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Hong Kong Gold Industry Group Limited
香港黃金產業集團有限公司

(formerly known as Add New Energy Investment Holdings Group Limited.
(愛德新能源投資控股集團有限公司))
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 02623)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Reference is made to the annual report of the Hong Kong Gold Industry Group Limited (formerly known as Add New Energy Investment Holdings Group Limited) (the "**Company**", and together with its subsidiaries, the "**Group**") for the year ended 31 December 2025 ("**FY2025**") published on 30 April 2026 (the "**Annual Report**").

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide additional information regarding the impairment losses recorded by the Group for FY2025 as follows.

As disclosed in the Annual Report, during FY2025, the Group recognised impairment loss on property, plant and equipment of approximately RMB35.4 million (2024: nil), impairment loss on right-of-use assets of approximately RMB9.8 million (2024: nil), and impairment loss on intangible assets of approximately RMB5.7 million (2024: nil). The recognition of such impairment losses was attributable to the decrease in the recoverable amounts of the property, plant and equipment, right-of-use assets and intangible assets related to the Zhuge Shangyu ilmenite ore mine (collectively referred to as "**Zhuge Shangyu Related Assets**").

As a standard audit procedure in connection with preparation of the audited consolidated financial statements of the Group for FY2025, the Company engaged an independent valuer (the "**Valuer**") to assess the fair values of the Zhuge Shangyu Related Assets as at 31 December 2025. For the purpose of the impairment assessments, the management of the Group determined the recoverable amounts of the Zhuge Shangyu Related Assets as at 31 December 2025 based on their fair values less costs of disposal (FVLCD), with the support of the valuation performed by the Valuer (the "**Valuation**").

Valuation Approach Adopted

The Valuer applied the discounted cash flow approach in the Valuation to determine the fair values of the Zhuge Shangyu Related Assets as at 31 December 2025. This valuation approach takes into account the future revenue and specific characteristics of the business concerned, and discounts the forecasted future economic benefits (i.e. projected cash flows) back to their values as at the present date, generating a net present value for the cash flow stream of the Zhuge Shangyu Related Assets. Cash flow projections were prepared based on the financial budgets approved by the management covering the estimated remaining useful life of the Zhuge Shangyu ilmenite ore mine, which reflected the cash flows to be generated from sales of the titanium and iron concentrates produced from the operations at the mine, less estimated costs.

Given that the management was able to provide specific future business plans and financial projections, and that the values of the Zhuge Shangyu Related Assets are closely associated with their ability to generate future cash flows, the discounted cash flow approach was considered the appropriate valuation approach to be adopted for the purpose of the Valuation. This valuation approach had been consistently applied in determining the fair values of the Zhuge Shangyu Related Assets as at 31 December 2024 and 2025 respectively.

Basis of Determination of Key Valuation Inputs

Forecast Period

In relation to the cash flow projections, the forecast period was the 17-year period from 2026 to 2042.

Under the current policies in respect of mine administration in the Chinese mainland, the mining license can be renewed upon expiry without further significant consideration payable provided that levy payments at the rate of 1.8% of the sales value of the processed minerals sold (which has been taken into account in the projected cash outflows) are continuously made. The management expected that mining and production activities at the Zhuge Shangyu ilmenite ore mine could be conducted until 2042 based on the mineral reserve available in the Zhuge Shangyu mining area, and accordingly, as at 31 December 2025, the Zhuge Shangyu Related Assets would have a remaining useful life of 17 years up to 2042.

Sales Price

In projecting the cash inflows, the unit selling prices were forecasted based on the current market prices and the management's estimates, and conservatively estimated to remain constant during the forecast period.

From independent market research and industry disclosures, it was noted that the titanium ore market was characterised by significant price volatility and cyclical fluctuations, driven by a confluence of factors that were inherently difficult to forecast with precision. Such factors include, among other things,

- supply-side disruptions and geopolitical factors: Titanium ore prices may exhibit sudden fluctuations caused by supply chain disruptions, export restrictions imposed by major producing countries, trade disputes and sanctions. Geopolitical tensions and uncertainty surrounding trade policies can lead to abrupt price spikes or supply shortages, further exacerbating price volatility; and

- inventory and destocking cycles: Industry analysis indicates that TiO_2 pricing (and, by extension, upstream titanium ore pricing) tends to move up and down in a cyclical manner depending largely on global economic conditions. Price movements are further complicated by customer and producer inventory stocking and destocking behaviours, which can cause prices to lag behind underlying demand shifts by up to twelve months, introducing additional unpredictability into forward price projections.

In the light of the above market characteristics, the management formed the view that prices might rise or fall depending on the interplay of global economic conditions, supply disruptions, currency movements and inventory cycles, none of which can be predicted with sufficient reliability over the forecast period.

The management further reviewed various market forecasts and concluded that it would not be appropriate to build directional price assumptions (whether inflationary or deflationary) into the forecast. In accordance with the prudence concept underlying impairment testing under HKAS 36, the management decided to adopt the current market prices as the unit selling prices for the forecast period as they were from reliable sources and supportable.

The Valuer concurred with management's assessment. Given the demonstrated historical volatility and cyclicality of the titanium ore market, the Valuer considered that holding the unit selling prices constant at current market levels for the forecast period would provide a reasonable and prudent basis for the impairment assessment.

Discount Rate

A discount rate was applied to derive the present value of the after-tax cash flows projected to be generated by the Zhuge Shangyu Related Assets. The discount rate applied was equivalent to the weighted average cost of capital (WACC) of the Zhuge Shangyu Related Assets, which was calculated based on the following factors:

- the costs of equity, which was estimated using the Capital Asset Pricing Model (CAPM) with reference to comparable listed mining companies in the titanium ore sector;

- the costs of debts, which was taken to be the long-term loan prime rate (LPR) applicable in the People's Republic of China as at 31 December 2025; and

- the capital structure with reference to comparable listed mining companies in the titanium ore sector.

The above yield a pre-tax discount rate of 17.5% and an after-tax discount rate of 14.5%.

Material Changes in Valuation Inputs and Assumptions

As compared with the valuation conducted in respect of the fair value of the Zhuge Shangyu Related Assets as at 31 December 2024, the major changes in the valuation inputs and assumptions lie in the discount rates used. For the purpose of the Valuation, higher pre-tax discount rate of 17.5% (2024: 16.6%) and after-tax discount rate of 14.5% (2024: 11.51%) were adopted.

In determining the applicable discount rates, the Valuer took into account the revenue forecast uncertainty arising from the geopolitical factors, which could give rise to additional risk premium regarding the achievability of future revenues. Besides, the full ramp-up of the Zhuge Shangyu ilmenite ore mine had been delayed compared to the projection adopted as at 31 December 2024, resulting in a corresponding extension of the capital payback period. The increased uncertainty surrounding the timing of cash flow realisation necessitated the application of higher discount rates.

While there was no material change in the projected overall net cash flows during the forecast period, the higher discount rates applied led to a reduction in the aggregate of the present values of the after-tax cash flows projected to be generated by the Zhuge Shangyu Related Assets and hence their fair values and recoverable amounts.

As the recoverable amounts of the Zhuge Shangyu Related Assets as at 31 December 2025 as determined through the Valuation was lower than their carrying amounts, an impairment loss on non-financial assets (including property, plant and equipment, right-of-use assets and intangible asset) totalling approximately RMB50.9 million (2024: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income of the Group for FY2025 against the respective assets on a pro-rata basis with reference to their carrying values.

This announcement is supplemental to, and should be read in conjunction with, the Annual Report. The above additional information does not affect any other information contained in the Annual Report. Save as disclosed in this announcement, all other information in the Annual Report remains unchanged.

By order of the Board
Hong Kong Gold Industry Group Limited
Wei Jiaming
Chairperson of the Board and Executive Director

Hong Kong, 5 June 2026

As at the date of this announcement, the executive Directors are Ms. Wei Jiaming (Chairperson of the Board), Mr. Geng Guohua (Chief Executive Officer), Mr. Ng Hoi Kam, Mr. Liao Daxue and Mr. Chen Hongzheng; the non-executive Directors are Mr. He Guangping (Vice-chairman of the Board), Mr. Xia Chun, Mr. Wang Dong, Mr. Zhao Ju and Ms. Cheng Yan; and the independent non-executive Directors are Mr. Xie Jie, Mr. Wong Chi Wah, Mr. Liu Haitian, Mr. Liu Huangsong and Mr. Yuan Yuan.