets	38,188,722.52	5,728,308.38	444,342.47	66,651.37
Total	2,044,913,324.63	311,449,544.22	2,070,244,886.08	310,536,732.91

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities

(3). Deferred tax assets or liabilities presented as the net amount after offsetting

Item	31 December 2025		31 December 2024	
	Offsetting amount of deferred tax assets and liabilities	Deferred tax assets or liabilities after offsetting	Offsetting amount of deferred tax assets and liabilities	Deferred tax assets or liabilities after offsetting
Deferred tax assets	33,519,567.76	62,420,457.39	30,764,732.87	61,922,612.49
Deferred tax liabilities	33,519,567.76	277,929,976.46	30,764,732.87	279,772,000.04

(4). List of unrecognized deferred tax assets

Item	31 December 2025	31 December 2024
Deductible temporary differences	112,213,705.19	39,262.50
Deductible losses	79,181,906.57	57,889,288.07
Total	191,395,611.76	58,028,550.57

Due to the uncertainty about whether sufficient taxable income can be obtained in the future, the deductible temporary differences and deductible losses that have not been recognized as deferred tax assets.

(5). Deductible losses that are not recognized as deferred tax assets will fall due in the following years

Year	31 December 2025	31 December 2024
2025	–	11,311,534.07
2026	12,805,447.85	12,307,738.21
2027	18,478,045.39	17,567,335.01
2028	5,927,021.31	3,603,055.27
2029	13,755,662.16	13,099,625.51
2030	28,215,729.86	–
Total	79,181,906.57	57,889,288.07

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Other non-current assets

Item	31 December 2025			31 December 2024		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advances on power expenses	6,035,265.42	-	6,035,265.42	12,035,265.42	-	12,035,265.42
Prepayments for long-term assets	13,826,111.30	-	13,826,111.30	16,405,394.15	-	16,405,394.15
Total	19,861,376.72	-	19,861,376.72	28,440,659.57	-	28,440,659.57

21. Assets with restricted ownership or use

Item	31 December 2025			
	Book balance	Book value	Restricted type	Restricted Circumstances
Cash at bank	216,650,207.11	216,650,207.11	Guarantee	Deposits for bank acceptance notes, environmental restoration and safety production deposits, land reclamation bond, bank deposits subject to judicial freeze, etc
Total	216,650,207.11	216,650,207.11	-	-

Continued:

Item	31 December 2024			
	Book balance	Book value	Restricted type	Restricted Circumstances
Cash at bank	66,485,661.79	66,485,661.79	Guarantee	Deposits for bank acceptance notes, and environmental restoration, and production safety deposits land reclamation
Total	66,485,661.79	66,485,661.79	-	-

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Short-term borrowings

(1). Classification of short-term borrowings

Item	31 December 2025	31 December 2024
Credit loans	400,246,166.68	200,159,722.23
Discounted bills not derecognized	36,950,536.26	–
Total	437,196,702.94	200,159,722.23

Note: As at 31 December 2025, the interest rate on credit borrowings was 1.60% and 2.11% (As at 31 December 2024: 2.85%).

23. Notes payable

Type	31 December 2025	31 December 2024
Bank acceptances notes	336,003,302.00	143,487,517.26
Total	336,003,302.00	143,487,517.26

Note: By the end of the year, the aging of the Group's notes payable described above were all within 365 days.

24. Accounts payable

(1). Accounts payable presented by the nature of payment

Item	31 December 2025	31 December 2024
Payable for purchase of materials	274,053,558.34	291,923,713.34
Payable for purchase of services	188,648,732.50	100,693,260.07
Transportation fee payable	11,015,506.59	7,763,832.01
Others	14,372,983.22	1,536,575.65
Total	488,090,780.65	401,917,381.07

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Accounts payable

(2). Accounts payable presented by aging

Aging	31 December 2025	31 December 2024
Within 1 year	427,875,081.58	334,440,702.64
1-2 years	35,416,752.54	37,725,691.10
2-3 years	12,193,598.85	16,531,030.21
More than 3 years	12,605,347.68	13,219,957.12
Total	488,090,780.65	401,917,381.07

Note: Accounts payables are aged and disclosed based on initial recognition date.

25. Advances from customers

(1). List of the advances from customers

Item	31 December 2025	31 December 2024
Income from rent and property services	307,667.40	201,690.95
Total	307,667.40	201,690.95

26. Contract liabilities

(1). Detail of Contract liabilities

Item	31 December 2025	31 December 2024
Advances on sales	14,585,292.80	9,193,741.84
Total	14,585,292.80	9,193,741.84

Note: As at 31 December 2025, the balance of the Group's contract liabilities was RMB14,585,292.80, of which RMB9,193,741.8 of the opening book value has been transferred to revenue during the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Employee benefits payable

(1). Classification of employee benefits payable

Item	31 December 2024	Increase during the period	Decrease during the period	31 December 2025
Short-term employment benefits	119,436,850.40	374,186,731.08	354,458,812.66	139,164,768.82
Post-employment benefits – Defined contribution plan	9,960.05	47,707,357.42	47,706,769.20	10,548.27
Termination benefits	741,048.00	1,531,379.42	1,039,873.24	1,232,554.18
Total	120,187,858.45	423,425,467.92	403,205,455.10	140,407,871.27

(2). Short-term employment benefit

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
Salaries, bonuses, allowances and subsidies	111,599,504.61	275,645,811.92	255,647,803.91	131,597,512.62
Staff welfare	–	29,601,522.87	29,601,522.87	–
Social insurances	6,916.35	21,096,875.33	21,097,044.83	6,746.85
Including: Medical insurance	6,831.35	17,372,729.63	17,372,906.26	6,654.72
Work injury insurance	85.00	3,724,145.70	3,724,138.57	92.13
Housing provident fund	–	22,955,485.00	22,955,485.00	–
Labor union fund and employee education fund	7,795,487.28	6,928,368.33	8,430,447.90	6,293,407.71
Other short-term employment benefits	34,942.16	17,958,667.63	16,726,508.15	1,267,101.64
Total	119,436,850.40	374,186,731.08	354,458,812.66	139,164,768.82

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Employee benefits payable (Continued)

(3). Defined contribution plans

Item	31 December 2024	Increase during the period	Decrease during the period	31 December 2025
Basic pension insurance	3,702.40	32,841,194.04	32,840,623.64	4,272.80
Unemployment insurance	6,257.65	1,026,070.35	1,026,052.53	6,275.47
Enterprise annuity payment	–	13,840,093.03	13,840,093.03	–
Total	9,960.05	47,707,357.42	47,706,769.20	10,548.27

The Group shall pay the pension insurance premiums and unemployment insurance premiums to the relevant agencies every month according to the payment base and proportion stipulated by the local labour and social security department, and the payment shall not be used to offset the amount that the Group shall pay to its employees in the future.

28. Taxes payable

Item	31 December 2025	31 December 2024
Value-added tax	23,296,554.08	4,861,855.93
Resource tax	10,012,604.38	4,807,191.75
Corporate income tax	30,229,077.25	1,060,314.04
Education surcharge	1,164,161.85	232,946.43
Urban maintenance and construction tax	1,052,967.93	200,257.77
Individual income tax	523,079.59	223,020.45
Stamp duty	776,853.54	646,930.10
Environmental protection tax	116,999.60	96,421.44
Property tax	15,046.86	54,523.91
Land use tax	75.00	75.00
Total	67,187,420.08	12,183,536.82

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other payables

Item	31 December 2025	31 December 2024
Other payables	570,419,615.72	182,350,561.80
Total	570,419,615.72	182,350,561.80

(1). Other payables

1). Other payables presented by nature of payables

Item	31 December 2025	31 December 2024
Payables to related parties	352,508,680.07	55,339,221.13
Engineering payments	113,249,083.25	75,443,894.40
Equipment payables	62,313,655.37	18,764,073.66
Intermediary fee	1,411,988.58	1,932,968.76
Deposits and margin	15,256,861.27	14,330,072.67
Other payables	25,679,347.18	16,540,331.18
Total	570,419,615.72	182,350,561.80

Note: As at 31 December 2025, other payables over one year with the amount of RMB64,587,145.35 (As at 31 December 2024: RMB16,373,801.50) were mainly payables for engineering payments and equipment expenses. Since the final settlement of the related projects is yet to be completed, the payments have not been settled in full.

30. Non-current liabilities due within one year

Item	31 December 2025	31 December 2024
Long-term borrowings due within one year	79,131,973.72	467,839,424.99
Long-term payables due within one year	49,232,910.00	35,792,978.27
Lease liabilities due within one year	1,405,964.62	–
Total	129,770,848.34	503,632,403.26

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other current liabilities

Item	31 December 2025	31 December 2024
Notes receivable by endorsement	27,333,921.96	–
Output VAT to be charged off	1,905,903.86	1,195,186.44
Total	29,239,825.82	1,195,186.44

32. Long-term borrowing

Item	31 December 2025	31 December 2024
Credit loans	1,375,245,185.69	563,839,424.99
Less: Long-term borrowings due within one year	79,131,973.72	467,839,424.99
Total	1,296,113,211.97	96,000,000.00

Note: As at 31 December 2025, the interest rate range for long-term borrowings was between 2.34% and 2.67% (31 December 2024: between 2.80% and 3.70%).

33. Lease liabilities

Item	31 December 2025	31 December 2024
Lease liabilities	3,180,432.27	–
Less: Lease liabilities due within one year	1,405,964.62	–
Total	1,774,467.65	–

34. Long-term payables

Item	31 December 2025	31 December 2024
Long-term payables	246,449,355.67	295,283,686.37
Special payables	3,636,179.68	3,615,179.68
Total	250,085,535.35	298,898,866.05

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term payables (Continued)

(1). Long-term payables

Item	31 December 2025	31 December 2024
Mineral royalty	295,682,265.67	331,076,664.64
Less: Long-term payables due within one year	49,232,910.00	35,792,978.27
Total	246,449,355.67	295,283,686.37

Note: The Group has assessed the royalties of the relevant mining rights in accordance with the Notice on Issuing the Plan for Reforming the Royalty System for Mineral Resources issued by the State Council, the Interim Measures for the Administration of Mining Rights Grant Proceeds Collection issued by the Ministry of Finance and the Implementation Plan for the Pilot Work of the Reform of the Mining Rights Transfer System in the Xinjiang Uygur Autonomous Region, and the total amount of royalties has been determined after the review and approval by the relevant authorities.

The Group has included the present value of mineral royalty in the original value of the mining rights of intangible assets (Note V. 15.)

(2). Special payable

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
Maintenance and improvement grant program for the supply of water, electricity, and heating and property management	3,615,179.68	-	-	3,615,179.68
Tailored policies for each enterprise	-	21,000.00	-	21,000.00
Total	3,615,179.68	21,000.00	-	3,636,179.68

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable

(1). Detail of the long-term employee benefits payable

Item	31 December 2025	31 December 2024
Dismissal benefits	2,215,517.75	1,481,219.57
Total	2,215,517.75	1,481,219.57

36. Provisions

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025	Reasons for formation
Provision for mine closure and environmental restoration	148,135,563.22	6,712,969.00	–	154,848,532.22	Note
Total	148,135,563.22	6,712,969.00	–	154,848,532.22	

Note: Kalatongke Mining, Xinjiang Yakesi, Hami Jubao, and Huaou Mining recognized the provision for mine closure and environmental restoration with respect to mine closure costs and tailings dam closure costs. The management discounted projected future expenditures to net present value based on prior years' experience and the best estimate of future expenditures required for environmental restoration. This provision may be modified in future years with the increasingly prominent impact of mining activities on land and the environment. The related mine closure and environmental restoration costs will be reviewed and revised annually as appropriate.

The Group recognizes the costs of mining geological environment restoration and treatment as abandonment costs in accordance with the mining geological environment protection and land reclamation plan and the relevant provisions of the Accounting Standards for Business Enterprises. The costs are included in the recorded cost of the relevant assets, amortized over the estimated mining life in proportion to the production, and charged to production costs.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Deferred income

(1). Deferred income classification

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025	Formation causes
Government grants	24,533,230.10	24,926,250.00	1,863,475.88	47,596,004.22	Fiscal subsidies
Total	24,533,230.10	24,926,250.00	1,863,475.88	47,596,004.22	-

38. Share capital

Item	Number of shares as at 31 December 2025	Percentage of equity shares (%)	Number of shares as at 31 December 2024	Percentage of equity shares (%)
Unlisted tradable shares	1,259,420,000.00	56.99	1,259,420,000.00	56.99
Holder of other overseas listed foreign shares (H shares)	950,580,000.00	43.01	950,580,000.00	43.01
Total	2,210,000,000.00	100.00	2,210,000,000.00	100.00

Note: The par value per share of the Company is RMB0.25, and the total share capital is RMB552,500,000.00.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Capital reserves

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
Contribution from controlling shareholders related to mining rights(Note i)	35,393,957.53	-	-	35,393,957.53
Share premium(Note ii ∨ v ∨ vi)	5,097,808,647.74	-	1,101,638,003.09	3,996,170,644.65
Other capital reserves(Note iii ∨ iv)	10,948,492.49	-	-	10,948,492.49
Total	5,144,151,097.76	-	1,101,638,003.09	4,042,513,094.67

Note:

- i. The difference of RMB35,393,957.53 between the fair value of mining rights acquired from Xinjiang Non-ferrous Group and the present value of the long-term payable for the mining rights was treated as the contribution from Xinjiang Non-ferrous Group to the Company. The capital reserve was formed prior to the listing of the Company on the Main Board of the Stock Exchange of Hong Kong Limited in 2007.
- ii. The difference of RMB3,999,724,647.74 between the paid-in capital and the share capital was recognized in capital reserves as a share premium.
- iii. Xinjiang Non-ferrous Group provided a long-term interest-free borrowing to the Group and the difference of RMB3,815,140.27 between the principal amount of the borrowing and its fair value at initial recognition was recorded as a contribution from Xinjiang Non-ferrous Group to the Group in capital reserves. The borrowing was repaid in 2017.
- iv. The net income from debt waiver of RMB7,133,352.22 arising from equity transactions among the original shareholders of Huaou Mining was an equity transaction.
- v. In 2025, the parent company acquired 51.00% of the equity interest in Huaou Mining held by the Nonferrous Metals Group for a cash consideration of RMB1,098,084,000.00. This transaction constitutes a business combination under common control. The initial investment cost of the long-term equity investment by the parent company amounts to RMB885,581,100.00, which was determined based on the acquirer's proportionate share of the book value of the equity and goodwill of the acquiree as of the acquisition date. The difference of RMB212,502,900.00 between the total equity transfer consideration of RMB1,098,084,000.00 and the initial investment cost shall be recognized as a reduction of capital reserve (capital premium).
- vi. On 26 June 2025, the Company entered into an equity transfer agreement with Sichuan Aokai Investment Development Co., Ltd. ("Sichuan Aokai"), pursuant to which Sichuan Aokai agreed to transfer its 2.4167% equity interest in Zhongxin Mining to the Group at nil consideration. The registration of the change in business registration was completed on 14 August 2025. Upon completion, the Group's equity interest in Zhongxin Mining increased to 100%, and Zhongxin Mining became a wholly owned subsidiary of the Group. The minority interests and the difference between the consideration paid and fair value were transferred to capital reserve, totaling approximately RMB3,554,003.09.

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Special reserves

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
Safety production costs	1,300,130.31	89,759,886.34	90,883,295.35	176,721.30
Total	1,300,130.31	89,759,886.34	90,883,295.35	176,721.30

Note: According to the relevant provisions of Cai Zi [2022] No. 136 issued by the State Administration of Work Safety, Kalatongke Mining, Xinjiang Yakesi, and Hami Jubao are required to extract the safety production fund based on the standard of RMB15 per ton of copper-nickel ore (FY 2024: RMB15 per ton). Huaou Mining calculates and extracts enterprise safety production expenses in accordance with project progress, at an accrual rate ranging from 2% to 3.5%. The fund for the tailings ponds of Kalatongke Mining and Xinjiang Yakesi is calculated on the basis of the volume of tailings put in storage. RMB4 per ton is for the tailings of the third and higher grades (FY2024: RMB4 per ton), and RMB5 per ton is for the tailings of the fourth and fifth grades (FY2024: RMB5 per ton). Zhongxin Mining and Kalatongke Mining are required to withdraw the safety production fund at 4.5% of the amount of sulfuric acid consumption/sales revenue of the prior year (FY 2024: 4.5%). Zhongxin Mining, Fukang Smelter, and Kalatongke Mining use the excess regressive method for the withdrawal of the safety production fund based on the smelting revenue of the prior year. The safety production fund is withdrawn and included in the production costs and special reserves and is used to directly write down special reserves as incurred if the fund is an expense in nature. When special reserves give rise to fixed assets, the special reserves are reduced by the cost of the generated fixed assets, and the same amount of accumulated depreciation is recognized. The related assets are no longer depreciated in subsequent periods.

The amount of the safety production fund used for the expenditure on safety-related projects was RMB90,883,295.35 for the ended 31 December 2025 (For the ended 31 December 2024: RMB68,960,776.86).

41. Surplus reserves

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
Statutory surplus reserves	276,250,000.00	-	-	276,250,000.00
Total	276,250,000.00	-	-	276,250,000.00

Note: In accordance with The Group Law of the People's Republic of China and the Articles of Association of the Group, no further appropriation to the statutory surplus reserve was made in 2025 as the accumulated balance reached 50% of the share capital.

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Retained earning

Item	31 December 2025	31 December 2024
Retained earning at the end of prior year before adjustment	492,290,337.75	416,872,671.59
Total adjustment to retained earning at the beginning of the year (increase +, decrease –) (Note)	-3,375,125.83	-1,256,291.88
Retained earning at the beginning of the year after adjustment	488,915,211.92	415,616,379.71
Add: net profit attributable to the shareholders of the Company during the year	194,082,736.66	183,798,832.21
Less: dividends payable for ordinary shares	110,500,000.00	110,500,000.00
Less: business combination under the common control	1,521,310.59	
Retained earning – end of year	570,976,637.99	488,915,211.92

Note: Changes in consolidation scope due to business combinations under common control have impacted retained earning at the beginning of the year.

43. Revenue and cost of sales

(1). Details of revenue and cost of sales

Item	Year ended 31 December 2025		Year ended 31 December 2024	
	Revenue	cost	Revenue	cost
Main operation	2,533,451,128.17	1,894,095,447.52	2,259,781,192.21	1,712,547,711.76
Other operations	27,853,104.45	20,471,348.04	32,620,096.39	23,811,471.95
Total	2,561,304,232.62	1,914,566,795.56	2,292,401,288.60	1,736,359,183.71

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Revenue and cost of sales (continued)

(2). Breakdown of revenue and cost of sales

Type	Year ended 31 December 2025			
	Segment 1		Total	
	Revenue	Cost of sales	Revenue	Cost of sales
Type of operation				
Including:				
Main business	2,533,451,128.17	1,894,095,447.52	2,533,451,128.17	1,894,095,447.52
Including: Electrolytic nickel	1,336,393,762.77	1,021,623,464.44	1,336,393,762.77	1,021,623,464.44
Copper cathode	687,316,044.92	626,436,625.84	687,316,044.92	626,436,625.84
Electrolytic cobalt	72,205,250.37	36,949,286.68	72,205,250.37	36,949,286.68
Copper leaching residues and precious metal materials	210,484,707.52	40,607,212.60	210,484,707.52	40,607,212.60
Others	227,051,362.59	168,478,857.96	227,051,362.59	168,478,857.96
Other operations	27,853,104.45	20,471,348.04	27,853,104.45	20,471,348.04
Including: Sales of materials	1,872,331.66	479,922.48	1,872,331.66	479,922.48
House rent	5,302,495.88	4,768,400.20	5,302,495.88	4,768,400.20
Sales of electricity	9,701,504.01	9,304,906.75	9,701,504.01	9,304,906.75
Orefield heating	1,378,559.34	828,437.34	1,378,559.34	828,437.34
Others	9,598,213.56	5,089,681.27	9,598,213.56	5,089,681.27
Classified by region of operation:				
Including: Domestic	2,561,304,232.62	1,914,566,795.56	2,561,304,232.62	1,914,566,795.56
Overseas	–	–	–	–
Total	2,561,304,232.62	1,914,566,795.56	2,561,304,232.62	1,914,566,795.56
Classification by time of goods transfer:				
Including: Transfer at a point in time	2,544,921,673.39	1,899,665,051.27	2,544,921,673.39	1,899,665,051.27
Transfer over time	16,382,559.23	14,901,744.29	16,382,559.23	14,901,744.29
Total	2,561,304,232.62	1,914,566,795.56	2,561,304,232.62	1,914,566,795.56
Classified by sales				
Including: Direct sales	2,561,304,232.62	1,914,566,795.56	2,561,304,232.62	1,914,566,795.56
Total	2,561,304,232.62	1,914,566,795.56	2,561,304,232.62	1,914,566,795.56

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Revenue and cost of sales (continued)

(2). Breakdown of revenue and cost of sales (continued)

Type	Year ended 31 December 2024			
	Segment 1		Total	
	Revenue	Revenue	Revenue	Revenue
Type				
Type of operation				
Including:				
Main business	2,259,781,192.21	1,712,547,711.76	2,259,781,192.21	1,712,547,711.76
Including: Electrolytic nickel	1,161,909,194.45	815,194,222.92	1,161,909,194.45	815,194,222.92
Copper cathode	601,838,270.42	552,950,555.49	601,838,270.42	552,950,555.49
Electrolytic cobalt	–	–	–	–
Copper leaching residues and precious metal materials	303,964,153.33	166,604,928.87	303,964,153.33	166,604,928.87
Others	192,069,574.01	177,798,004.48	192,069,574.01	177,798,004.48
Other operations	32,620,096.39	23,811,471.95	32,620,096.39	23,811,471.95
Including: Sales of materials	6,510,357.49	5,218,128.21	6,510,357.49	5,218,128.21
House rent	5,176,658.99	4,859,389.69	5,176,658.99	4,859,389.69
Sales of electricity	11,817,100.92	7,450,706.28	11,817,100.92	7,450,706.28
Orefield heating	1,793,290.38	1,257,038.21	1,793,290.38	1,257,038.21
Others	7,322,688.61	5,026,209.56	7,322,688.61	5,026,209.56
Classified by region of operation:				
Including: Domestic	2,292,401,288.60	1,736,359,183.71	2,292,401,288.60	1,736,359,183.71
Overseas	–	–	–	–
Total	2,292,401,288.60	1,736,359,183.71	2,292,401,288.60	1,736,359,183.71
Classification by time of goods transfer:				
Including: Transfer at a point in time	2,273,614,238.31	1,722,792,049.53	2,273,614,238.31	1,722,792,049.53
Transfer over time	18,787,050.29	13,567,134.18	18,787,050.29	13,567,134.18
Total	2,292,401,288.60	1,736,359,183.71	2,292,401,288.60	1,736,359,183.71
Classified by sales				
Including: Direct sales	2,292,401,288.60	1,736,359,183.71	2,292,401,288.60	1,736,359,183.71
Total	2,292,401,288.60	1,736,359,183.71	2,292,401,288.60	1,736,359,183.71

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Revenue and cost of sales (continued)

(3). Information related to performance obligations

The Group's sales of electrolytic nickel and copper cathode are all performed at a point in time according to sales contracts. As for the performance obligations performed at a point in time, revenue is recognized when the customer obtains control.

(4). Information related to the transaction price apportioned to the remaining performance obligations

As at the end of the reporting period, the transaction price allocated to remaining performance obligations under signed contracts amounted to RMB10,060,301.32, which is expected to be recognized as revenue as follows: RMB8,837,981.34 in 2026, RMB998,355.54 in 2027, and RMB223,964.44 in 2028.

44. Taxes and surcharges

Item	Year ended 31 December 2025	Year ended 31 December 2024
Resource tax	27,111,436.59	16,514,454.36
Property taxes	13,064,243.04	14,485,935.10
Education surcharge	6,556,091.96	5,431,993.84
Urban maintenance and construction tax	5,345,225.53	4,193,335.79
Land use tax	4,024,208.91	5,074,549.93
Stamp duty	3,615,052.39	2,326,547.42
Other taxes	460,517.57	619,628.12
Total	60,176,775.99	48,646,444.56

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Selling expenses

Item	Year ended 31 December 2025	Year ended 31 December 2024
Handling costs and transportation fees	15,488,926.04	11,797,060.33
Employee benefits	2,988,968.20	4,018,724.58
Administrative and travel expenses	203,399.71	411,582.86
Depreciation	15,476.99	29,560.11
Others	589,843.33	1,311,671.84
Total	19,286,614.27	17,568,599.72

46. General and administrative expenses

Item	Year ended 31 December 2025	Year ended 31 December 2024
Employee benefits	125,263,489.85	108,782,500.31
Exploration expenses	12,773,567.09	11,553,256.33
Depreciation and amortisation	34,395,530.45	26,140,476.09
Repairs and maintenance expenses	5,936,804.98	3,327,591.63
Research and consulting services	6,321,237.91	4,929,007.00
Intermediary fee	7,754,484.13	5,569,320.49
Comprehensive support service charge	3,226,415.04	3,226,415.04
Office expenses	3,524,688.23	3,526,722.19
Audit fees	1,633,898.10	2,750,520.62
Leasing fees	656,730.88	2,046,719.80
Others	33,215,135.31	33,005,242.13
Total	234,701,981.97	204,857,771.63

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Research and development expenses

Item	Year ended 31 December 2025	Year ended 31 December 2024
Material consumption	28,708,343.30	21,533,010.33
Employee benefits	26,472,751.66	8,428,114.78
Depreciation and amortisation	3,629,317.51	2,525,876.09
Outsourcing expenses	3,403,198.02	3,917,644.02
Other expenses	12,770,540.59	2,669,892.45
Total	74,984,151.08	39,074,537.67

48. Finance cost

Item	Year ended 31 December 2025	Year ended 31 December 2024
Interest expense	35,038,713.82	23,704,862.77
Less: Interest income	4,854,298.07	10,541,349.63
Add : Exchange gains or losses	134,298.41	848,668.47
Other expenses	20,815,669.86	20,498,535.13
Total	51,134,384.02	34,510,716.74

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Other income

Item	Year ended 31 December 2025	Year ended 31 December 2024
Asset-related	1,863,475.88	1,578,476.21
Revenue-related	14,346,975.94	33,803,177.13
Total	16,210,451.82	35,381,653.34

50. Investment income

Item	Year ended 31 December 2025	Year ended 31 December 2024
Investment income from equity method investments	3,900,575.61	5,659,881.94
Unrealized net profit between joint ventures and the Group	1,891,460.46	-1,200,493.28
Investment income from the disposal of financial assets held for trading	-	117,926.03
Total	5,792,036.07	4,577,314.69

Note: The Group has no significant restrictions on the reversal of investment income.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Gains on changes in fair value

Sources of gains on changes in fair value	Year ended 31 December 2025	Year ended 31 December 2024
Derivative financial assets and derivative financial liabilities – metal trading contract	88,955,977.33	17,406,628.51
Cash-settled share-based payment	-6,114,417.29	128,660.91
Total	82,841,560.04	17,535,289.42

52. Credit impairment losses

Item	Year ended 31 December 2025	Year ended 31 December 2024
Bad debt losses on accounts receivable	63,785.70	2,769,242.21
Bad debt losses on other receivables	611,710.09	525,868.15
Total	675,495.79	3,295,110.36

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Asset impairment losses

Item	Year ended 31 December 2025	Year ended 31 December 2024
Reversal of provision for decline in value of inventories (losses are expressed with "-")	13,896,185.18	-26,789,944.90
Impairment losses on fixed assets	-8,951,620.04	-
Impairment losses on intangible assets	-75,723,726.61	-31,754,162.97
Total	-70,779,161.47	-58,544,107.87

54. Gains on asset disposal

Item	Year ended 31 December 2025	Year ended 31 December 2024	Amount recognized in non- recurring gains and losses of the current year
(Losses marked with "-") gains on disposal of non-current assets	-1,417,448.46	310,956.42	-1,417,448.46
Including:			
(Losses marked with "-") gains on disposal of intangible assets	-1,513,800.00	-	-1,513,800.00
Gains(losses marked with "-") on disposal of fixed assets	96,351.54	310,956.42	96,351.54
Total	-1,417,448.46	310,956.42	-1,417,448.46

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Non-operating income

Item	Year ended 31 December 2025	Year ended 31 December 2024	Amount included in current year non-recurring profit or loss
Fines and forfeitures	2,567,233.58	1,397,047.98	2,567,233.58
Amounts not required to be paid	1,321,881.06	1,856,802.41	1,321,881.06
Others	267,138.38	736,767.05	267,138.38
Total	4,156,253.02	3,990,617.44	4,156,253.02

56. Non-operating expenses

Item	Year ended 31 December 2025	Year ended 31 December 2024	Amount included in current year non-recurring profit or loss
Loss on damaged or scrapped non-current assets	60,399.97	167,848.13	60,399.97
External donation expenditure	2,294,892.84	1,668,932.87	2,294,892.84
Expenses for damages, liquidated damages and penalties	2,487,534.51	3,718,690.39	2,487,534.51
Others	1,513,661.31	1,272,777.33	1,513,661.31
Total	6,356,488.63	6,828,248.72	6,356,488.63

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Income tax expenses

(1). Income tax expenses

Item	Year ended 31 December 2025	Year ended 31 December 2024
Current income tax expenses	70,053,283.25	23,338,319.80
Deferred income tax expenses	-2,339,868.49	17,969,895.84
Total	67,713,414.76	41,308,215.64

(2). Adjustments to accounting profit and income tax expenses

Item	Year ended 31 December 2025
Total consolidated profit	237,576,227.91
Income tax expense calculated at statutory/applicable tax rates	35,636,434.19
Effect of applying different tax rates to subsidiaries	-8,559,865.39
Effect of adjustments to income taxes of prior periods	14,994,069.79
Effect of non-taxable income	-585,086.34
Effect of non-deductible costs, expenses, and losses	1,421,313.88
Effect of using deductible losses not recognized as deferred income tax assets in prior periods	-
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	26,029,028.91
Effect of additional tax deduction for research and development expenses	-1,222,480.28
Income tax expenses	67,713,414.76

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Earnings per share

(1). Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to the Company's common shareholders by the weighted average of common shares outstanding:

Item	Year ended 31 December 2025	Year ended 31 December 2024
Consolidated net profit attributable to common shareholders of the Company	194,082,736.66	183,798,832.21
Weighted average of common shares outstanding of The Group	2,210,000,000.00	2,210,000,000.00
Basic earnings per share	0.088	0.083
Including: Basic earnings per share for continuing operations	0.088	0.083
Basic earnings per share for discontinued operations	–	–

(2). Diluted earnings per share

Diluted earnings per share is computed by dividing consolidated net income attributable to The Group's common stockholders, as adjusted for dilutive potential common shares, by the adjusted weighted average of common shares of The Group issued and outstanding. There were no dilutive potential common shares at 31 December 2025 (31 December 2024: nil) and therefore diluted earnings per share were equal to basic earnings per share.

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Cash flow statement items

(1). Cash related to operating activities

1) Cash received relating to other operating activities

Item	Year ended 31 December 2025	Year ended 31 December 2024
Government grants received	39,273,225.94	9,554,278.33
Interest income	4,725,261.30	10,541,349.63
Others	6,447,978.12	54,410,330.40
Restricted bank deposits	–	5,159,450.64
Total	50,446,465.36	79,665,409.00

2) Cash paid relating to other operating activities

Item	Year ended 31 December 2025	Year ended 31 December 2024
Restricted cash at bank	150,164,545.32	–
Payment of loading, unloading, and transportation fees	15,488,926.04	10,237,276.31
Payment of intermediary fees	9,388,382.23	8,512,553.25
Research services and exploration fees	12,773,567.09	6,635,158.84
Machine and material repair costs	5,936,804.98	497,033.43
Pay administrative and office expenses	1,932,394.71	9,682,790.53
Comprehensive support service fees	3,226,415.04	3,226,415.09
Payment of greening fees	1,495,206.48	4,827,856.70
Rental fees	656,730.88	2,117,516.28
Payment of bank transaction fees	326,967.34	107,227.97
Vehicle transportation expenses	–	1,192,818.03
Other sporadic expenses	51,889,347.83	50,150,748.63
Total	253,279,287.94	97,187,395.06

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Cash flow statement items (Continued)

(2). Cash related to financing activities

1) Cash received related to financing activities

Item	Year ended 31 December 2025	Year ended 31 December 2024
Borrowings from related parties	360,000,000.00	–
Total	360,000,000.00	–

2) Cash paid related to other financing activities

Item	Year ended 31 December 2025	Year ended 31 December 2024
Cash paid for business combinations under common control	1,098,084,000.00	–
Borrowings from related parties	60,000,000.00	–
Payments of lease liabilities	1,487,325.02	18,146,938.58
Total	1,159,571,325.02	18,146,938.58

3) Changes in liabilities arising from financing activities

Item	31 December 2024	Increase in current year		Decrease in current year		31 December 2025
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	200,159,722.23	436,950,536.26	2,004,500.01	201,918,055.56	–	437,196,702.94
Long-term borrowings	96,000,000.00	1,635,113,211.97	–	656,200,000.00	-221,200,000.00	1,296,113,211.97
Non-current liabilities due within one year	503,632,403.26	–	32,815,040.36	200,322,491.63	206,354,103.65	129,770,848.34
Other payables						
-Payables to related parties	–	360,000,000.00	1,433,041.68	61,433,041.68	–	300,000,000.00
Total	799,792,125.49	2,432,063,748.23	36,252,582.05	1,119,873,588.87	-14,845,896.35	2,163,080,763.25

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Cash flow statement supplement

(1). Cash flow statement supplement

Item	Year ended 31 December 2025	Year ended 31 December 2024
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	169,862,813.15	169,794,404.01
Add : Credit impairment losses	-675,495.79	-3,295,110.36
Provision for asset impairment	70,779,161.47	58,544,107.87
Depreciation of property, plant and equipment and investment property	286,576,160.72	265,817,466.31
Depreciation of right-of-use assets	4,259,928.91	2,271,688.58
Amortization of intangible assets	50,065,396.25	40,405,947.24
Amortization of long-term prepaid expenses	642,168.36	642,168.36
Loss on disposal of fixed assets, intangible assets and other long-term assets (Income is presented with a "-" sign)	1,417,448.46	-472,219.75
Losses on scrapping of fixed assets (Income is presented with a "-" sign)	2,294,892.84	1,668,932.87
Losses on changes in fair value (Income is presented with a "-" sign)	-82,841,560.04	-17,535,289.42
Finance expenses (Income is presented with a "-" sign)	34,909,677.05	27,721,425.46
Losses on investment (Income is presented with a "-" sign)	-5,792,036.07	-4,577,314.69
Decrease in deferred tax assets (Increase is presented with a "-" sign)	-497,844.90	26,336,374.60
Increase in deferred tax liabilities (Decrease is presented with a "-" sign)	-1,842,023.58	-8,366,478.76
Decrease in inventories (Increase is presented with a "-" sign)	15,736,420.17	226,063,896.22
Decrease in operating receivables (Increase is presented with a "-" sign)	60,094,344.96	-267,212,180.45
Increase in operating payables (Decrease is presented with a "-" sign)	103,091,273.63	-358,173,707.16
Others	-150,164,545.32	18,769,850.00
Net cash flows generated from operating activities	557,916,180.27	178,403,960.93
2. Significant investing and financing activities not involving cash receipts and payments	-	-
3. The net movement of cash and cash equivalents	-	-
Closing balance of cash	419,593,781.85	582,405,823.83
Less: Opening balance of cash	582,405,823.83	655,134,878.81
Add : Ending balance of cash equivalents	-	-
Less: Beginning balance of cash equivalents	-	-
Net (decrease is present with a "-" sign) increase in cash and cash equivalents	-162,812,041.98	-72,729,054.98

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Cash flow statement supplement

(2). Composition of cash and cash equivalents

Item	31 December 2025	31 December 2024
I. Cash	419,593,781.85	582,405,823.83
Including: Unrestricted cash at bank	419,593,781.85	582,405,823.83
II. Cash equivalents	–	–
III. Cash and cash equivalents at the end of the year	419,593,781.85	582,405,823.83

Cash at bank not classified as cash and cash equivalents :

Item	31 December 2025	31 December 2024	Reasons for not being classified as cash and cash equivalents
Deposits for bank acceptance notes	187,500,000.00	45,038,625.72	Not available for withdrawal at any time
Environmental restoration and production safety deposits	27,393,295.75	19,834,643.46	Not available for withdrawal at any time
Land reclamation deposits	1,518,800.00	1,518,800.00	Not available for withdrawal at any time
Bank deposits subject to judicial freeze	228,911.36	–	Not available for withdrawal at any time
ETC guarantee	9,200.00	15,800.00	Not available for withdrawal at any time
Dedicated accounts and public call deposits	–	77,792.61	Not available for withdrawal at any time
Total	216,650,207.11	66,485,661.79	Not available for withdrawal at any time

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. RESEARCH AND DEVELOPMENT COSTS

1. Research and development costs

Item	Year ended 31 December 2025	Year ended 31 December 2024
Material consumption	28,708,343.30	21,533,010.33
Employee benefits	26,472,751.66	8,383,579.78
Depreciation and amortisation	3,629,317.51	2,614,946.09
Outsourcing costs	4,944,707.46	5,814,413.31
Other costs	12,770,540.59	2,669,892.45
Total	76,525,660.52	41,015,841.96
Including : expenditure on research and development costs	74,984,151.08	39,074,537.67
expenditure on capitalized research and development costs	1,541,509.44	1,941,304.29

2. Development costs

Item	31 December 2024	Increase during the year			31 December 2025
		Internal development spending	Recognized as intangible assets	Others decrease	
Hami Tower Mountain Project	3,417,641.52	-	-	-	3,417,641.52
Copper exploration around the Karatunke mining area in Fuyun County, Xinjiang	2,996,513.50	-	-	-	2,996,513.50
Ushkosita West Vanadium Mine	235,849.06	-	-	-	235,849.06
Xinjiang Yax Resources Development Co., Ltd. beryllium copper alloy network collaborative manufacturing new model application project	3,882,835.21	-	-	3,882,835.21	-
Xinjiang Yax Huangshan Copper-Nickel Mine 350 mid-section motor vehicle unmanned project	283,185.86	-	-	283,185.86	-
Production control platform software development	1,561,007.99	-	-	-	1,561,007.99
Exploration expenditure	9,639,371.37	-	-	-	9,639,371.37
Research on Non-explosive Mechanical Continuous Mining Technology and Equipment	-	1,541,509.44	-	-	1,541,509.44
Sub-total	22,016,404.51	1,541,509.44	-	4,166,021.07	19,391,892.88
Less: provision for impairment	-	-	-	-	-
Total	22,016,404.51	1,541,509.44	-	4,166,021.07	19,391,892.88

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations under common control

(1). Business combinations under common control occurred during the current period

Name of acquiree	Proportion of equity interest acquired	Basis for determining business combination under common control	Date of combination	Basis for determining the date of combination	Revenue of acquiree from beginning of period to date of combination	Net profit of acquiree from beginning of period to date of combination	Revenue of acquiree in comparative period	Net profit of acquiree in comparative period
Huaou Mining	51%	Note	2025/5/15	Date of equity purchase	10,133,248.00	-2,837,715.47	11,072,845.46	-4,154,576.37

Note: On 14 February 2025, Xinjiang Non-ferrous Metals Group, the Company and Huaou Mining entered into an equity transfer agreement, pursuant to which, subject to the terms and conditions of the equity transfer agreement, Nonferrous Metals Group conditionally agreed to transfer and the Company conditionally agreed to acquire the equity interest in Huaou Mining (representing 51% equity interest in Huaou Mining) at a consideration of approximately RMB1,098.08 million. In accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, as Huaou Mining is a subsidiary acquired through a business combination under common control during the reporting period, the Group shall retrospectively adjust the opening balances of the consolidated financial statements and include the revenue, expenses and profits from 1 January 2025 to the end of the reporting period in the consolidated income statement, and include the cash flows from 1 January 2025 to the end of the reporting period in the consolidated cash flow statement.

The Group's acquisition of Huaou Mining constitutes a business combination under common control and is accounted for using the merger accounting method. Huaou Mining has been included in the consolidation scope of the Company from the date when it was under the common control of the ultimate controlling party, Xinjiang Non-ferrous Metals Group together with the Company. Consequently, the consolidated financial statements for the year 2024 have been restated.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations under common control

(2). Combination cost

	Huaou Mining
Cash	1,098,084,000.00
Total combination cost	1,098,084,000.00

(3). Carrying amounts of assets and liabilities of the acquiree as at the combination date

Item	Huaou Mining	
	The combination date	31 December 2025
Assets :		
Cash at bank	91,330,606.09	115,126,287.14
Other current assets	43,267,734.75	19,434,397.69
Fixed assets	33,022,877.03	31,976,269.31
Construction in progress	480,224,899.78	236,790,144.32
Intangible assets	1,399,450,690.08	1,399,450,690.08
Liabilities:		
Long-term borrowing	187,037,962.35	–
Accounts payable	148,513,854.54	57,646,140.70
Net assets	1,534,638,339.89	1,537,476,055.36
Less : Minority interests	751,972,786.55	759,578,484.36
Net assets acquired	782,665,553.34	777,897,571.00

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

2. Changes in the scope of consolidation due to other reasons

During the year, Mengxi Mining, a subsidiary of the Group, was deregistered in 2025.

Name of former subsidiary	Mengxi Mining	
	Deregistered date	31 December,
As of date	-14 April, 2025	2024
Assets	6,524,109.99	6,517,596.34
Liabilities	–	1,749.33
Owners' equity	6,524,109.99	6,515,847.01

Name of former subsidiary	Mengxi Mining	
	1, January 2025 –	Year ended 31
Period	deregistered date	December, 2024
Operating revenue	–	–
Operating costs	–	–
Operating profit	8,498.58	73,924.98
Total profit	8,498.58	73,924.98
Net profit	8,498.58	70,217.44

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1). Composition of the Group

Name of subsidiaries	Registered capital (RMB'000)	Main operation place	Type of Enterprises	Place of registration	Nature of the business	Shareholding percentage (%)		Acquisition method
						Direct	Indirect	
Xinjiang Yakesi Resources Development Co., Ltd	500,000.00	Hami, the PRC	Note 2	Hami, the PRC	Mining	99.51	0.49	Business combination not under common control
Hami Jubao Resources Development Co., Ltd	120,000.00	Hami, the PRC	Note 3	Hami, the PRC	Mining	98.96	1.04	Business combination not under common control
Xinjiang Zhongxin Mining Co., Ltd	120,000.00	Hami, the PRC	Note 4	Hami, the PRC	Smelting	100.00	-	Business combination not under common control
Xinjiang Karatunke Mining Co., Ltd	1,230,000.00	Fuyun, the PRC	Note 4	Fuyun, the PRC	Mining, smelting	100.00	-	Through establishment or investment
Shaanxi Xinxin Mining Co., Ltd	10,000.00	Shangnan, the PRC	Note 3	Shangnan, the PRC	Mining	51.00	-	Business combination not under common control
Xinjiang Mengxi Mining Co., Ltd. (Note 1).	15,918.40	Hami, the PRC	Note 5	Hami, the PRC	Mining	51.00	-	Through establishment or investment
Beijing Xinding Shunze High-Tech Co., Ltd	145,000.00	Beijing, the PRC	Note 6	Beijing, the PRC	R&D, property management	100.00	-	Through establishment or investment
Xinjiang Huaou Mining Co., Ltd.	113,000.00	Ruoqiang, the PRC	Note 5	Ruoqiang, the PRC	Mining	51.00	-	Business combination under common control

Note: 1. The subsidiary was deregistered on April 14, 2025.

2. Enterprise type: Joint-stock limited company (unlisted, state-controlled).

3. Enterprise type: Other limited liability company.

4. Enterprise type: Limited liability company (sole legal entity investment, not invested or controlled by natural persons).

5. Enterprise type: Limited liability company (state-controlled).

6. Enterprise type: Limited liability company (sole legal entity).

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(2). Significant non-wholly owned subsidiaries

Name of subsidiaries	Non-controlling shareholding percentage	Profit or loss attributable to minority shareholders for the period	Dividends declared to minority shareholders during the period	Ending balance of minority interests
Shaanxi Xinxin Mining Co., Ltd	49%	-16,630,869.64	-	-10,117,921.41
Xinjiang Huaou Mining Co., Ltd	49%	-6,200,942.68	-	747,162,324.45

(3). Key financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	31 December 2025					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Shaanxi Xinxin Mining Co., Ltd	21,869.35	1,373.09	23,242.44	20,672,061.65	-	20,672,061.65
Xinjiang Huaou Mining Co., Ltd	181,717,416.85	2,459,425,476.53	2,641,142,893.38	559,777,551.58	556,544,271.50	1,116,321,823.08

Continued:

Name of subsidiaries	31 December 2024					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Shaanxi Xinxin Mining Co., Ltd	201,860.17	15,035,446.11	15,237,306.28	22,836,986.87	-	22,836,986.87
Xinjiang Huaou Mining Co., Ltd	134,764,392.51	1,688,074,410.21	1,822,838,802.72	65,554,187.83	219,808,559.53	285,362,747.36

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3). Key financial information of significant non-wholly-owned subsidiaries (Continued)

Continued:

Name of subsidiaries	Year ended 31 December 2025			
	Revenue	Net loss	Total comprehensive loss	Operating cash flow
Shaanxi Xinxin Mining Co., Ltd	–	-33,940,550.29	-33,940,550.29	-2,258,890.82
Xinjiang Huaou Mining Co., Ltd	11,087,418.01	-12,654,985.06	-12,654,985.06	-43,771,086.67

Continued:

Name of subsidiaries	Year ended 31 December 2024			
	Revenue	Net loss	Total comprehensive loss	Operating cash flow
Shaanxi Xinxin Mining Co., Ltd	–	-431,495.81	-431,495.81	-31,812.8
Xinjiang Huaou Mining Co., Ltd	11,072,845.46	-4,154,576.37	-4,154,576.37	-19,176,102.85

2. Transactions resulting in changes in ownership interest in subsidiaries while retaining control

(1). Explanation of Changes in Ownership Interest in Subsidiaries

On 26 June 2025, the Group entered into an equity transfer agreement with Sichuan Aokai, pursuant to which Sichuan Aokai agreed to transfer its 2.4167% equity interest in Zhongxin Mining to the Group at nil consideration. The registration of the change in business registration was completed on 14 August 2025. Upon completion of the transaction, the Group holds 100% equity interest in Zhongxin Mining, and Zhongxin Mining became a wholly-owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Transactions resulting in changes in ownership interest in subsidiaries while retaining control (Continued)

(2). Effects of transactions on minority interests and equity attributable to owners of the parent

	Zhongxin Mining
Acquisition cost/Disposal consideration	Zero
Less: Share of net assets of the subsidiary calculated based on the equity interest acquired	-2,546,009.40
Difference	-2,546,009.40
Including: Adjustment to capital reserve	-2,546,009.40

3. Interests in a joint venture

(1). Significant joint venture

Name of the joint venture	Main operation place	Place of registration	Nature of the business	Shareholding ratio (%)		Accounting treatment method	Whether the transaction is strategic to the Company
				Direct	Indirect		
Hexin Mining Co., Ltd.	Hami, the PRC	Hami, the PRC	Mining	50.00	-	Equity method	Yes

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in a joint venture (Continued)

(2). Key financial information on the significant joint venture

Item	31 December 2025/Year ended 31 December 2025	31 December 2024/Year ended 31 December 2024
Current assets	108,623,465.09	73,680,278.09
Including : Cash and cash equivalents	31,445,737.73	8,717,871.74
Non-current assets	415,319,322.96	421,944,449.49
Total assets	523,942,788.05	495,624,727.58
Current liabilities	168,606,266.24	164,939,247.42
Non-current liabilities	17,296,095.80	446,205.37
Total liabilities	185,902,362.04	165,385,452.79
Total net assets	338,040,426.01	330,239,274.79
Including: Non-controlling interests	–	–
Equity attributable to shareholders of the parent company	338,040,426.01	330,239,274.79
Share of net assets based on percentage of shareholding	169,020,212.99	165,119,637.38
– Goodwill	44,668,386.35	44,668,386.35
– Unrealized profits in internal trading	-17,351,400.92	-19,242,861.38
Book value of equity investments in the joint venture	196,337,198.42	190,545,162.35
The fair value of interests in joint ventures with quoted prices in an active market	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in a joint venture (Continued)

(2). Key financial information on the significant joint venture (Continued)

Item	31 December 2025/Year ended 31 December 2025	31 December 2024/Year ended 31 December 2024
Revenue	183,310,835.76	181,977,020.28
Financial expenses	1,761,895.17	2,991,597.59
Income tax expenses	3,107,511.82	–
Net profit	7,801,151.22	9,947,687.11
Total comprehensive profit	7,801,151.22	9,947,687.11
Dividends received from the joint venture during this period	–	–

Note: The Group, based on the amount assigned to the Company in the financial statements of joint venture, calculates asset share in proportion to the number of shares owned. The amount in the financial statements of the joint venture has taken the fair value of identifiable assets and liabilities of the investee joint venture and adopting consistent accounting policies into consideration.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. GOVERNMENT GRANTS

1. Government grants recognized in profit or loss for the year

Type	Year ended 31 December 2025	Year ended 31 December 2024
Government grants related to assets	1,863,475.88	1,578,476.21
Government grants related to income	3,190,569.21	33,550,316.82
Total	5,054,045.09	35,128,793.03

2. Liabilities related to government grants

Liability items	31 December 2024	Additional grants recognised during the period	Amount transferred to other income during the period	31 December 2025	Related to assets/ Related to income
Deferred income	24,533,230.10	24,926,250.00	1,863,475.88	47,596,004.22	Government grants related to assets

3. Government grants recognized in profit or loss for the year

Accounting item	Year ended 31 December 2025	Year ended 31 December 2024
Other income	3,190,569.21	33,550,316.82

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK

1. Risks arising from financial instruments

The Group's activities expose it to a variety of financial risks: market risks (primarily foreign exchange risk, interest rate risk, and concentration risk), credit risk, and liquidity risk. The financial risks mentioned above and the risk management policies adopted by the Group to mitigate these risks are described below:

The Board is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of the risk management measures. The Group has developed risk management policies to identify and analyze the risks to which the Group is exposed. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk, and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policy approved by the Board. The Risk Management Committee identify, evaluate, and evade related risks by working closely with other business units of the Group. The Group's internal audit department controls the risk management system and procedures for periodic review, and the audit results are reported to the Group's audit committee.

(1). Credit risk

Credit risk refers to the risk that counterparty fails to fulfill its contractual obligations, thereby causing financial losses to the Group.

The Group's credit risk mainly arises from cash, notes receivable, accounts receivable, financing receivables, and other receivables, contract assets, financial guarantee contracts etc. As at the balance sheet date, the book value of the Group's financial assets represents their full credit risk exposure. The maximum credit risk exposure off the balance sheet is RMB25,000,000.00 which arises from the undertaking of a financial guarantee.

As at 31 December 2025, the amounts of financial guarantees provided by the Group to Hexin Mining amounted to a principal amount of RMB25,000,000.00, with no payment in lieu, overdue interest or penalty. The Group assesses that there is no credit impairment loss for the financial guarantee contract.

The financial guarantee provided by the Group is the guarantee for the joint venture. The Group continuously monitors the financial position of joint ventures and manages credit risk exposure by controlling the total amount of guarantee and providing a guarantee jointly with the other participants of joint ventures to ensure that the credit risk is limited to a controllable extent.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1. Risks arising from financial instruments (Continued)

(1). Credit risk (Continued)

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks, and no significant losses are expected from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable, financing receivables and other receivables, etc. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantees from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2025, the Group had no significant collateral and other credit enhancements held as a result of debtor mortgages (31 December 2024: nil).

(2). Liquidity risk

Liquidity risk is the risk that an enterprise will encounter a shortage of funds when fulfilling its obligations to settle by delivering cash or other financial assets.

Cash flow forecasting was performed by each subsidiary of the Group. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from a major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1. Risks arising from financial instruments (Continued)

(2). Liquidity risk (Continued)

The undiscounted contractual cash flows of each of the Group's financial liabilities are presented below by maturity date:

Item	31 December 2025				Total undiscounted contract amount	Book value
	Within one year	One to two years	Two to five years	Over five years		
Short-term borrowing	437,196,702.94	-	-	-	437,196,702.94	437,196,702.94
Notes payable	336,003,302.00	-	-	-	336,003,302.00	336,003,302.00
Accounts payable	488,090,780.65	-	-	-	488,090,780.65	488,090,780.65
Other payables	570,419,615.72	-	-	-	570,419,615.72	570,419,615.72
Long-term borrowing	87,879,589.61	144,877,769.15	799,206,810.10	425,019,114.22	1,456,983,283.08	1,375,245,185.69
Long-term payable	71,931,160.82	369,702,047.46	199,220,969.00	91,424,195.85	732,278,373.13	295,682,265.67
Lease liabilities	1,487,325.02	1,487,325.05	181,651.38	166,513.76	3,322,815.21	3,180,432.27
Total	1,984,260,860.87	507,079,520.61	1,081,362,196.27	403,255,409.03	3,975,957,986.78	3,505,818,284.94

Item	31 December 2024				Total undiscounted contract amount	Book value
	Within one year	One to two years	Two to five years	Over five years		
Short-term borrowings	202,937,638.89	-	-	-	202,937,638.89	202,937,638.89
Accounts payable	401,917,381.07	-	-	-	401,917,381.07	401,917,381.07
Notes payable	143,487,517.26	-	-	-	143,487,517.26	143,487,517.26
Other payables	182,350,561.80	-	-	-	182,350,561.80	182,350,561.80
Long-term borrowings	471,312,375.00	96,000,000.00	-	-	567,312,375.00	563,839,424.99
Long-term payables	151,932,910.00	51,755,413.24	147,698,730.00	312,170,110.00	663,557,163.24	331,076,664.64
Total	1,553,938,384.02	147,755,413.24	147,698,730.00	312,170,110.00	2,161,562,637.26	1,825,609,188.65

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1. Risks Arising from Financial Instruments (Continued)

(2). Liquidity risk (Continued)

As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

Item	31 December 2025				Total
	Within one year	One to two years	Two to five years	Over five years	
Financial guarantees	25,000,000.00	-	-	-	25,000,000.00

Item	31 December 2024				Total
	Within one year	One to two years	Two to five years	Over five years	
Financial guarantees	25,000,000.00	-	-	-	25,000,000.00

The Group bank borrowings were analysed by repayment terms as follow:

Item	31 December 2025	31 December 2024
Within one year	877,500,000.00	667,700,000.00
One to two years	132,468,876.00	96,000,000.00
Two to five years	758,804,393.00	-
Over five years	404,839,942.97	-

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1. Risks Arising from Financial Instruments (Continued)

(2). Liquidity risk (Continued)

The Group long-term payables were analysed by repayment terms as follow:

Item	31 December 2025	31 December 2024
Within one year	50,482,376.00	50,482,376.00
One to two years	53,004,879.24	53,004,879.24
Two to five years	134,938,398.00	140,441,308.00
Over five years	46,385,150.67	91,364,616.67

The Group lease liabilities were analysed by repayment terms as follow:

Item	31 December 2025	31 December 2024
Within one year	1,487,325.02	–
One to two years	1,487,325.05	–
Two to five years	181,651.38	–
Over five years	166,513.76	–

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1. Risks Arising from Financial Instruments (Continued)

(3). Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk and concentration risk.

1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

The Group's interest rate risk arises from bank borrowings. Floating rate financial liabilities expose the Group to cash flow interest rate risk, fixed rate financial liabilities expose the Group to fair value interest rate risk. The Group adjusts the relative proportion of contracts at a fixed rate and contracts at a floating rate based on market situation. As at 31 December 2025, the Group's interest-bearing debts were RMB-denominated floating rate loan contracts with an aggregate amount of RMB1,673,613,211.97 (31 December 2024: RMB763,700,000.00).

The Group continuously monitors its interest rate level. A rise in interest rates would increase the cost of new interest-bearing debt and interest expense on the Group's outstanding interest-bearing debt at floating rates and have a material adverse effect on the Group's financial results, and management makes timely adjustments based on the latest market conditions, which may be in the form of interest rate swap arrangements to reduce interest rate risk. The Group had no interest rate swap arrangements during the year ended 31 December 2025 and the year 2024.

As at 31 December 2025, if interest rates on borrowings at variable rates had decreased or increased by 10% with all other factors held constant, the Group's net profit would have increased or decreased by RMB3,109,122.11 (31 December 2024: net profit would have increased or decreased by RMB2,517,154.15).

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

X. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1. Risks Arising from Financial Instruments (Continued)

(3). Market risk (Continued)

2) Foreign exchange risk

The Group's main operations are located in China and its main business is settled in RMB. The Group's recognized foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated primarily in US dollars and Hong Kong dollars) are exposed to foreign exchange risk. The Group continuously monitors the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks it faces, and for this reason, the Group may aim to avoid foreign exchange risk by signing forward foreign exchange contracts or currency swap contracts. The Group had not signed any forward foreign exchange contracts or currency swap contracts as at 31 December 2025 and 31 December 2024.

As at 31 December 2025 and 31 December 2024, the Group did not hold foreign currency financial assets and foreign currency financial liabilities.

3) Concentration risk

The Group's revenue is mainly derived from the sales of electrolytic nickel, cathode copper, and other tailings, and 66% of the sales revenue for the year ended 31 December 2025 (for the year ended 31 December 2024: 60.00%) was derived from the top three customers, and the Group has not entered into any long term sales contracts with these three customers, among others. In the event that these major customers terminate their business relationships with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES

The inputs used in fair value measurement are classified into three levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that are available at the measurement date without adjustment;

Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the related assets or liabilities;

Level 3 inputs are unobservable inputs for the related assets or liabilities.

The level to which the fair value measurement result belongs is determined by the lowest level to which the input values that are important to the fair value.

1. Fair value of assets and liabilities measured at fair value at the end of the year.

Item	Closing fair value			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
I Continuously measured at fair value				
Financial assets held for trading-derivative financial instruments	38,188,722.52	–	–	38,188,722.52
Financing receivable	–	–	78,593,440.13	78,593,440.13
Total assets measured at fair value	38,188,722.52	–	78,593,440.13	116,782,162.65

Item	Opening fair value			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
I Continuously measured at fair value				
Financial assets held for trading-derivative financial instruments	444,342.48	–	–	444,342.48
Financing receivable	–	–	59,407,818.41	59,407,818.41
Total assets measured at fair value	444,342.48	–	59,407,818.41	59,852,160.89

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(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

1. Fair value of assets and liabilities measured at fair value at the end of the year (Continued)

The changes in the above Level 3 assets and liabilities are as follows :

As at 31 December 2025 :

Item	31 December 2024	Increase	Decrease	Total gains or losses recognised in the year		31 December 2025
				Recognised in profit or loss	Recognised in other income	
Financing receivable	59,407,818.41	1,746,176,502.55	1,726,990,880.83	-	-	78,593,440.13
Total	59,407,818.41	1,746,176,502.55	1,726,990,880.83	-	-	78,593,440.13

As at 31 December 2024 :

Item	31 December 2024	Increase	Decrease	Total gains or losses recognised in the current year		31 December 2025
				Recognised in profit or loss	Recognised in other income	
Financial assets at fair value through profit or loss –						
Structured deposits	11,000,000.00	-	11,000,000.00	117,926.03	-	-
Financing receivable	119,680,583.62	677,656,904.80	737,929,670.01	-	-	59,407,818.41
Total	130,680,583.62	677,656,904.80	748,929,670.01	-	-	59,407,818.41

The Group recognizes the timing of transfers between levels as the date on which the event causing the transfer occurs. There were no transfers between Level 1, Level 2 and Level 3 for the years ended 31 December 2025 and 2024. For financial instruments traded in active markets, The Group determines their fair value using quoted market prices in active markets. For financial instruments not traded in active markets, The Group uses valuation techniques to determine fair value. The inputs to the valuation techniques mainly include risk-free interest rates, benchmark interest rates and expected rates of return.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

1. Fair value of assets and liabilities measured at fair value at the end of the period (Continued)

Information relating to Level 3 fair value measurements is as follows:

Item	Fair value in the current period	Valuation technique	Enter a value			
			Name	Range/Interval (Weighted average)	Relationship with fair value	Observable/Unobservable
Financing receivables – Notes receivable	78,593,440.13	Discounted cash flow model	Discount rate	3.00%	Reverse change	Unobservable

Item	Fair value as of 31 December 2024	Valuation techniques	Enter a value			
			Name	Range/Interval (Weighted average)	Relationship with fair value	Observable/Unobservable
Financing receivables – Notes receivable	59,407,818.41	Discounted cash flow model	Discount rate	3.45%	Reverse change	Unobservable

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(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

2. **The Group does not have assets subsequently measured at fair value on a non-continuing basis.**
3. **Disclosure of the fair value of assets and liabilities that are not subsequently measured at fair value.**

The Group's financial assets and financial liabilities measured at amortised cost mainly include notes receivable, account receivables, short-term borrowings, account payables, long-term borrowing due within one year, long-term borrowings, long-term payables, etc. Except for the financial assets and financial liabilities mentioned above, there is no significant difference between the book value of other financial assets and financial liabilities not measured at fair value and the fair value.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. **The state of parent company of the Group**

Name of parent company	Place of registration	Nature of business	Registered capital (RMB10,000)	Parent company's shareholding in the company (%)	Parent company's Share of voting rights in The Group (%)
Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	Urumqi, China	Smelting and processing of nonferrous and precious metals	163,035.61	40.06	40.06

Note: The Group's ultimate controlling party is Xinjiang Non-ferrous Group, whose place of registration is Urumqi, China.

2. **Information on the Group's subsidiaries**

For details of subsidiaries, please refer to "Note VIII. Interests in other entities".

3. **Joint venture of the Group**

For details of the Group's significant joint venture, please refer to "Note VIII. Interests in other entities".

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party relationships

<u>Related party name</u>	<u>relationship with the Group</u>
Fukang City nonferrous Garden Property Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fukang Nonferrous Metals Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fuyun Hengsheng beryllium Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fuyun Xin Shengtong Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Hami Jinhui Real Estate Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Urumqi Congxin Human Resources Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Urumqi Tianshan Star Precious Metals Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Western Gold Hami Gold Mine Company, Ltd.	Under common control of Xinjiang Non-ferrous Group
Western Gold Yili Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang East Third Ring Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Haoxin Lithium Salt Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Jinhui Real Estate Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Pearl Tourism Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Quanxin Mining and metallurgy Machinery Manufacturing Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Wuxin Copper Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group

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(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party relationships (Continued)

Related party name	relationship with the Group
Xinjiang Nonferrous Metals Group Mingyuan Property Management Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry (Group) Electricity Sales Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry Group Rare Metals Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Zhanxin fire insulation material Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Beijing Baodi Xindi Science and Trade Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Blue Diamond Lithium Tech Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry Group Tianchi Mining Co., Ltd.	An associate of Xinjiang Non-ferrous Group
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	An associate of Xinjiang Non-ferrous Group
Xinjiang Qianxin Mining Co., Ltd.	An associate of Xinjiang Non-ferrous Group
Kuitun Tongguan Metallurgical Co., Ltd.	Other related parties
Shaanxi Jinerxin Mining Co., Ltd.	Other related parties
Shaanxi Mingtai Engineering Construction Co., Ltd.	Other related parties
Shanghai Xingqiang Mining Co., Ltd.	Other related parties

NOTES TO THE FINANCIAL STATEMENTS

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions

(1). Pricing policy

The prices of sales to related parties, purchases from related parties, provision of services by related parties and lease of properties from related parties were based on market price or agreement price.

(2). Purchase and sales of goods, provision and receipt of services

1) Purchases of materials from related parties

Related party	Year ended 31 December 2025	Year ended 31 December 2024
Procurement of production support materials/equipment		
Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:		
Fuyun Xin Shengtong Trading Co., Ltd.	27,590,501.22	21,228,079.14
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	17,117,602.90	17,959,781.12
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	5,828,411.91	238,194.70
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	3,049,823.86	1,742,230.46
Fukang Nonferrous Metals Development Co., Ltd.	2,283,149.34	1,034,538.75
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	1,008,245.29	–
Xinjiang Non-ferrous Metal Industry (Group) Quaxin Construction Co., Ltd.	132,017.70	755,469.03
Western Gold Hami Gold Mine Company, Ltd.	–	244,569.81
Kuitun Tongguan Metallurgical Co., Ltd.	–	110,887.17
Sub-total	57,009,752.22	43,313,750.18
The joint venture of the Group		
Purchase of nickel powder		
Hexin Mining	107,402,097.44	116,223,867.44
Sub-total	107,402,097.44	116,223,867.44
Total	164,411,849.66	159,537,617.62

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2). Purchase and sales of goods, provision and receipt of services (Continued)

2) Acceptance services

Related party	Year ended 31 December 2025	Year ended 31 December 2024
Controlling shareholder and ultimate controlling party		
Other service fees		
Xinjiang Non-ferrous Group	896,745.36	49,659.00
Sub-total	896,745.36	49,659.00
Payment for work and labor		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	197,097,213.09	64,434,404.10
Urumqi Congxin Human Resources Service Co., Ltd.	13,092,954.32	2,556,146.17
Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	713,638.29	–
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	2,113.21	–
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	–	2,183,729.49
Sub-total	210,905,918.91	69,174,279.76
Shipping costs		
Fukang Nonferrous Metals Development Co., Ltd.	2,870,352.98	15,915,191.25
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	–	31,926.61
Sub-total	2,870,352.98	15,947,117.86

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2). Purchase and sales of goods, provision and receipt of services (Continued)

2) Acceptance services (Continued)

Related party	Year ended 31 December 2025	Year ended 31 December 2024
Other services fees		
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	4,375,403.77	3,130,101.77
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	876,429.72	520,862.27
Fukang Nonferrous Metals Development Co., Ltd.	311,674.80	–
Xinjiang Nonferrous Metals Group Mingyuan Property Management Co., Ltd.	167,828.92	–
Western Gold Hami Gold Mine Company, Ltd. Beijing Baodi Xindi Science and Trade Co., Ltd.	149,204.46	–
Xinjiang Nonferrous Metals Industry (Group) Electricity Sales Co., Ltd.	141,592.93	–
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	75,471.70	141,509.43
Hami Jinhui Real Estate Development Co., Ltd. Urumqi Congxin Human Resources Service Co., Ltd.	8,048.36	–
Xinjiang Pearl Tourism Development Co., Ltd.	2,030.56	–
Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	–	16,916.63
Fukang City nonferrous Garden Property Service Co., Ltd.	–	4,365.00
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	–	49,504.95
	–	14,284.52
	–	911,743.96
Sub-total	6,107,685.22	4,789,288.53
Comprehensive services fees		
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	3,226,415.04	3,226,415.09
Sub-total	3,226,415.04	3,226,415.04

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2). Purchase and sales of goods, provision and receipt of services (Continued)

3) Sales of products

Related party	Year ended 31 December 2025	Year ended 31 December 2024
Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:		
Sales of products and energy		
Xinjiang Wuxin Copper Industry Co., Ltd.	689,772,402.76	601,999,244.73
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	19,720,185.89	12,919,603.98
Western Gold Yili Co., Ltd.	3,141,333.28	254,835.93
Fuyun Hengsheng beryllium Industry Co., Ltd.	1,601,605.87	801,429.42
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	986,300.13	1,406,931.01
Shanghai Xingqiang Mining Co., Ltd.	461,251.42	1,465,687.23
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	378,754.08	143,111.49
Urumqi Tianshan Star Precious Metals Co., Ltd.	–	12,705,710.16
Western Gold Hami Gold Mine Company, Ltd.	–	779,433.97
Sub-total	716,061,833.43	632,475,987.92

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2). Purchase and sales of goods, provision and receipt of services (Continued)

4) Rendering of services

Related party	Year ended 31 December 2025	Year ended 31 December 2024
Rendering of services		
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	515,636.45	–
Xinjiang Non-ferrous Group	47,188.68	–
Xinjiang Blue Diamond Lithium Tech Co., Ltd.	33,122.30	–
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	–	116,112.00
Xinjiang Wuxin Copper Industry Co., Ltd.	–	284,449.65
Sub-total	595,947.43	400,561.65

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3). Related leases

The Group as the lessor :

Name of the lessee	Types of leased assets	Lease income recognized in the current year	Lease income recognized in the prior year
Fuyun Xin Shengtong Trading Co., Ltd.	Equipment	246,814.15	150,752.21
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Buildings	80,952.38	100,000.00
Xinjiang Non-ferrous Group	Buildings	66,055.05	66,055.05
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	Buildings	–	132,743.36
Total		393,821.58	449,550.62

The Group as the lessee :

Name of the lessor	Types of leased assets	Year ended 31 December 2025					Year ended 31 December 2024				
		Rent expense for short-term leases and low-value asset leases accounted for with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Interest expense on lease liabilities incurred	Additions to right-of-use assets	Rent expense for short-term leases and low-value asset leases accounted for with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Interest expense on lease liabilities incurred	Additions to right-of-use assets
Xinjiang Non-ferrous Group	Buildings	–	–	60,550.46	14,298.18	519,370.85	–	–	–	–	–
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	Buildings	–	–	1,477,066.16	113,971.50	4,075,543.56	–	–	1,426,774.55	54,680.68	–

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4). Related guarantees

As a guarantor:

Name of the guaranteed party	Amount of guarantee	Starting date	Ending date	Fulfilled or not
Hexin Mining	25,000,000.00	2025-5-10	2026-5-10	No
Hexin Mining	25,000,000.00	2024-5-17	2025-5-17	Yes

(5). Financing transactions with a related party

Related party	borrowing amount	Starting date	Ending date
Borrowed from Xinjiang Non-ferrous Group	300,000,000.00	2025-8-8	2026-8-8

Note: The interest rate of related party borrowing is 2.11%.

(6). Transfer of assets with related party

Related party	Content of related party transactions	Year ended 31 December 2025	Year ended 31 December 2024
Hami Jinhui Real Estate Development Co., Ltd.	Purchase of buildings	6,978,885.87	–

Note: The above transactions have been approved by the board of directors of the subsidiary where the transactions occurred and are priced in accordance with market prices.

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7). Remuneration of key management personnel director and supervisor

Item	Year ended 31 December 2025	Year ended 31 December 2024
Total compensation	4,390,578.11	4,487,120.00

1). Remuneration of Directors, Supervisors and Chief Executive Officer

The remuneration of each of the Directors, Supervisors, and Chief Executive Officer as of 31 December 2025 is set out below:

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowance benefit	Remuneration for other services provided in connection with the management of the Company or its subsidiaries	Total
Director							
Chen Yin ²	-	174,148.35	19,996.80	267,172.61	-	-	461,317.76
Qi Xinhui ¹	-	-	-	-	-	-	-
Zhou Chuanyou	-	-	-	-	-	-	-
Li Jiangping ³	-	394,481.35	48,660.48	222,698.15	-	-	665,839.98
Wang Lijian	-	-	-	-	-	-	-
Chen Yang ⁴	-	-	-	-	-	-	-
Hu Chengye	-	-	-	-	-	-	-
Independent Director							
Hu Benyuan	70,000.00	-	-	-	-	-	70,000.00
Huang Yong	70,000.00	-	-	-	-	-	70,000.00
Lee Tao Wai	118,984.41	-	-	-	-	-	118,984.41
Employees' Representative							
Director							
Zhang Li	-	348,101.27	48,660.48	186,858.15	-	-	583,619.90

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(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7). Remuneration of key management personnel (Continued)

1). Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowance benefit	Remuneration for other services provided in connection with the management of the Company or its subsidiaries	Total
Supervisor							
Yao Wenyong ⁵	20,000.00	-	-	-	-	-	20,000.00
Chen Rong ⁶	-	-	-	-	-	-	-
Li Shouqiang ⁷	-	-	-	-	-	149,348.24	149,348.24
Huang Fakai ⁸	-	-	-	-	-	148,327.52	148,327.52
Lin Su ⁹	20,000.00	-	-	-	-	-	20,000.00
Other key managers							
Shagen Buick ¹⁰	-	307,429.21	44,605.50	186,858.15	-	-	538,892.86
He Hongfeng	-	370,825.23	48,660.48	195,736.71	-	-	615,222.42
Wu Ning	-	311,263.73	48,660.48	169,100.81	-	-	529,025.02
Lin Zhaorong	400,000.00	-	-	-	-	-	400,000.00
Total	698,984.41	1,906,249.14	259,244.22	1,228,424.58	-	297,675.76	4,390,578.11

Notes: 1. Qi Xinhui ceased to serve as Non-executive Director on 29 August 2025; 2. Chen Yin was appointed as Executive Director on 31 May 2024 and re-designated as Non-executive Director on 2 August 2025; 3. Li Jiangping was appointed as Executive Director and General Manager on 29 August 2025; 4. Chen Yang ceased to serve as Non-executive Director on 27 June 2025; 5. Yao Wenyong ceased to serve as Supervisor on 27 June 2025; 6. Chen Rong ceased to serve as Supervisor on 27 June 2025; 7. Li Shouqiang ceased to serve as Supervisor on 27 June 2025; 8. Huang Fakai ceased to serve as Supervisor on 27 June 2025; 9. Lin Su ceased to serve as Supervisor on 27 June 2025; 10. Shagenbieke Alimuhan ceased to serve as Deputy General Manager of the Company on 5 December 2025.

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(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7). Remuneration of key management personnel (Continued)

1). Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)

The remuneration of each of the Directors, Supervisors, and Chief Executive Officer as of 31 December 2024 is set out below :

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowance benefit	Remuneration for other services provided in connection with the management of the Company or its subsidiaries	Total
Director:							
- Qi Xinhui ¹	-	-	-	144,528.00	-	-	144,528.00
- Chen Yin ²	-	438,767.00	47,992.00	-	-	278,503.00	765,262.00
- Guo Quan ³	-	-	-	-	-	-	-
- Zhou Chuanyou	-	-	-	-	-	-	-
- Wang Lijian	-	-	-	-	-	-	-
- Chen Yang	-	-	-	-	-	-	-
- Hu Chengye	-	-	-	-	-	-	-
Independent Directors:							
- Hu Benyuan	70,000.00	-	-	-	-	-	70,000.00
- Huang Yong ⁵	40,833.00	-	-	-	-	-	40,833.00
- Lee Tao Wai	117,808.00	-	-	-	-	-	117,808.00
- Wang Qingming ⁴	29,167.00	-	-	-	-	-	29,167.00
Supervisor:							
- Yao Wenyong	40,000.00	-	-	-	-	-	40,000.00
- Meng Guojun ⁶	16,667.00	-	-	-	-	-	16,667.00
- Li Shouqiang	-	-	-	-	-	276,691.00	276,691.00
- Huang Fakai	-	-	-	-	-	309,312.00	309,312.00
- Lin Su ⁷	23,333.00	-	-	-	-	-	23,333.00
- Chen Rong	-	-	-	-	-	-	-

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(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7). Remuneration of key management personnel (Continued)

1). Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowance benefit	Remuneration for other services provided in connection with the management of the Company or its subsidiaries	Total
Other key management personnel							
- He Hongfeng	-	349,500.00	47,992.00	90,091.00	-	-	487,583.00
- Dong Guoqing ⁸	-	155,293.00	18,300.00	80,859.00	-	-	254,452.00
- Li Jiangping ⁹	-	352,251.00	47,992.00	-	-	333,300.00	733,543.00
- Shagenbieke	-	311,892.00	47,992.00	44,859.00	-	-	404,743.00
- Lin Zhaorong	400,000.00	-	-	-	-	-	400,000.00
- Wu Ning	-	317,845.00	47,992.00	7,361.00	-	-	373,198.00
Total	737,808.00	1,925,548.00	258,260.00	367,698.00	-	1,197,806.00	4,487,120.00

Note: 1. Qi Xinhui left the Company as General Manager in January 2024 and became a Non-executive Director on 20 December 2024; 2. Chen Yin became the Company's General Manager on 29 February 2024 and became an Executive Director on 31 May 2024; 3. Guo Quan left the Company as a Non-executive Director on 31 May 2024; 4. Wang Qingming left the Company as an Independent Non-executive Director on 31 May 2024; 5. Huang Yong departed as an independent non-executive director on 31 May 2024; 6. Meng Guojun departed as an independent supervisor on 31 May 2024; 7. Lin Su departed as an independent supervisor on 31 May 2024; 8. Dong Guoqing departed as a deputy general manager of the Company on 3 June 2024; 9. Li Jiangping departed as a deputy general manager of the Company on 29 February 2024.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7). Remuneration of key management personnel (Continued)

- 2) *In 2025, the Group did not have any retirement benefits for directors (2024: none).*
- 3) *In 2025, there were no termination benefits for directors in the Group (2024: none).*
- 4) *In 2025, the Group did not pay any consideration to third parties for obtaining director services (2024: none).*
- 5) *In 2025, the Group did not make any loans, similar loans, or other transaction information benefiting directors, corporate entities controlled by directors, or related entities of such directors (2025: none).*
- 6) *In 2025, the Group did not enter into any significant transactions, arrangements, or contracts related to the Group's business in which the Group's directors directly or indirectly have a material interest (2024: none).*
- 7) *The remuneration of the directors and supervisors who did not receive any remuneration from the Group during 2025 and 2024 were paid by the shareholders or their subsidiaries of the Company, and the Group did not pay any remuneration to such directors and supervisors.*
- 8) *There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).*
- 9) *There were no emoluments paid by the Group to, or receivable by, the directors or the five highest paid individuals as an inducement to join or upon joining the Group nor as compensation for loss of office during the year (2024: Nil).*

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7). Remuneration of key management personnel (Continued)

10) The five highest-paid individuals

In FY 2025, the top five highest-paid individuals in the Group include two directors (FY 2024: one director), whose remuneration is reflected in the table above; the aggregate remuneration amounts for the other three individuals (FY 2024: four individuals) are set out below:

Item	Year ended 31 December 2025	Year ended 31 December 2024
Basic salary, housing subsidies and other subsidies	989,518.17	2,025,869.00
Bonus	551,695.67	134,950.00
Contributions to pension plans	141,926.46	143,976.00
Remuneration for other services rendered in connection with the management of the Company or subsidiaries	297,675.76	333,300.00
Total	1,980,816.06	2,638,095.00

Range of remuneration:

Item	Number of persons in the current year	Number of persons in the prior year
Within HKD1,000,000	3	4

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Related party receivables and payables balances

(1). Receivables

Item	Related party	Year ended 31 December 2025		Year ended 31 December 2024	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Xinjiang Wuxin Copper Industry Co., Ltd.	1,844,880.30	66,719.67	310,050.12	16,746.96
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	337,406.00	9,751.09	-	-
	Xinjiang Blue Diamond Lithium Tech Co., Ltd.	35,109.64	1,014.66	35,333.34	1,908.49
Sub-total		2,217,395.94	77,485.42	345,383.46	18,655.45
Notes receivable	Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	1,000,000.00	-	-	-
Sub-total		1,000,000.00	-	-	-
Other receivables	Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	260,238.44	-	150,000.00	3,158.51
	Fuyun Xin Shengtong Trading Co., Ltd.	204,738.00	-	225,838.00	8,310.19
	Xinjiang Blue Diamond Lithium Tech Co., Ltd.	196,625.20	-	194,294.78	4,091.22
	Fuyun Hengsheng beryllium Industry Co., Ltd.	190,371.37	-	459,967.83	15,123.69
	Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	113,649.68	-	-	-
	Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	74,566.36	-	16,500.00	1,404.49
	Xinjiang Zhanxin fire insulation material Co., Ltd.	43,020.00	43,020.00	43,020.00	43,020.00
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	-	-	26,213.69	551.98
	Xinjiang Qianxin Mining Co., Ltd.	-	-	53,746.78	1,131.73
	Sub-total		1,083,209.05	43,020.00	1,169,581.08
Other current assets	Shanghai Xingqiang Mining Co., Ltd.	3,541,013.50	-	1,656,226.60	-

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Related party receivables and payables balances (Continued)

(2). Payables

Item	Related party	Year ended 31 December 2025	Year ended 31 December 2024
Accounts payable	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	53,624,425.59	16,323,640.81
	Hexin Mining	36,783,558.11	25,610,789.79
	Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	4,126,725.59	5,410,743.95
	Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	3,400,279.26	14,437,692.93
	Xinjiang Quanxin Mining and metallurgy Machinery Manufacturing Co., Ltd.	1,505,236.00	2,900,589.88
	Fuyun Xin Shengtong Trading Co., Ltd.	1,441,813.34	1,912,203.54
	Fukang Nonferrous Metals Development Co., Ltd.	954,653.68	4,794,786.51
	Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	574,636.19	67,989.00
	Xinjiang Nonferrous Metals Research Institute Co., Ltd.	501,740.00	30,800.00
	Xinjiang East Third Ring Trading Co., Ltd.	156,195.20	156,195.20
	Western Gold Hami Gold Mine Company, Ltd.	11,000.00	16,049.84
	Xinjiang Nonferrous Metals Industry Group Tianchi Mining Co., Ltd.	88,892.40	-
	Xinjiang Nonferrous Metals Industry Group Rare Metals Co., Ltd.	10,300.00	10,300.00
	Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	502,228.60	5,016.60
	Xinjiang Nonferrous Metals Industry (Group) Electricity Sales Co., Ltd.	-	50,000.00
	Urumqi Congxin Human Resources Service Co., Ltd.	-	28,000.00
Sub-total		103,681,683.96	71,754,798.05

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1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Related party receivables and payables balances (Continued)

(2). Payables (Continued)

Item	Related party	Year ended 31 December 2025	Year ended 31 December 2024	
Other payables	Xinjiang Non-ferrous Group	300,224,017.21	–	
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	41,758,710.80	45,050,055.50	
	Shaanxi Jinerxin Mining Co., Ltd.	4,922,145.24	4,922,145.24	
	Shaanxi Mingtai Engineering Construction Co., Ltd.	3,834,074.13	3,834,074.13	
	Fukang Nonferrous Metals Development Co., Ltd.	625,100.00	500,000.00	
	Xinjiang Quanxin Mining and metallurgy Machinery Manufacturing Co., Ltd.	500,000.00	500,000.00	
	Xinjiang Nonferrous Metals Research Institute Co., Ltd.	389,532.73	487,292.73	
	Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	120,000.00	–	
	Hexin Mining	34,360.75	–	
	Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	100,739.21	739.21	
	Xinjiang Nonferrous Metals Group Mingyuan Property Management Co., Ltd.	–	44,914.32	
	Sub-total		352,508,680.07	55,339,221.13
	Contract liabilities	Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	793,254.58	400,735.50
Xinjiang Wuxin Copper Industry Co., Ltd.		226,864.77	–	
Fuyun Hengsheng beryllium Industry Co., Ltd.		7,590.26	56,007.08	
Western Gold Hami Gold Mine Company, Ltd.		4,684.42	–	
Sub-total		1,032,394.03	456,742.58	

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Related party receivables and payables balances (Continued)

(2). Payables (Continued)

Item	Related party	Year ended 31 December 2025	Year ended 31 December 2024
Other current liabilities	Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	103,123.10	-
	Xinjiang Wuxin Copper Industry Co., Ltd.	29,492.43	-
	Fuyun Hengsheng beryllium Industry Co., Ltd.	986.74	-
	Western Gold Hami Gold Mine Company, Ltd.	608.98	-
Sub-total		134,211.25	-
Lease liabilities	Xinjiang Nonferrous Metals Research Institute Co., Ltd.	1,404,647.03	-
	Xinjiang Non-ferrous Group	369,820.62	-
Sub-total		1,774,467.65	-
Lease liabilities due within one year	Xinjiang Nonferrous Metals Research Institute Co., Ltd	1,358,093.50	-
	Xinjiang Non-ferrous Group	47,871.12	-
Sub-total		1,405,964.62	-

NOTES TO THE FINANCIAL STATEMENTS

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XIII. SHARE BASE PAYMENT

1. General information on share-based payment

According to the 2021 H-share Appreciation Rights Incentive Plan of Xinjiang Xinxin Mining Industry Co., Ltd. (“**incentive plan**”), which was resolved and approved by The Group’s general meeting held on 29 October 2021, The Group implemented the stock appreciation right incentive plan to 150 middle and senior management and other key personnel (“**incentive recipients**”) as determined, and granted a total of 63,500,000 stock appreciation rights to the incentive recipients. The exercise price of such stock appreciation rights is HKD1.58 per share, and the incentive recipients will exercise the rights in three installments within 36 months after serving 24 months from the date of registration (29 October 2021) if The Group and the incentive recipients achieve the predetermined performance conditions, with exercise ratios of 33%, 33%, and 34% for each period. The stock appreciation rights are valid for a period of 5 years from 29 October 2021.

According to relevant provisions of the Incentive Plan and the authorization granted by the general meeting, the Board of the Company considered and approved the adjustments to the list of Participants, the number of Effective Equity Interests and the exercise price under the Incentive Plan on 31 May 2024 and 2 August 2025, the number of grantees under the Incentive Plan of The Group was respectively adjusted from 150 to 118, 118 to 96; the number of effective interests was respectively adjusted from 63,500,000 to 43,985,000; 43,985,000 to 34,685,000; and the exercise price was adjusted from HKD1.58 per share to HKD1.36 per share, HKD1.36 per share to HKD1.31 per share. The exercise price for the second tranche shall be HKD1.31 per share.

Pursuant to the board resolution dated 5 September 2025, the conditions for the second vesting period have been satisfied, and 5 September 2025 is the vesting date.

Shares or other equity instruments outstanding at the end of the year

Category of grant recipients	Share options issued and outstanding at the end of the period		Other equity instruments issued and outstanding at the end of the period	
	Range of exercise prices	Remaining term of contract	Range of exercise prices	Remaining term of contract
Middle and senior management and other key personnel	HK\$1.31/share	The incentive plan shall – be valid for a period of five years from the date of registration of the initial grant	–	–

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

XIII. SHARE BASE PAYMENT (CONTINUED)

2. Cash-settled share-based payments

Item	Current period
Method of determining the fair value of liabilities assumed by the Company and determined by calculations based on shares or other equity instruments	Black – Scholes – Merton (BSM) model
Significant parameters of the fair value of liabilities assumed by the Company and determined by calculations based on shares or other equity instruments	Risk-free rate, volatility, dividend yield ratio
Amount of accumulated liability arising from cash-settled share-based payments in liabilities	–

3. Share-based Payment Expenses

Category of grant recipients	Year ended 31 December 2025			Year ended 31 December 2024		
	Equity-settled Share-based Payment	Cash-settled Share-based Payment	Total	Equity-settled Share-based Payment	Cash-settled Share-based Payment	Total
Middle and Senior Management Personnel	–	2,014,542.87	2,014,542.87	–	–	–
Other Core Key Personnel	–	4,099,874.42	4,099,874.42	–	–	–
Total	–	6,114,417.29	6,114,417.29	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

XIV. COMMITMENTS AND CONTINGENCIES

1. Capital expenditure commitments

(1). Significant commitments existing at the balance sheet date

Capital expenditure commitments contracted but not yet recognized in the balance sheet date

Item	31 December 2025	31 December 2024
Houses, buildings, shaft and alley structures, machinery and equipment and engineering construction	51,259,626.79	225,267,590.62

2. Contingencies

(1). Significant contingencies existing at the balance sheet date

1) Environment contingencies

Historically, the Group has not incurred any significant expenditure on environmental issues. In addition, apart from those disclosed in Note V. 37, the Group is currently not involved in any environmental incidents, nor has any provisions been made for environmental compensation related to operations. Under existing legal provisions, management believes that there will be no potential liabilities that would have a significant adverse impact on the financial condition or operating performance of the Group. The Chinese government, however, may move further towards the adoption of more stringent environmental protection standards.

Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites (including, but not limited to mines and land development areas, whether operating, closed or sold);(ii) the extent of required cleanup efforts; (iii) the cost of various remediation strategies;(iv) changes in environmental remediation requirements; and (v) the identification of new sites requiring remediation. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present and could be material.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (Continued)

(1). Significant contingencies existing at the balance sheet date (Continued)

2) Insurance

The Group purchases personal accident injury commercial insurance for its employees working underground and commercial insurance for its underground mining equipment. However, such insurance may not be sufficient to cover the potential future losses. Although the possible impact of underinsurance on future contingencies cannot be reasonably anticipated at this time, management believes that the above events could have a material adverse effect on the Group's operating performance or financial condition.

3) Providing guarantees

For details, see Note XII. 5. (4).

4) Pending Litigation

Huaou Mining, a subsidiary of the Group, is involved in a litigation with a third-party supplier arising from a construction contract. The claimed amount is approximately RMB7,637,928.70. The case is currently ongoing.

XV. FUTURE EVENTS AFTER THE BALANCE SHEET

1. Significant Non-Adjusting Events

No significant non-adjusting events occurred during the year.

2. Profit Distribution

According to the resolution of the 12th meeting of the 7th Board of Directors on March 27, 2026, the Board of Directors proposed that the Company intends to distribute a cash dividend of RMB0.05 per share (including tax) to all shareholders of the Company based on the total share capital of 2,210,000,000 shares as of December 31, 2025, for a total of RMB110,500,000.00 (including tax) for the 2025 final dividend.

The above matters are still subject to the approval of the shareholders' annual general meeting of the Group and have not been recognized as liabilities in these financial statements.

3. Other Explanations on Events After the Balance Sheet Date

According to the board resolution of 4 March 2026, Xinxin Mining carried out internal integration of its subsidiaries Xinjiang Yakesi, Hami Juba, and Zhongxin Mining. Xinxin Mining acquired 0.486% of the equity of Xinjiang Yakesi held by Hami Juba. After the completion of the equity acquisition, Xinjiang Yakesi absorbed and merged Hami Juba and Zhongxin Mining. As of the date of this report, the absorption and merger work has not yet been completed.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern, thereby providing returns for shareholders and benefits for other stakeholders and maintaining an optimal capital structure to reduce the cost of capital.

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

Consistent with other companies in the same industry, the Group monitors its capital based on the gearing ratio, which is calculated as net debt divided by total capital. Net debt is equal to total borrowings (including short-term borrowings, long-term borrowings, bonds payable, Loans from a related party, etc.) less cash and cash equivalents. Total capital is the sum of owners' equity as shown in the consolidated balance sheet and net debt.

During period ending 31 December 2025, the Group's strategy is to maintain a gearing ratio below 30%, which is consistent with the previous year. As at 31 December 2025 and 31 December 2024, the Group's gearing ratios were as follows:

	31 December 2025	31 December 2024
Total borrowing	2,110,563,748.23	763,700,000.00
Including: Short-term borrowings	436,950,536.26	200,000,000.00
Long-term borrowing	1,296,113,211.97	298,700,000.00
Long-term loans due within one year	77,500,000.00	265,000,000.00
Loans from a related party	300,000,000.00	–
Less: Cash and cash equivalents	419,593,781.85	582,405,823.83
Net debt (a)	1,690,969,966.38	181,294,176.17
Owners' equity (b).	5,442,416,453.96	6,463,116,439.99
Total capital (c) = (a) + (b).	7,133,386,420.34	6,644,410,616.16
Gearing ratio (a)/(c)	23.71%	2.73%

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. OTHER SIGNIFICANT EVENTS

1. Segment information

(1). Basis for Determination of Reportable Segments and Accounting Policies

The Group is principally engaged in the mining, separation, smelting and refining of copper and nickel ores, and the processing and sale of copper, nickel and other non-ferrous metals. Based on the Group's internal organizational structure, management requirements, internal reporting system, and the provisions of Interpretation of the Accounting Standards for Business Enterprises No. 3 for enterprises to report segment information, management considers the Group as a whole to be one operating segment.

2025 and 2024, the Group's sales operations were conducted in China, and the Group's assets and liabilities were also in China.

During the 2025, the sales revenue of the top three customers of the Group accounted for 26.93%、21.57% and 17.47% of the Group's total sales revenue, respectively. (2024:26.27%、21.32% and 12.15%).

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1). Accounts receivable presented by aging

Aging	31 December 2025	31 December 2024
Within 1 year	295,133,009.30	418,968,957.17
1-2 years	310,050.12	–
2-3 years	–	149,894.76
3-4 years	–	–
4-5 years	–	–
Over 5 years	2,232,501.38	2,232,501.38
Sub-total	297,675,560.80	421,351,353.31
Less:bad debt provision	2,522,196.50	2,488,924.29
Total	295,153,364.30	418,862,429.02

Note: Accounts receivable are disclosed by aging based on the initial recording date.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2). Presentation of accounts receivable by bad accrual method

Type	31 December 2025				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	-	-	-	-	-
Provision for bad debts made based on credit risk characteristics portfolio	297,675,560.80	100.00	2,522,196.50	0.85	295,153,364.30
Including:					
related party portfolio	2,217,395.94	0.74	77,485.43	3.49	2,139,910.51
Non-related party portfolio	295,458,164.86	99.26	2,444,711.07	0.83	293,013,453.79
Total	297,675,560.80	100.00	2,522,196.50		295,153,364.30

(Continued):

Type	31 December 2024				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	-	-	-	-	-
Provision for bad debts made based on credit risk characteristics portfolio	421,351,353.31	100.00	2,488,924.29	0.59	418,862,429.02
Including:					
related party portfolio	345,383.46	0.08	18,655.45	5.40	326,728.01
Non-related party portfolio	421,005,969.85	99.92	2,470,268.84	0.59	418,535,701.01
Total	421,351,353.31	100.00	2,488,924.29		418,862,429.02

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2). Presentation of accounts receivable by bad accrual method (Continued)

Provision for bad debts made based on credit risk characteristics portfolio:

i) Portfolio provision items:

Portfolio – Accounts receivable from related party customers

Aging	31 December 2025		
	Accounts receivable	Accrual ratio (%)	Book value
Not overdue	1,907,345.82	2.89	55,122.60
1-6 months overdue	–	–	–
7-18 months overdue	310,050.12	7.21	22,362.83
More than 18 months overdue	–	–	–
Total	2,217,395.94		77,485.43

(Continued):

Aging	31 December 2024		
	Accounts receivable	Accrual ratio (%)	Book value
Not overdue	345,383.46	5.40	18,655.45
1-6 months overdue	–	–	–
7-18 months overdue	–	–	–
More than 18 months overdue	–	–	–
Total	345,383.46		18,655.45

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2). Presentation of accounts receivable by bad accrual method (Continued)

Provision for bad debts made based on credit risk characteristics portfolio: (Continued)

i) Portfolio provision items: (Continued)

Portfolio – Accounts receivable from Non- related Party Customers

Aging	31 December 2025		
	Accounts receivable	Accrual ratio (%)	Book value
Not overdue	293,225,663.48	0.07	212,209.69
1-6 months overdue	–	–	–
7-18 months overdue	–	–	–
More than 18 months overdue	–	–	–
Total	293,225,663.48		212,209.69

(Continued):

Aging	31 December 2024		
	Accounts receivable	Accrual ratio (%)	Book value
Not overdue	418,623,573.71	0.04	187,982.37
1-6 months overdue	–	–	–
7-18 months overdue	–	–	–
More than 18 months overdue	2,382,396.14	95.80	2,282,286.47
Total	421,005,969.85		2,470,268.84

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(3). Provisions for bad debts on accounts receivable accrued, recovered, and reversed during the year

Type	31 December 2024	Changes in the current period			31 December 2025
		Accrual	Recovery or reversal	Write-off or reversal	
Bad debt provision on an individual basis	-	-	-	-	-
Provision for bad debts made based on credit risk characteristics portfolio	2,488,924.29	33,272.21	-	-	2,522,196.50
Total	2,488,924.29	33,272.21	-	-	2,522,196.50

(4). Details of accounts receivable actually written off during the year

No accounts receivable were written off by the Group during the year.

(5). Accounts receivable with top five closing balances by debtors

Name of the organization	Closing balance of accounts receivable	Ratio of the total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable
Total accounts receivable with top-five balances	295,819,339.58	99.38	1,081,823.39

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

Item	31 December 2025	31 December 2024
Interest receivable	46,535,400.00	44,255,750.00
Other receivables	11,949,967.48	13,667,794.72
Total	58,485,367.48	57,923,544.72

(1). Interest receivable

1) Classification of interest receivable

Item	31 December 2025	31 December 2024
Entrusted loans	46,535,400.00	44,255,750.00
Total	46,535,400.00	44,255,750.00

(2). Other receivable

1) Other receivables categorized by aging

Aging	31 December 2025	31 December 2024
Within 1 year	1,165,257.35	676,232.20
1-2 years	406,815.96	938,188.45
2-3 years	469,097.57	562,407.64
3-4 years	454,895.14	231,498.50
4-5 years	147,637.50	1,067,220.00
Over 5 years	9,434,274.35	10,471,680.85
Total	12,077,977.87	13,947,227.64

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2). Other receivable (Continued)

2) Presentation of other receivables by bad debt accrual method

Type	31 December 2025				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	43,020.00	0.36	43,020.00	100.00	-
Provision for bad debts made based on credit risk characteristics portfolio	12,034,957.87	99.64	84,990.39	0.71	11,949,967.48
Including:					
related party portfolio	11,280,989.91	93.40	-	-	11,280,989.91
Non-related party portfolio	753,967.96	6.24	84,990.39	11.27	668,977.57
Total	12,077,977.87	100.00	128,010.39		11,949,967.48

(Continued):

Type	31 December 2024				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	43,020.00	0.31	43,020.00	100.00	-
Provision for bad debts made based on credit risk characteristics portfolio	13,904,207.64	99.69	236,412.92	1.70	13,667,794.72
Including:					
related party portfolio	12,902,976.45	92.51	-	-	12,902,976.45
Non-related party portfolio	1,001,231.19	7.18	236,412.92	23.61	764,818.27
Total	13,947,227.64	100.00	279,432.92		13,667,794.72

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2). Other receivable (Continued)

2) Presentation of other receivables by bad debt accrual method (Continued)

Other receivables – individual provision:

Name	31 December 2025				31 December 2024	
	Book balance	Bad debt provision	Bad debt provision (%)	Basis for Provision	Book balance	Bad debt provision
Xinjiang Zhanxin fire insulation material Co., Ltd.	43,020.00	43,020.00	100.00	Bankruptcy proceedings have been initiated, and recovery is considered unlikely.	43,020.00	43,020.00
Total	43,020.00	43,020.00			43,020.00	43,020.00

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2). Other receivable (Continued)

2) Presentation of other receivables by bad debt accrual method (Continued)

Provision for bad debts made based on credit risk characteristics portfolio:

Portfolio Provision Items:

Aging	31 December 2025		
	Other receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	1,165,257.35	9,335.81	0.80
1-2 years	406,815.96	52.26	0.01
2-3 years	426,077.57	7,652.30	1.80
3-4 years	454,895.14	–	–
4-5 years	147,637.50	–	–
Over 5 years	9,434,274.35	67,950.02	0.72
Total	12,034,957.87	84,990.39	

Aging	31 December 2024		
	Other receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	676,232.20	14,817.72	2.19
1-2 years	895,168.45	114,652.29	12.81
2-3 years	562,407.64	–	–
3-4 years	231,498.50	89,993.89	38.87
4-5 years	1,067,220.00	–	–
Over 5 years	10,471,680.85	16,949.02	0.16
Total	13,904,207.64	236,412.92	

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2). Other receivable (Continued)

3) Provision for bad debts

	Stage 1 Expected credit loss over the next 12 months	Stage 2 expected credit loss (No credit impairment occurred)	Stage 3 expected credit loss (No credit impairment occurred)	Total
Bad debt provision				
Balance as at 31 December 2024	279,432.92	-	-	279,432.92
Balance in current period as at 31 December 2024	279,432.92	-	-	279,432.92
- Transferred to Stage 2	-	-	-	-
- Transferred to Stage 3	-	-	-	-
- Transferred back to Stage 2	-	-	-	-
- Transferred back to Stage 1	-	-	-	-
Accrual in current year	-151,422.53	-	-	-151,422.53
Reversal in current year	-	-	-	-
Charge-offs in the year	-	-	-	-
Write-offs in the year	-	-	-	-
Other changes	-	-	-	-
Balance as at 31 December 2025	128,010.39	-	-	128,010.39

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2). Other receivable (Continued)

4) Provisions for bad debts on other receivables accrued, recovered, and reversed during the year

Type	31 December 2024	Changes during the year				31 December 2025
		Accrual	Recovery or reversal	Write-off/ Reversal	Other changes	
Bad debt provision on an individual basis	43,020.00	-	-	-	-	43,020.00
Provision for bad debts made based on credit risk characteristics portfolio	236,412.92	-151,422.53	-	-	-	84,990.39
Total	279,432.92	-151,422.53	-	-	-	128,010.39

5) Other receivables actually written off during the year

There were no write-offs of other receivables during the year.

6) Other receivables with significant closing balances by debtors

Name of the organization	Nature of payment	31 December 2025	Aging	Ratio of the total closing balance of other receivables (%)	Bad debt provision
Shaanxi Xinxin Mining Co., Ltd.	Current money	11,053,895.79	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, and more than 5 years	91.49	-
Total	-	11,053,895.79	-	91.49	-

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2). Other receivable (Continued)

7) Other receivables categorized by nature of payment

Nature of the payment	31 December 2025	31 December 2024
Social security advances receivable from related parties	11,324,009.91	12,902,976.45
Social Security advances receivable	475,234.70	528,520.18
Deposit	22,000.00	–
Others	260,718.94	515,731.01
Less: bad debt provision	128,010.39	279,432.92
Total	11,953,953.16	13,667,794.72

3. Long-term equity investments

Item	31 December 2025		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	3,385,512,520.87	198,659,156.75	3,186,853,364.12
Investment in a joint venture	213,688,599.34	–	213,688,599.34
Total	3,599,201,120.21	198,659,156.75	3,400,541,963.46

Item	31 December 2024		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	2,510,131,420.87	198,659,156.75	2,311,472,264.12
Investment in a joint venture	209,788,023.73	–	209,788,023.73
Total	2,719,919,444.60	198,659,156.75	2,521,260,287.85

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(1). Investment in subsidiaries

Investee	31 December 2024 (Book Value)	Opening balance of impairment provision	Changes during the year				31 December 2025 (Book Value)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Kalatongke Mining	1,230,000,000.00	-	-	-	-	-	1,230,000,000.00	-
Xinjiang Yakesi	720,171,915.12	-	-	-	-	-	720,171,915.12	-
Hami Jubao	206,100,349.00	-	-	-	-	-	206,100,349.00	-
Beijing Xinding	145,000,000.00	-	-	-	-	-	145,000,000.00	-
Shaanxi Xinxin	80,000,000.00	80,000,000.00	-	-	-	-	80,000,000.00	80,000,000.00
Zhongxin Mining	118,659,156.75	118,659,156.75	-	-	-	-	118,659,156.75	118,659,156.75
Mengxi Mining	10,200,000.00	-	-	-10,200,000.00	-	-	-	-
Huaou Mining	-	-	885,581,100.00	-	-	-	885,581,100.00	-
Total	2,510,131,420.87	198,659,156.75	885,581,100.00	-10,200,000.00	-	-	3,385,512,520.87	198,659,156.75

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(2). Investment in a joint venture

Investee	31 December 2024 (Book Value)	Opening balance of impairment provision	Changes during the year								31 December 2025 (Book Value)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Gains on investments recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
Hexin Mining	209,788,023.73	-	-	-	3,900,575.61	-	-	-	-	-	213,688,599.34	-
Total	209,788,023.73	-	-	-	3,900,575.61	-	-	-	-	-	213,688,599.34	-

4. Revenue and cost of sales

(1). Details of revenue and cost of sales

Item	Year ended 31 December 2025		Year ended 31 December 2025	
	Revenue	cost	Revenue	cost
Main operation	2,306,219,385.50	2,045,124,768.46	2,092,035,242.24	1,873,680,590.39
Other operations	4,235,035.07	331,804.72	5,946,307.25	1,789,775.10
Total	2,310,454,420.57	2,045,456,573.18	2,097,981,549.49	1,875,470,365.49

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(2). Details of revenue and costs

Type	Year ended 31 December 2025	
	Revenue	cost
Item		
Including:		
Main operation	2,306,219,385.50	2,045,124,768.46
Including: Nickel cathode	1,336,393,762.77	1,264,258,176.25
Copper cathode	687,316,044.92	648,127,022.39
Electrolytic Cobalt	72,205,250.37	36,949,286.68
Copper leaching tailings and precious metal materials, etc.	192,703,453.65	90,410,816.21
Other	17,600,873.79	5,379,466.93
Other operations	4,235,035.07	331,804.72
Including: Sales of materials	164,340.77	90,182.67
House rent	454,254.31	22,306.28
Sales of electricity	410,765.91	–
Orefield heating	3,205,674.08	219,315.77
Classified by region of operation	2,310,454,420.57	2,045,456,573.18
Including: Domestic	2,310,454,420.57	2,045,456,573.18
Overseas	–	–
Classification by time of goods transfer	2,310,454,420.57	2,045,456,573.18
Including: Transfer at a point in time	2,309,425,059.58	2,045,344,084.23
Transfer over time	1,029,360.99	112,488.95
Classified by sales	2,310,454,420.57	2,045,456,573.18
Including: Direct sales	2,310,454,420.57	2,045,456,573.18
Total	2,310,454,420.57	2,045,456,573.18

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(2). Details of revenue and costs (Continued)

Type	Year ended 31 December 2024	
	Revenue	cost
Item		
Including:		
Main operation	2,092,035,242.24	1,873,680,590.39
Including: Nickel cathode	1,161,909,194.45	1,098,165,288.37
Copper cathode	601,838,270.42	569,712,464.54
Copper leaching tailings and precious metal materials, etc.	310,383,175.40	197,805,497.93
Other	17,904,601.97	7,997,339.55
Other operations	9,448,299.71	2,510,519.94
Including: Sales of materials	5,946,307.25	1,789,775.10
House rent	2,100,419.47	–
Sales of electricity	164,340.77	94,927.84
Orefield heating	825,137.00	625,817.00
Other	412,095.22	–
Classified by region of operation	2,097,981,549.49	1,875,470,365.49
Including: Domestic	2,097,981,549.49	1,875,470,365.49
Overseas	–	–
Classification by time of goods transfer	2,097,981,549.49	1,875,470,365.49
Including: Transfer at a point in time	2,096,579,976.50	1,874,749,620.65
Transfer over time	1,401,572.99	720,744.84
Classified by sales	2,097,981,549.49	1,875,470,365.49
Including: Direct sales	2,097,981,549.49	1,875,470,365.49
Total	2,097,981,549.49	1,875,470,365.49

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(3). Information related to performance obligations

The Group's sales of electrolytic nickel and copper cathode are all performed at a point in time according to sales contracts. As for the performance obligations performed at a point in time, revenue is recognized when the customer obtains control.

(4). Transaction Price Allocated to Remaining Performance Obligations

The amount of revenue corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed as at the end of the year amounts to RMB6,400,000.00, which is expected to be recognized as revenue in 2026.

5. Investment income

Item	Year ended 31 December 2025	Year ended 31 December 2024
Income from long-term equity investments accounted for under the equity method	3,900,575.61	5,659,881.94
The investment income resulting from the liquidation of the subsidiary company	-4,872,599.76	–
Total	-972,024.15	5,659,881.94

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 – 31 December 2025

(Unless indicated otherwise, all amounts are expressed in RMB)

XIX. SUPPLEMENTARY INFORMATION

1. Statement of non-recurring gains and losses for the year

Item	Year ended 31 December 2025	Year ended 31 December 2024
Gains or losses on disposal of non-current assets	-1,417,448.46	310,956.42
Government grants recognized in the current profit or loss (except for government grants that are closely related to the Company's normal operating business, in accordance with national policies, enjoyed in accordance with defined standards, and have a continuous impact on the Company's profit or loss)	3,190,569.21	33,597,316.82
Net profit or loss of subsidiaries arising from business combinations under common control from the beginning of the period to the combination date	-2,837,715.47	–
Reversal of impairment provisions for receivables for which impairment tests are performed individually	137,104.44	–
Gains or losses on debt restructuring	–	161,263.33
Gains or losses arising from changes in the fair value of employee benefits payable after the vesting date in respect of cash-settled share-based payment arrangements	–	128,660.91
Non-operating income and expenses other than those mentioned above	-2,200,235.61	-2,837,631.28
Sub-total	-3,127,725.89	13,656,893.30
Less: effect of the income tax	-601,840.23	4,785,370.53
Effect of non-controlling interests (after tax)	-1,189,240.69	125,627.09
Total	-1,336,644.97	26,449,568.58

2. Return on net assets and earnings per-share

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent company	3.57	0.088	0.088
Net profit attributable to ordinary shareholders of the parent company after deducting non-recurring gains and losses	3.59	0.088	0.088

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the Group on 27 March 2026.



Xinjiang Xinxin Mining Industry Co., Ltd.*
新疆新鑫礦業股份有限公司