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*You should read the following discussion and analysis with our audited consolidated financial information as of and for the Track Record Period, including the notes thereto, included in the Accountants’ Report in Appendix I to this document (“**Historical Financial Information**”). The consolidated financial information has been prepared in accordance with IFRS Accounting Standards.*

Potential [REDACTED] should read the whole Historical Financial Information and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments, and other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited to, the sections headed “Risk Factors” and “Business.”

OVERVIEW

We are one of China’s leading gold producers, primarily engaged in the exploration, mining, and processing of gold and other non-ferrous metals such as silver, lead, and zinc, as well as metal trading operations. Our gold production and gold reserves ranked 6th and 4th respectively among gold producers in China. During the Track Record Period, our gold resources increased from 146.7t (4,715.3 koz) as of December 31, 2023 to 280.9t (9,032.3 koz) as of December 31, 2025. We have leveraged industry-leading innovative technologies (such as BMT and mud-rich full-tailings paste filling system for high-altitude frozen terrain) and innovative processing methods (such as pre-oxidation treatment and oxidative roasting for challenging refractory ores) and have established our competitive advantages with outstanding mining efficiencies and high gold recovery rates. As a result, our gold AISC in 2025 stood at US\$902.3/oz, placing us within the top 10% of the global gold mining AISC curve. In comparison, the global average was US\$1,585.8/oz for the same year.

For the years ended December 31, 2023, 2024 and 2025, our revenue were RMB8,094.8 million, RMB13,580.4 million and RMB17,090.1 million, of which revenue from gold products from our mining operations reached RMB3,299.2 million, RMB4,423.2 million and RMB5,504.7 million, respectively, representing a CAGR of 29.2%. For the same years, our profits for the years were RMB1,565.6 million, RMB2,438.2 million and RMB3,282.0 million, respectively, representing a CAGR of 44.8%.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Set forth below are certain key factors which have historically affected our results of operations and may continue to impact our results in the future:

Resources and reserves

Resources and reserves are fundamental to the financial and operational performance of a mining enterprise. These estimates underpin mine plan, investment decisions, and long-term strategic forecasting. The grade, quantity, quality, and classification of resources and reserves directly influence the expected life of mine, production volumes, and cost structures, all of which have a material impact on revenue generation, asset valuation, and capital expenditure. A large and high-quality reserve base provides significant advantages, including sustained production visibility, enhanced flexibility in responding to market conditions, and improved access to financing. Conversely, a limited or declining reserve base can constrain growth, increase reliance on external sources, and introduce additional operational and financial risks.

The mining industry is inherently extractive, consuming finite natural resources that cannot be regenerated. As such, a mining company must continuously maintain and replenish its reserve base to ensure operational longevity and strategic viability. This requires ongoing exploration, investment in geological modelling, and the identification of new resource opportunities. Without a proactive approach to reserve replacement, a company risks depleting its productive assets, leading to reduced output, higher unit costs, and eventual decline in profitability. The ability to maintain a strong reserve pipeline is therefore not only a technical necessity but a strategic imperative for long-term sustainability.

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We believe that it is important to recognize that mineral resource and reserve estimates are subject to uncertainty. These estimates rely on geological data, sampling, and modelling techniques that, while rigorous, are inherently limited by the quality and quantity of available information. Factors such as geological complexity, sampling density, and assumptions about future commodity prices and operating conditions introduce variability into the estimates. Overestimation may result in inflated asset values, misallocated capital, and underperformance against projected outputs, while underestimation can lead to missed opportunities and undervaluation of assets. These risks highlight the importance of applying consistent and internationally recognized standards in resource estimation. Nevertheless, our Company boasts a resource base of quality minerals with appealing metal grades.

The accuracy and consistency of mineral resource and reserve estimates are critical to our financial reporting and strategic decision-making, yet they remain inherently uncertain. These estimates influence key financial metrics such as depreciation schedules, impairment testing, and revenue recognition, and any material change can have a direct impact on our financial position. As we continue to refine our geological models and integrate new data under the JORC framework, we acknowledge that estimation outcomes may vary and require ongoing reassessment. We remain committed to maintaining robust estimation practices and transparent disclosures, but stakeholders should understand that resource and reserve figures are subject to revision and should be interpreted with caution, particularly during periods of methodological transition.

Market demand and prices of gold and other non-ferrous metals

During the Track Record Period, our revenue was derived from the sales of gold and other non-ferrous metals, as well as metal trading, the fluctuation of which may be dependent on the ever changing prices of such metals in the global market. Such prices can be affected by numerous factors beyond our control, for example, the global economic cycles, fluctuations in the global currency supply of and demand for such metals, macroeconomic factors such as GDP growth, inflation, changes in interest rates, geopolitical tensions, and speculative trading activities. When metal prices are high, we may realize higher selling prices for our output, which boosts our revenue and gross profit margin from mining operations. Furthermore, favorable metal prices may strengthen our operating cash flows and enable us to deploy additional resources towards mining expansion, exploration and trading operations. On the other hand, any sharp decline in metal prices can also lead to inventory valuation write-downs or impairments of our mining assets.

For instance, taking gold as an example, the global gold prices have generally trended upward from 2022 amid the Russia-Ukraine conflict and inflationary pressures in multiple major economies, then climbed to near-record highs in 2023 and 2024 as a response to market turbulence, rising recession expectations, slower interest rate hikes, leading to central banks buying more gold in hopes to mitigate such risks. As our revenue generated from the sales of gold products represented 40.8%, 32.6% and 32.2% of our total revenue for the year ended December 31, 2023, 2024 and 2025, respectively, it is deemed necessary for us to pay close attention to global prices for gold. Should there be any significant fluctuations in global prices for gold, our results of operations may be materially affected. The tables below set forth the impact of fluctuation of gold price on our results of operations for the periods indicated:

Year ended December 31, 2023								
(RMB in millions, except for percentages)								
Hypothetical fluctuation of gold price.	(20%)	(15%)	(10%)	(5%)	5%	10%	15%	20%
Change in gross profit.	(660)	(495)	(330)	(165)	165	330	495	660
Change in gross profit margin.	(6.0%)	(4.4%)	(2.9%)	(1.4%)	1.4%	2.7%	3.9%	5.1%
Year ended December 31, 2024								
(RMB in millions, except for percentages)								
Hypothetical fluctuation of gold price.	(20%)	(15%)	(10%)	(5%)	5%	10%	15%	20%
Change in gross profit.	(885)	(663)	(442)	(221)	221	442	663	885
Change in gross profit margin.	(4.9%)	(3.6%)	(2.4%)	(1.2%)	1.1%	2.2%	3.3%	4.3%

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Year ended December 31, 2025								
<i>(RMB in millions, except for percentages)</i>								
Hypothetical fluctuation of gold price.	(20%)	(15%)	(10%)	(5%)	5%	10%	15%	20%
Change in gross profit. . .	(1,090)	(818)	(545)	(273)	273	545	818	1,090
Change in gross profit margin.	(4.6%)	(3.4%)	(2.2%)	(1.1%)	1.1%	2.1%	3.1%	4.1%

The above sensitivity analysis illustrates the potential impact of shifting gold prices on our gross profit and margins, assuming sales volume remains constant. It is important to note that this analysis does not take into account changes in utility and raw material costs, as such fluctuations are considered non-material to our overall cost structure. In a rising gold price environment, stable production volumes would translate into higher revenue and improved gross profit margins, thereby enhancing our overall financial performance. Conversely, if gold prices decline, maintaining high production volumes can help offset the adverse pricing impact by preserving revenue levels and leveraging fixed cost efficiencies. As such, production discipline and cost control remain critical to sustaining profitability across varying market conditions.

Production volume

Our results of operations are closely tied to the production volume of gold and other non-ferrous metals. For the year ended December 31, 2023, 2024 and 2025, our production volumes reached (i) 7.0t (225.5 koz), 8.0t (258.4 koz), and 7.6t (245.5 koz) of gold; (ii) 193.0t (6,205.1 koz), 196.1t (6,303.2 koz) and 163t (5,247.0 koz) of silver; (iii) 9.5 kt, 12.7 kt, and 11.1 kt of lead; and (iv) 16.5 kt, 17.1 kt, and 21.1 kt of zinc, respectively. Production volume is a key driver of revenue and gross profit, as higher output generally leads to greater sales volumes, assuming stable or rising commodity prices. Conversely, lower production volumes may limit revenue generation and reduce economies of scale, thereby increasing unit costs and compressing margins.

Production volume can be influenced by a range of operational and external factors. These include the capacity and efficiency of our processing facilities, the availability and quality of ore, equipment reliability, labor productivity, and adherence to production schedules. External factors such as weather conditions, geological variability, regulatory delays, and supply chain disruptions can also impact actual output. In some cases, actual production may deviate from planned targets due to lower-than-expected ore grades, unexpected technical challenges, or natural events such as floods or rockfalls — many of which are beyond our control.

In a rising metal price environment, higher production volumes allow us to capitalize on favorable market conditions by maximizing revenue and improving gross profit margins. Increased output spreads fixed costs over a larger volume of production, enhancing cost efficiency and supporting stronger financial performance. On the other hand, if metal prices are low, maintaining high production volumes can still be beneficial, as it helps preserve cash flow and operational leverage, provided that unit costs remain competitive. In such scenarios, disciplined cost control and operational efficiency become even more critical to sustaining profitability.

For such reasons, we believe that our ability to manage costs and mitigate operational risks is essential to delivering consistent and resilient financial results across commodity cycles.

Cost of sales and recovery rate

Our cost of sales primarily comprises expenses related to both our mining and trading operations. For mining, this includes depreciation and amortization, contractor costs, preliminary mining and drilling, raw materials, energy, labor, maintenance, and other site-related expenditures. For trading operations, cost of sales reflects the purchase cost of metals sold. For the year ended December 31, 2023, 2024 and 2025, our cost of sales accounted for 68.0%, 70.0% and 68.1% of our total revenue, respectively. Fluctuations in cost of sales directly affect our gross profit margins and, consequently, our overall results of operations. An increase in cost of sales, whether due to higher input costs or changes in product mix, can compress margins and reduce profitability.

Our results of operations are also influenced by mining efficiency, as reflected in our metal recovery rate. The recovery rate measures the proportion of valuable metal successfully extracted from the ore during processing. A lower recovery rate means that more ore must be processed to produce the same amount of metal, which increases cost of sales and reduces operational efficiency. For the year ended December 31, 2025, the gold recovery rates at Qinghai Dachaidan Mining, Jilin Banmiaozhi Mining, and Heihe Luoke Mining were 94.4%,

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89.5%, and 97.0%, respectively. Recovery rates are affected by factors such as ore grade, mineralization characteristics, and the effectiveness of the processing method. Sustaining or improving recovery rates is therefore critical to maintaining cost efficiency and supporting stable financial performance.

Production costs

Production costs go beyond cash operating costs and encompass all expenditures associated with sustaining mining operations over time. In the gold mining industry, this broader measure is commonly referred to as all-in sustaining cost (“AISC”). It includes not only the direct costs of mining and processing, but also sustaining capital expenditures such as equipment replacement and infrastructure upgrades required to maintain current production levels. Additionally, it covers exploration and development costs aimed at discovering new reserves and expanding existing ones, corporate overhead including head office expenses and executive salaries, and closure and reclamation costs related to environmental rehabilitation and mine closure planning. AISC provides a more comprehensive view of the long-term cost of producing metal and is particularly valuable for investors and analysts assessing the sustainability and profitability of a mining operation over its life cycle.

If production costs are high, it may negatively affect our results of operations by compressing gross profit margins and reducing overall profitability, especially if commodity prices remain flat or decline. Conversely, lower production costs enhance operational efficiency and support stronger financial performance, contributing positively to our gross profit margins.

Strategic acquisitions

Our overall growth is driven by both organic expansion and strategic acquisitions and investments. We believe that successfully executing acquisition strategies and integrating acquired operations are major drivers of business and operational success. The size and quality of our mineral resource and reserve base are critical to our long-term growth prospects. Maintaining and expanding gold reserves through resource acquisition is therefore a key factor in sustaining and improving our future performance. Abundant reserves provide a solid foundation for continued production and revenue in the years ahead, whereas depleting reserves without replacement would eventually lead to declining output. For this reason, we devote significant efforts to resource acquisition initiatives.

During the Track Record Period, we acquired 100% equity of Osino Mining, thereby obtaining full ownership of Osino Mining’s assets, including the Twin Hills gold project in Namibia. This successful resource expansion through acquisition strengthens our asset portfolio and enhances our future production potential. Going forward, we intend to continue leveraging strategic acquisitions as part of our growth strategy, where suitable opportunities arise. Our future performance will depend in part on our capacity to secure attractive gold assets at reasonable valuations, negotiate favorable terms, and efficiently integrate new acquisitions into our operations.

Expansion and capital expenditures

Mining is a capital-intensive industry that demands substantial investment in equipment, land resources, and adherence to strict safety production and environmental protection standards. It necessitates the implementation of resource exploration, recycling processes, and/or acquisitions to secure sustainable and abundant reserves. Additionally, investing in advanced technology is crucial to addressing the challenges and intricacies associated with mining, such as those in relation to mining at greater depths.

Whilst existing mines are situated in favorable mineralization environments, showcasing significant exploration prospects across the majority of the mining regions, and we aim to further maximize the potential of our existing mines by continuously expanding production and continuously investing in new technologies to improve recovery rates. To do so, we may incur additional costs to achieve a robust and sustainable growth. Moreover, in the year ended December 31, 2023, 2024 and 2025, our capital expenditure attributable to payment for the purchase of property, plant and equipment, intangible assets and other non-current assets amounted to RMB614.8 million, RMB687.8 million and RMB1,193.0 million, respectively. Such costs could have a significant impact on our financial condition and results of operations, particularly if we are unable to produce and sell at a sufficient volume to recover our investment or generate a profit.

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Trading and derivatives

During the Track Record Period, in addition to our mining operations which we generate revenue from the sales of gold and other non-ferrous metals, we are also engaged in the trading of such metals. For the year ended December 31, 2023, 2024 and 2025, revenue generated from trading operations accounted for 43.7%, 56.9% and 58.4% of our total revenue, respectively. Despite the significant contribution to revenue, the gross profits derived from trading activities remained minimal.

Moreover, to manage price volatility in gold and other non-ferrous metals, we implemented hedging strategies through options contracts. Fair value gains arising from these instruments were recorded as other gains and losses in our consolidated statement of profit or loss. As of December 31, 2023, 2024 and 2025, we recognized derivative financial assets related to other non-ferrous metal futures contracts of RMB11.0 million, RMB1.9 million and RMB5.5 million, respectively. As of December 31, 2023, 2024 and 2025, we recognized derivative financial liabilities of RMB20.1 million, RMB9.0 million and RMB36.5 million, respectively. The fair value gains and losses on these contracts were determined based on the difference between the strike price stipulated in the derivative contract and the prevailing spot price of the underlying metals. The effectiveness of these hedging instruments is influenced by market conditions, including fluctuations in spot prices. The accounting treatment of these activities, including the recognition of fair value changes and the classification of gains and losses, should be carefully considered when evaluating our results of operations. Our investment in derivative instruments after the [REDACTED] will be subject to the compliance with Chapter 14 of the Listing Rules.

Regulatory policies relating to mining industry

Regulatory policies play a significant role in shaping the mining industry and can impact various aspects of mining operations, from exploration and extraction to environmental management and economic contributions. Our operations in the PRC and Namibia are subject to a range of national laws, regulations, policies, standards, and requirements, particularly concerning exploration, mining, production, taxation, labor standards, occupational health and safety, waste treatment, environmental protection, and operational management. In each of these jurisdictions, the respective regulatory authorities hold full authority to grant, renew, and terminate the permits and licenses for exploration, mining, and production. While we anticipate being able to renew our licenses and permits in each of the markets we operate, any inability to do so for any reason could materially and adversely affect our business and results of operations. See “Risk Factors — Risks relating to Our Business and Industry — We may fail to obtain, maintain or renew the government permits, licenses, and approvals required for our operations.”

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Our Directors believe that we have adequate resources to continue operations and meet our abilities when they fall due for the foreseeable future of not less than 12 months from the end of the Track Record Period, by taking into account our expected cash inflows from operating activities. Therefore, our Directors are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. The Historical Financial Information has been prepared under the historical cost convention except for equity investments designated at fair value through other comprehensive income and certain financial instruments which have been measured at fair value at the end of each of the Track Record Period.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions and complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future as of the date of this document.

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When reviewing our consolidated financial statements, you should consider various factors, including (i) information about our material accounting policy; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Information about our material accounting policy, estimates and judgments, which are important for an understanding of our financial condition and results of operations, including any changes in accounting policy and disclosures, are set forth in detail in notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

Material accounting policies

Intangible assets — exploration and mining rights

Exploration rights and related assets are stated at cost less accumulated impairment losses. Exploration rights include the cost of acquiring exploration rights, and exploration related assets include costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be capitalized when the mineral properties are reasonably determined to be commercially available. Exploration rights and related assets will be transferred to mining rights after obtaining mining rights or permits, which will be amortized under the unit-of-production (“UOP”) method. If any construction was abandoned in the development phase, all costs shall be written off and recognized in profit or loss for the current period.

Mining rights are stated at cost less accumulated amortization and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration rights and exploration and evaluation assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortized in accordance with the production plans of the entities concerned and the proved and probable reserves and where appropriate the portion of resources considered to be probable of economic extraction based on the plans of the mines using the UOP method. Mining rights are written off to profit or loss if the mining property is abandoned.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized for a provision is the present value of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss at the end of each period during the Track Record Period.

Provisions for our Group’s obligations for environmental rehabilitation and restoration of mines are based on estimates of required expenditure at the mines in accordance with the local rules and regulations where the mines are located. Our Group estimates our liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Our Group records a corresponding asset in the period in which the liability is incurred. The liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities), the revisions to the obligation and the asset are recognized at the appropriate discount rate.

Revenue and other income

Income is classified by us as revenue when it arises from the sale of goods in the ordinary course of our business. Revenue is recognized when control over a product is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

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Further details of our revenue and other income recognition policies are as follows:

(i) *Sale of goods*

Revenue from the sale of goods is recognized when control of the goods has transferred based on the terms of the sale contracts. In most cases, the control of goods has transferred upon delivery when the goods have been shipped at our premises. In some other cases, the control of goods has transferred upon delivery at specific destination ports or plants.

We are the principal for our revenue transactions and recognizes revenue on a gross basis when we are the principal, including the sale of products that are sourced externally. In determining whether we act as a principal or as an agent, we consider whether we obtain control of the products before they are transferred to the customers. Control refers to our ability to direct the use of and obtain substantially all of the remaining benefits from the products.

We sell gold and other non-ferrous metal products under provisional pricing arrangements where final grades of gold and other non-ferrous products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenue is recognized using forward prices for the expected date of final settlement. The period between revenue recognition and final settlement is within one to three months. The contractual cash flows of trade receivable vary depending on the market price at the date of final settlement and do not represent solely payments of principal and interest on the principal amount outstanding. Consequently, these trade receivables resulted from provisionally priced contracts are measured at fair value through profit or loss (“FVTPL”).

(ii) *Interest income*

Interest income is recognized using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) *Government grants*

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Significant accounting judgments and estimates

Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of certain production facilities of us as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of mining and smelting industries and they are normally incurred at the end of the life of the mine and production facilities. The costs are estimated on the basis of plant closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalized reflecting our obligations at that time. A corresponding provision is created on the liability side. The capitalized asset is charged to profit or loss through depreciation over the life of the operation and the provision is increased during each period during the Track Record Period via unwinding the discount on the provision. The management estimates are mainly based on the local legislation. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

We provide for such costs in accordance with the statutory requirements.

Proved and probable mineral reserves and resources

Proved and probable mineral reserves and resources are estimated based on professional knowledge, experience and industrial practice. Most of the time, the estimation basis on probing and estimation exercised by the management of our Group may not be very accurate. The estimation is updated in accordance with new technologies and new information. This forms the basis for the life of mine plans, and any changes in estimation

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will have impact on amounts of depreciation of the mining properties and amortisation of mining rights using the UOP method. That may result in changes of or impact on our development and operation programme, and our operation and operating results.

DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	8,094,837	100.0	13,580,429	100.0	17,090,098	100.0
Cost of sales	(5,502,074)	(68.0)	(9,509,711)	(70.0)	(11,640,595)	(68.1)
Gross profit	2,592,763	32.0	4,070,718	30.0	5,449,503	31.9
Other net income	56,454	0.7	44,091	0.3	43,298	0.3
Other gains and losses	79,118	1.0	(54,588)	(0.4)	(25,804)	(0.2)
Selling expenses	(2,258)	(0.0)	(5,216)	(0.0)	(4,314)	(0.0)
General and administrative expenses	(380,759)	(4.7)	(416,311)	(3.1)	(531,614)	(3.1)
Research and development costs	(6,272)	(0.1)	(119,570)	(0.9)	(177,869)	(1.0)
Reversal of impairment losses/(impairment losses) on financial assets, net	529	0.0	2,994	0.0	(2,954)	(0.0)
Other expenses	(211,750)	(2.6)	(289,695)	(2.1)	(407,511)	(2.4)
Profit from operations	2,127,825	26.3	3,232,423	23.8	4,342,735	25.4
Finance costs	(44,806)	(0.6)	(50,737)	(0.4)	(57,075)	(0.3)
Profit before taxation	2,083,019	25.7	3,181,686	23.4	4,285,660	25.1
Income tax	(517,454)	(6.4)	(743,496)	(5.5)	(1,003,624)	(5.9)
Profit for the year	1,565,565	19.3	2,438,190	18.0	3,282,036	19.2

Revenue

During the Track Record Period, we generated our revenue from the sales of gold and other non-ferrous metals mining, as well as trading operations, mostly in the PRC. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from PRC represented 100.0%, 99.9% and 100.0%, of our total revenue, respectively, with our overseas revenue generated mostly from our Singapore operations in relation to YTSH's trading business.

The following table sets forth our revenue by the type of operations for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue from mining operations						
— Gold products	3,299,224	40.8	4,423,187	32.6	5,504,690	32.2
— Silver products	897,490	11.1	987,514	7.3	1,160,469	6.8
— Other non-ferrous metal products	359,419	4.4	442,202	3.2	446,378	2.6
Sub-total	4,556,133	56.3	5,852,903	43.1	7,111,537	41.6
Revenue from trading operations						
— Gold products	—	—	61,737	0.5	—	—
— Silver products	547,603	6.8	1,118,951	8.2	2,827,807	16.5
— Other non-ferrous metal products	2,991,101	36.9	6,546,838	48.2	7,150,754	41.9
Sub-total	3,538,704	43.7	7,727,526	56.9	9,978,561	58.4
Total revenue	8,094,837	100.0	13,580,429	100.0	17,090,098	100.0

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Revenue by Business

The revenue from our mining business increased from RMB4,556.1 million in 2023 to RMB5,852.9 million in 2024 and further increased to RMB7,111.5 million in 2025 because of higher sales volume and favorable prices of gold and other non-ferrous metal products. The revenue from our trading business increased from RMB3,538.7 million in 2023 to RMB7,727.5 million in 2024 and further increased to RMB9,978.6 million in 2025 because of increased trading volume and higher prices of the silver products and other non-ferrous metal products traded.

Revenue by Products

The revenue from gold products in mining operations increased from RMB3,299.2 million in 2023 to RMB4,423.2 million in 2024 and further increased to RMB5,504.7 million in 2025 because of increase in selling price of gold. The revenue from silver products in mining operations increased from RMB897.5 million in 2023 to RMB987.5 million in 2024 and further increased to RMB1,160.5 million in 2025 because of increase in the selling price of silver. The revenue from other non-ferrous metal products in mining operations increased from RMB359.4 million in 2023 to RMB442.2 million in 2024 and further increased to RMB446.4 million in 2025 because of (i) increase in sales volume of zinc; and (ii) increase in average selling price of lead.

Sales volume and average selling price (“ASP”)

The following table sets forth our sales volume and average selling price of gold and other non-ferrous metal for the periods indicated:

	Gold		Silver		Lead		Zinc	
	Sales vol.	ASP	Sales vol.	ASP	Sales vol.	ASP	Sales vol.	ASP
	(koz)	(RMB/oz)	(koz)	(RMB/oz)	(kt)	(RMB/t)	(kt)	(RMB/t)
For the year ended December 31, 2023	235.9	13,985.5	6,257.4	143.4	9.5	13,699.5	17.8	12,872.0
For the year ended December 31, 2024	258.8	17,094.4	5,660.2	174.5	11.0	14,010.3	16.9	17,055.9
For the year ended December 31, 2025	228.6	24,076.5	5,304.0	218.8	11.2	15,125.0	18.1	15,381.9

The ASP of the majority of our metal products experienced a continuous growing trend during the Track Record Period, primarily benefiting from the favorable global rising market prices of the respective metal products. Specifically, (i) the ASP for gold increased from 13,985.5 RMB/oz in 2023 to 17,094.4 RMB/oz in 2024 and further increased to 24,076.5 RMB/oz in 2025; (ii) the ASP for silver increased from 143.4 RMB/oz in 2023 to 174.5 RMB/oz in 2024 and further increased to 218.8 RMB/oz in 2025 and (iii) the ASP for lead increased from 13,699.5 RMB/t in 2023 to 14,010.3 RMB/t in 2024 and further increased to 15,125.0 RMB/t in 2025. The ASP for zinc increased from 12,872.0 RMB/t in 2023 to 17,055.9 RMB/t in 2024 and further decreased to 15,381.9 RMB/t in 2025, which is in line with the fluctuations of zinc market prices, primarily driven by product demand dynamics and global trade policy developments.

Cost of sales

Our cost of sales primarily consisted of (i) those in relation to mining operations, such as depreciation and amortization, contracting cost, preliminary mining and drilling cost, raw material, energy cost, labor cost, maintenance cost and others; and (ii) those in relation to trading operations. For the year ended December 31, 2023, 2024 and 2025, our cost of sales represented 68.0%, 70.0% and 68.1% of our total revenue, respectively.

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The following table sets forth a breakdown of our cost of sales by the type of operations for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of sales from mining operations						
— Gold products	1,297,189	23.6	1,165,945	12.3	1,004,074	8.7
— Silver products	455,034	8.3	465,909	4.9	540,741	4.6
— Other non-ferrous metal products . . .	214,742	3.8	239,183	2.5	255,158	2.2
Sub-total	1,966,965	35.7	1,871,037	19.7	1,799,973	15.5
Cost of sales from trading operations	3,535,109	64.3	7,638,674	80.3	9,840,622	84.5
Total	5,502,074	100.0	9,509,711	100.0	11,640,595	100.0

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of sales for mining operations						
Depreciation and amortization ⁽¹⁾	926,349	16.8	656,126	6.9	611,710	5.3
Contracting cost	259,973	4.7	285,937	3.0	356,470	3.1
Raw material	206,536	3.8	218,885	2.3	220,600	1.9
Preliminary mining and drilling cost	190,654	3.5	259,157	2.7	189,222	1.6
Energy cost	136,309	2.5	147,650	1.6	125,623	1.1
Labor cost	112,643	2.0	118,133	1.2	123,253	1.1
Maintenance cost	49,046	0.9	54,569	0.6	55,630	0.5
Others ⁽²⁾	85,455	1.5	130,580	1.4	117,465	0.9
Sub-total	1,966,965	35.7	1,871,037	19.7	1,799,973	15.5
Cost of sales from trading operations	3,535,109	64.3	7,638,674	80.3	9,840,622	84.5
Total	5,502,074	100.0	9,509,711	100.0	11,640,595	100.0

Notes:

1. Depreciation and amortization mainly consist of (i) amortisation of mining rights, software and patented technology as intangible assets; and (ii) depreciation of mine properties, machinery and equipment, plant and buildings, and electronic and transportation equipment as property, plant and equipment.
2. Others primarily included safety production measure fee, service fee, heating bill and boiler house costs.

Gross profit and gross profit margin

For the years ended December 31, 2023, 2024 and 2025, our overall gross profit amounted to RMB2,592.8 million, RMB4,070.7 million and RMB5,449.5 million, at gross profit margin of 32.0%, 30.0% and 31.9%, respectively. During the same periods, our mining operations had achieved gross profit margin of 56.8%, 68.0% and 74.7%, respectively.

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The following table sets forth a breakdown of our gross profit and gross profit margin by the type of operations for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Mining operations						
— Gold products	2,002,035	60.7	3,257,242	73.6	4,500,616	81.8
— Silver products	442,456	49.3	521,605	52.8	619,728	53.4
— Other non-ferrous metal products	144,677	40.3	203,019	45.9	191,220	42.8
Subtotal	2,589,168	56.8	3,981,866	68.0	5,311,564	74.7
Trading operations	3,595	0.1	88,852	1.1	137,939	1.4
Overall gross profit/ gross profit margin	2,592,763	32.0	4,070,718	30.0	5,449,503	31.9

Other net income

Our other net income consisted of interest income, government grants, and others. For the years ended December 31, 2023, 2024 and 2025, our other net income represented 0.7%, 0.3% and 0.3% of our total revenue, respectively. The following table sets forth a breakdown of our other net income for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Interest income	47,119	83.5	36,112	81.9	30,838	71.3
Government grants	6,228	11.0	3,418	7.8	4,088	9.4
Others	3,107	5.5	4,561	10.3	8,372	19.3
Total	56,454	100.0	44,091	100.0	43,298	100.0

Other gains and losses

Our other gains and losses mainly consisted of (i) gains/(losses) on disposal of derivative financial assets/liabilities; (ii) gains on disposal of financial assets at FVTPL; (iii) (losses)/gains from changes in fair value of derivative financial assets/liabilities; (iv) foreign exchange (losses)/gains, net; and (v) losses from changes in fair value of financial assets at FVTPL. We recorded other gains of RMB79.1 million in the year ended December 31, 2023, and we recorded other losses of RMB54.6 million and RMB25.8 million for the year ended December 31, 2024 and 2025, respectively. The following table sets forth a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gains/(losses) on disposal of property, plant and equipment, net	166	119	(6,911)
Losses from changes in fair value of financial assets at FVTPL	(1,226)	(1,551)	(586)
(Losses)/gains from changes in fair value of derivative financial assets/liabilities	(5,993)	6,073	(137,609)
Gains on disposal of financial assets at FVTPL	34,256	33,486	14,739
Gains/(losses) on disposal of derivative financial assets/liabilities	57,463	(85,185)	89,500
Investment income on other equity instruments	—	6	6
Foreign exchange (losses)/gains, net	(5,548)	(7,536)	15,057
Total	79,118	(54,588)	(25,804)

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Selling expenses

Our selling expenses primarily consisted of employee compensation, storage expense and travel expense. For the year ended December 31, 2023, 2024 and 2025, our selling expenses represented 0.0% of our total revenue. The following table sets forth a breakdown of our selling expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee compensation	1,534	67.9	1,489	28.5	2,688	62.3
Storage expense	225	10.0	3,076	59.0	860	19.9
Travel expense	238	10.5	298	5.7	219	5.1
Others	261	11.6	353	6.8	547	12.7
Total	2,258	100.0	5,216	100.0	4,314	100.0

General and administrative expenses

Our general and administrative expenses mainly consisted of (i) staff costs; (ii) depreciation and amortization; (iii) professional services; (iv) landscaping and exploration expenses; (v) travelling and hospitality expenses; (vi) office and heating expenses; and (vii) maintenance and suspension costs. For the year ended December 31, 2023, 2024 and 2025, our general and administrative expenses represented 4.7%, 3.1%, and 3.1% of our total revenue, respectively. The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	188,893	49.6	203,367	48.8	262,655	49.5
Depreciation and amortization	42,533	11.2	43,194	10.4	44,518	8.4
Professional services	31,902	8.4	58,227	14.0	62,780	11.8
Landscaping and exploration expenses	4,065	1.1	6,614	1.6	52,643	9.9
Travelling and hospitality	18,834	4.9	19,336	4.6	20,264	3.8
Office and heating	12,319	3.2	14,028	3.4	14,539	2.7
Maintenance and suspension costs	37,532	9.9	23,846	5.7	13,384	2.5
Others ⁽¹⁾	44,681	11.7	47,699	11.5	60,831	11.4
Total	380,759	100.0	416,311	100.0	531,614	100.0

Note:

- (1) Others primarily included vehicle expenses, environmental management expenses, deferred expenses, disabled employment security fund, other financial costs, utility, labor protection costs, insurance expenses, promotion and publicity expenses, rental expenses, and other non-operating expenses.

Research and development expenses

Our research and development expenses consisted of (i) employee compensation; (ii) depreciation and amortization; (iii) direct input; (iv) outsourced R&D expenses; and (v) others. For the year ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB6.3 million, RMB119.6 million and RMB177.9 million, representing 0.1%, 0.9%, and 1.0% of our total revenue, respectively.

Reversal of impairment losses/(impairment losses) on financial assets, net

Our reversal of impairment losses/impairments losses on financial assets mainly related to our receivables. For the year ended December 31, 2025, we recorded a net impairment losses on financial assets of RMB3.0 million, representing 0.0% of our total revenue. For the year ended December 31, 2023 and 2024, we recorded a net reversal of impairment losses on financial assets of RMB0.5 million and RMB3.0 million, representing 0.0% and 0.0% of our total revenue, respectively.

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Other expenses

Our other expenses consisted of taxes and surcharges (mainly comprising resources tax, stamp tax, property tax, land use tax, urban maintenance and construction tax) write-down of inventories. For the year ended December 31, 2023, 2024 and 2025, our other expenses represented 2.6%, 2.1% and 2.4% of our total revenue, respectively. The table below sets forth a breakdown of our other expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Taxes and surcharges	211,750	100.0	284,263	98.1	407,511	100.0
Write-down of inventories	—	—	5,432	1.9	—	—
Total	211,750	100.0	289,695	100.0	407,511	100.0

Finance costs

Our finance costs consisted of (i) interest on bank and other borrowings, (ii) interest on long-term payables, (iii) interest on lease liabilities; and (iv) unwinding of discount. For the year ended December 31, 2023, 2024 and 2025, our finance costs represented 0.6%, 0.4% and 0.3% of our total revenue, respectively. The table below sets forth a breakdown of our finance costs by nature for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	38,817	40,723	48,904
Interest on long-term payables	3,740	7,245	10,011
Interest on lease liabilities	1,119	1,269	1,282
Unwinding of discount	1,130	1,500	2,119
Less: interest expense capitalized into properties under development	—	—	(5,241)
Total	44,806	50,737	57,075

Income tax

For the year ended December 31, 2023, 2024 and 2025, our income tax expenses amounted to RMB517.5 million, RMB743.5 million and RMB1,003.6 million at effective tax rate of 24.8%, 23.4% and 23.4%, respectively. We established in mainland China are subject to the PRC Corporate Income Tax rate of 25% during the Track Record Period except for those subject to tax concessions disclosed in the notes below. Income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Track Record Period is 16.5%. No provisions for Hong Kong Profits Tax as we did not have any assessable profits arising from Hong Kong subsidiaries during the Track Record Period. Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries and the applicable statutory income tax rates were listed in table below, except for those subject to tax concessions disclosed in the notes below:

	Year ended December 31,		
	2023	2024	2025
Singapore	17%	17%	17%
Canada	N/A	27%	27%
The Republic of Namibia ⁽¹⁾	N/A	31%, 37.5% ⁽²⁾	32% 37.5% ⁽²⁾
The Republic of Mauritius ⁽¹⁾	N/A	15%	15%

Notes:

- (1) The acquisition of Osino and its subsidiaries was completed by our Group in August 29, 2024.
- (2) Our Group is subject to different tax rates in the Republic of Namibia because the local administrative authority imposes distinct tax rates on our mining and non-mining operations.

Our Group's tax exposure in Canada arises from interest income earned by a local entity, resulting in taxable profits. Similarly, the entity in Singapore engages in trading activities that generate taxable income, leading to a corresponding tax obligation. The entity in the Republic of Mauritius primarily serves as an investment holding vehicle for our Group's operations in Namibia. As the operations in Namibia are in a

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pre-production development phase and have not yet generated revenue or profits, the Mauritian entity has not realized any taxable income. Consequently, no material income tax exposure exists in the Republic of Mauritius during the Track Record Period. In addition, we enjoyed the following income tax incentives:

- In accordance with PRC’s “Notice on Tax Policies for the Western Development” (CaiShui [2011] No. 58), the State Taxation Administration Announcement No. 12 of 2012 and the Announcement on Continuing the Corporate Income Tax Policies for the Western Development issued by of the Ministry of Finance, State Taxation Administration, and National Development and Reform Commission on April 23, 2020, enterprises which meeting the requirements of the policies may provide for and pay the corporate income taxes at a preferential rate of 15%: Yulong Mining was recognized as qualified enterprise subject to the above policy and applied the preferential rate of 15% from 2023 to 2025.
- Jilin BanMiaoZi, a subsidiary of our Group, was qualified as High and New Technology Enterprises (“HNTE”) and was entitled to a preferential corporate income tax rate of 15% from January 1, 2023 to December 31, 2025 according to the tax incentives policies of the PRC Enterprise Income Tax Law for the HNTE.
- According to the Notice on Corporate Income Tax Preferential Policies for the Hainan Free Trade Port (CaiZong [2020] No. 31) and the Notice on Continuing the Implementation of Corporate Income Tax Preferential Policies for the Hainan Free Trade Port (CaiShui [2025] No.3), enterprises registered in the Hainan Free Trade Port and engaged in encouraged industries on a substantive operational basis can enjoy the preferential corporate income tax rate of 15% till December 31, 2027. Hainan Shengwei Trading Co., Ltd. (“Hainan Shengwei”), one subsidiary of our Group, was entitled to enjoy the preferential corporate income tax rate during the Track Record Period.
- Pursuant to the relevant laws and regulations in Singapore, the corporate income tax is eligible for progressive tax relief. The subsidiary of our Group is eligible for 75% corporate income tax relief when the profit before taxation is less than SGD10,000, and 50% income tax relief when the profit before taxation is SGD10,000 or greater but less than SGD200,000 during the Track Record Period.
- Pursuant to the relevant laws and regulations in Canada, certain subsidiaries of our Group are entitled to the preferential corporate income tax rate of 27% during the Track Record Period.

According to the relevant tax rules in mainland China, qualified research and development expenses are allowed for additional tax deduction based on 100% of the relevant expenses during the Track Record Period.

The following table sets forth a breakdown of our income tax for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Current tax — The PRC Corporate Income Tax:						
Provision for the year	567,329	109.6	805,672	108.4	1,073,405	106.9
(Over)/under-provision in prior years . . .	(294)	(0.1)	4,012	0.5	2,540	0.3
Current tax — Hong Kong and overseas:						
Provision for the year	10,061	1.9	3,971	0.5	3,355	0.3
Deferred tax						
Origination and reversal of temporary differences	(91,750)	(17.7)	(70,159)	(9.4)	(75,676)	(7.5)
Effect on deferred tax balances on January 1 resulting from change in tax rate . . .	32,108	6.2	—	—	—	—
Total	517,454	100.0	743,496	100.0	1,003,624	100.0

Profit for the year

For the years ended December 31, 2023, 2024 and 2025, our profit for the year amounted to RMB1,565.6 million, RMB2,438.2 million and RMB3,282.0 million, respectively.

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 compared to the year ended December 31, 2024

Revenue

Our total revenue increased by 25.8% from RMB13,580.4 million for the year ended December 31, 2024 to RMB17,090.1 million for the year ended December 31, 2025, primarily due to (i) the growth of our revenue from mining operations by 21.5% from RMB5,852.9 million to RMB7,111.5 million, driven by the rising price trends of metal products; and (ii) the increase in our revenue generated from trading operations by 29.1% from RMB7,727.5 million to RMB9,978.6 million as a result of increased trading volume and prices of the metals traded.

In terms of our revenue generated from our mining operations,

- Our revenue from gold products increased by 24.5% from RMB4,423.2 million for the year ended December 31, 2024 to RMB5,504.7 million for the year ended December 31, 2025, primarily due to the increase in selling price of gold.
- Our revenue from silver products increased by 17.5% from RMB987.5 million to RMB1,160.5 million, mainly due to higher selling prices and sales volume.
- Our revenue from other non-ferrous metal products increased by 0.9% from RMB442.2 million for the year ended December 31, 2024 to RMB446.4 million for the year ended December 31, 2025, primarily due to (i) increase in sales volume of zinc; and (ii) increase in average selling price of lead.

Cost of sales

Our cost of sales increased by 22.4% from RMB9,509.7 million for the year ended December 31, 2024 to RMB11,640.6 million for the year ended December 31, 2025, which was mostly due to an increase in the cost of sales from trading operations from RMB7,638.7 million to RMB9,840.6 million, generally in line with the increased trading volume during the same periods. The cost of sales from mining operations remained relatively stable during the same years at RMB1,871.0 million and RMB1,800.0 million, respectively.

Gross profit and gross profit margin

Our overall gross profit increased by 33.9% from RMB4,070.7 million for the year ended December 31, 2024 to RMB5,449.5 million for the year ended December 31, 2025, which was in line with the growth of our revenue generated from mining operations. Accordingly, our overall gross profit margin remained relatively stable at 30.0% and 31.9% for the year ended December 31, 2024 and 2025, respectively.

- Our gross profit of gold products increased by 38.2% from RMB3,257.2 million for the year ended December 31, 2024 to RMB4,500.6 million for the year ended December 31, 2025. Our gross profit margin of gold products increased from 73.6% for the year ended December 31, 2024 to 81.8% for the year ended December 31, 2025. This was mainly due to the increase in selling price of gold.
- Our gross profit of silver products increased by 18.8% from RMB521.6 million for the year ended December 31, 2024 to RMB619.7 million for the year ended December 31, 2025. Our gross profit margin of silver increased from 52.8% to 53.4% over the same year. This was mainly due to the increase in the selling price of silver.
- Our gross profit of other non-ferrous metal products decreased by 5.8% from RMB203.0 million for the year ended December 31, 2024 to RMB191.2 million for the year ended December 31, 2025. Our gross profit margin of other non-ferrous metal products decreased from 45.9% for the year ended December 31, 2024 to 42.8% for the year ended December 31, 2025. This was mainly due to the increase in the sales volume of zinc which has a lower gross profit margin.
- Our gross profit of trading operations amounted to RMB88.9 million for the year ended December 31, 2024 and RMB137.9 million for the year ended December 31, 2025. We recorded gross profit margin of trading operations at 1.1% and 1.4%, respectively.

Other net income

Our other net income decreased by 1.8% from RMB44.1 million for the year ended December 31, 2024 to RMB43.3 million for the year ended December 31, 2025, primarily due to a decrease in interest income of RMB5.3 million.

Other gains and losses

We recorded other losses of RMB54.6 million for the year ended December 31, 2024 and other losses of RMB25.8 million for the year ended December 31, 2025, which were primarily losses on disposal and changes in fair value of derivative financial assets/liabilities. The changes in this line item were also closely linked to our metal trading hedging strategies and the scale of such strategies.

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Selling expenses

Our selling expenses decreased by 17.3% from RMB5.2 million for the year ended December 31, 2024 to RMB4.3 million for the year ended December 31, 2025, primarily attributable to the decrease of our storage expenses related to our trading business.

General and administrative expenses

Our general and administrative expenses increased by 27.7% from RMB416.3 million for the year ended December 31, 2024 to RMB531.6 million for the year ended December 31, 2025, primarily due to (i) the increase of landscaping and exploration expenses to support our mineral exploration activities in the Osino Mining; and (ii) the increased size of our mine management team.

Research and development expenses

Our research and development expenses increased by 48.7% from RMB119.6 million for the year ended December 31, 2024 to RMB177.9 million for the year ended December 31, 2025, mainly, as we increased our overall R&D efforts and the total number of R&D projects during the period. Such increase was also caused by a certain level of depreciation and amortization of our equipment used in R&D.

Reversal of impairment losses/(impairment losses) on financial assets, net

Our reversal of impairment losses/impairment losses on financial assets mainly related to our receivables. For the year ended December 31, 2024, we recorded a net reversal of impairment losses on financial assets of RMB3.0 million. For the year ended December 31, 2025, we recorded net impairment losses on financial assets of RMB3.0 million.

Other expenses

Our other expenses increased by 40.7% from RMB289.7 million for the year ended December 31, 2024 to RMB407.5 million for the year ended December 31, 2025, primarily due to the increase in resources taxes, which was in line with the growth of our revenue generated from mining operations.

Finance costs

Our finance costs increased by 12.6% from RMB50.7 million for the year ended December 31, 2024 to RMB57.1 million for the year ended December 31, 2025, primarily due to the increase in interest on bank and other borrowing.

Income tax

Our income tax increased by 35.0% from RMB743.5 million for the year ended December 31, 2024 to RMB1,003.6 million for the year ended December 31, 2025, which was in line with the growth of our profits.

Profit for the year

As a result of the foregoing, our profit for the period increased by 34.6% from RMB2,438.2 million for the year ended December 31, 2024 to RMB3,282.0 million for the year ended December 31, 2025.

Year ended December 31, 2024 compared to the year ended December 31, 2023

Revenue

Our total revenue increased by 67.8% from RMB8,094.8 million for the year ended December 31, 2023 to RMB13,580.4 million for the year ended December 31, 2024, primarily due to an increase in the revenue generated from trading operations by 118.4% from RMB3,538.7 million to RMB7,727.5 million during the same periods, as a result of increased trading volumes and metal prices.

In relation to our revenue generated from mining operations,

- Our revenue from gold products increased by 34.1% from RMB3,299.2 million for the year ended December 31, 2023 to RMB4,423.2 million for the year ended December 31, 2024, primarily due to the increase in both the sales volume and selling price of gold.
- Our revenue from silver products increased by 10.0% from RMB897.5 million to RMB987.5 million, mainly due to higher selling prices of silver.
- Our revenue from other non-ferrous metal products increased by 13.7% from RMB1,256.9 million for the year ended December 31, 2023 to RMB1,429.7 million for the year ended December 31, 2024, primarily due to (i) the increase in selling price of silver and zinc, and (ii) an increased sales volume of lead.

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Cost of sales

Our cost of sales increased by 72.8% from RMB5,502.1 million for the year ended December 31, 2023 to RMB9,509.7 million for the year ended December 31, 2024, which was primarily attributable to the increase in cost of sales from trading operations from RMB3,535.1 million to RMB7,638.7 million during the same periods, generally in line with the increased trading volume.

Gross profit and gross profit margin

Our overall gross profit increased by 57.0% from RMB2,592.8 million for the year ended December 31, 2023 to RMB4,070.7 million for the year ended December 31, 2024. Our overall gross profit margin remained relatively stable at 32.0% for the year ended December 31, 2023 and 30.0% for the year ended December 31, 2024.

- Our gross profit of gold products increased by 62.0% from RMB2,013.1 million for the year ended December 31, 2023 to RMB3,261.1 million for the year ended December 31, 2024. Our gross profit margin of gold products increased from 61.0% for the year ended December 31, 2023 to 73.7% for the year ended December 31, 2024. This was mainly due to the increase in the selling price of gold.
- Our gross profit of silver products increased by 17.9% from RMB442.5 million for the year ended December 31, 2023 to RMB521.6 million for the year ended December 31, 2024. Our gross profit margin of silver increased from 49.3% to 52.8% over the same year. This was mainly due to the increase in the selling price of silver.
- Our gross profit of other non-ferrous metal products increased by 25.1% from RMB576.0 million for the year ended December 31, 2023 to RMB720.8 million for the year ended December 31, 2024. Our gross profit margin of other non-ferrous metal products increased from 45.8% for the year ended December 31, 2023 to 50.4% for the year ended December 31, 2024. This was mainly due to the increase in the selling price of silver.
- Our gross profit of trading operations amounted to RMB3.6 million for the year ended December 31, 2023 and RMB88.9 million for the year ended December 31, 2024, with gross profit margin of 0.1% and 1.1% for the same periods, respectively.

Other net income

Our other net income decreased by 21.9% from RMB56.5 million for the year ended December 31, 2023 to RMB44.1 million for the year ended December 31, 2024, primarily due to the decrease in interest income, resulting from our cash payment for Osino Mining’s acquisition and future development.

Other gains and losses

We recorded other gains of RMB79.1 million for the year ended December 31, 2023 and losses of RMB54.6 million for the year ended December 31, 2024, mainly attributable to losses on disposal of derivative financial assets/liabilities of RMB85.2 million recognized in 2024.

Selling expenses

Our selling expenses remained relatively stable at RMB2.3 million and RMB5.2 million for the year ended December 31, 2023 and 2024, respectively.

General and administrative expenses

Our general and administrative expenses increased by 9.3% from RMB380.8 million for the year ended December 31, 2023 to RMB416.3 million for the year ended December 31, 2024, primarily due to (i) an increase in our overall staff size; and (ii) professional fees incurred in relation to the acquisition of Osino Mining.

Research and development expenses

Our research and development expenses increased significantly from RMB6.3 million for the year ended December 31, 2023 to RMB119.6 million for the year ended December 31, 2024, mainly as we increased our overall R&D efforts.

Reversal of impairment losses on financial assets, net

We recorded a net reversal of impairment losses on financial assets of RMB0.5 million for the year ended December 31, 2023 and RMB3.0 million for the year ended December 31, 2024.

Other expenses

Our other expenses increased by 36.8% from RMB211.8 million for the year ended December 31, 2023 to RMB289.7 million for the year ended December 31, 2024, primarily due to the increase in resource taxes.

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Finance costs

Our finance costs increased by 13.2% from RMB44.8 million for the year ended December 31, 2023 to RMB50.7 million for the year ended December 31, 2024, primarily due to the increase in interest on bank and other borrowings, resulting from project acquisitions.

Income tax

Our income tax increased by 43.7% from RMB517.5 million for the year ended December 31, 2023 to RMB743.5 million for the year ended December 31, 2024, which was in line with our increased profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year increased by 55.7% from RMB1,565.6 million for the year ended December 31, 2023 to RMB2,438.2 million for the year ended December 31, 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current assets and non-current liabilities

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
<i>Non-current assets</i>			
Property, plant and equipment	3,125,277	3,453,087	4,205,452
Intangible assets	6,053,382	8,054,295	7,884,713
Right-of-use assets	443,207	424,273	564,412
Goodwill	452,366	452,366	452,366
Other equity investments	20,820	20,820	20,820
Deferred tax assets	170,002	209,147	232,059
Other non-current assets	26,311	51,323	80,917
Total non-current assets	10,291,365	12,665,311	13,440,739
<i>Non-current liabilities</i>			
Bank and other borrowings	64,081	1,006,364	1,187,990
Deferred income	342	308	274
Lease liabilities	24,046	11,644	13,604
Long-term payables	168,737	189,477	150,189
Provision for restoration, rehabilitation and environmental costs	42,647	122,589	123,500
Deferred tax liabilities	224,027	193,013	140,249
Total non-current liabilities	523,880	1,523,395	1,615,806
Net assets	13,368,647	14,811,842	16,779,832

Property, plant and equipment

Our property, plant and equipment mainly consisted of (i) plant and buildings; (ii) mining properties; (iii) machinery and equipment; (iv) electronic and transportation equipment and others; and (v) construction in progress.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Plant and Buildings	1,066,964	1,157,636	1,143,478
Mining properties	1,079,771	1,482,108	1,473,415
Machinery and equipment	557,647	515,750	516,666
Electronic and transportation equipment and others	32,722	39,772	51,992
Constructions in progress	388,173	257,821	1,019,901
Total	3,125,277	3,453,087	4,205,452

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Our property, plant and equipment increased by 10.5% from RMB3,125.3 million as of December 31, 2023 to RMB3,453.1 million as of December 31, 2024, primarily due to the increase in mining properties, resulting from increase in the number of projects launched. This was further increased by 21.8% to RMB4,205.5 million as of December 31, 2025, primarily due to the increase in construction in progress in relation to Qinghai Dachaidan Mining and Mangshi Huasheng Mining, in the form of additional buildings, mining shaft and tunnel assets, and machinery and equipment.

Intangible assets

Our property, plant and equipment mainly consisted of (i) exploration rights and related assets; (ii) mining rights; and (iii) software, patented technology and others.

The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Exploration rights and related assets.	1,241,276	1,239,837	1,383,770
Mining Rights	4,803,634	6,802,681	6,484,057
Software, patented technology and others	8,472	11,777	16,886
Total	6,053,382	8,054,295	7,884,713

Our intangible assets increased by 33.1% from RMB6,053.4 million as of December 31, 2023 to RMB8,054.3 million as of December 31, 2024, primarily due to the acquisition of Osino Mining. Our intangible assets remained relatively stable at RMB7,884.7 million as of December 31, 2025.

Right-of-use assets

Our right-of-use assets comprised properties leased for own use and interest in leasehold land held. Our right-of-use assets remained relatively stable at RMB443.2 million, RMB424.3 million as of December 31, 2023 and 2024. Our right-of-use assets increased by 33.0% from RMB424.3 million as of December 31, 2024 to RMB564.4 million as of December 31, 2025, primarily due to the increase in interests in leasehold land held for own use for premiums paid on our newly leased land properties.

The following table sets forth a breakdown of the net book value of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Properties leased for own use.	20,173	20,668	26,486
Interest in leasehold land held for own use.	423,034	403,605	537,926
Total	443,207	424,273	564,412

Goodwill

As of December 31, 2023, 2024 and 2025, our book value of goodwill was mainly attributable to acquisition of Tenya HK (which is in relation to the mine operated by Heihe Luoke Mining), Jilin Banmiaozi Mining and Qinghai Dachaidan Mining.

The value in use calculated is higher than the carrying amount for each CGU, accordingly, no impairment of goodwill was recognized during the Track Record Period. A reasonably possible change in key assumptions would not cause an impairment loss.

The following table sets forth the at cost and carrying amount as of December 31, 2023, 2024 and 2025.

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
At cost and carrying amount			
— Sino Gold Tenya (HK) Limited (“Tenya HK”).	93,902	93,902	93,902
— Jilin BanMiaozi	130,558	130,558	130,558
— Qinghai Dachaidan.	227,906	227,906	227,906
	452,366	452,366	452,366

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The recoverable amounts of these CGUs have been determined on the basis of value in use calculations by estimating the future cash flows expected from these CGUs. The key assumptions for the value in use calculations are those regarding the discount rates, estimated gross profit margin and the service life used in the cash flow forecasts. Cash flow forecasts are based on past practices and expectations of future changes in the market. The directors of the Company estimate pre-tax discount rates that reflect current market assessment of the time value of money and the risks specific relating to the CGUs. Cash flow forecasts of each CGU are derived from financial budgets approved by the directors of the Company. The growth rates are based on the relevant CGUs past performance and management’s expectation for the market development and production plans. The service lives of respective CGU are determined by life of mine plans for each mine.

Tenya HK CGU mainly consists of non-current operating assets of Heihe Luoke, and principally engages in gold exploration, mining, smelting, and sales of mineral products.

Jilin BanMiaozi CGU mainly consists of non-current operating assets of Jilin BanMiaoZi, and principally engages in gold exploration, mining, smelting, and sales of mineral products.

Qinghai Dachaidan CGU mainly consists of non-current operating assets of Qinghai Dachaidan, and principally engages in gold exploration, mining, smelting, and sales of mineral products.

The cash inflows generated by each above CGU are basically independent of the cash inflows generated by other assets or asset groups.

The key assumptions used in the value in use calculation for related CGUs include:

Tenya HK CGU:

	As of December 31,		
	2023	2024	2025
Service life	3 years	1 year and 5 months	2 years and 4 months
Gold price	421RMB/g –455RMB/g	591RMB/g –613RMB/g	788RMB/g –938RMB/g
Gross profit margin	68.44%– 72.90%	75.48%– 76.38%	80.24%– 83.67%
Pre-tax discount rate.	11.96%	11.86%	11.42%

Jilin BanMiaozi CGU:

	As of December 31,		
	2023	2024	2025
Service life	7 years	4 years and 5 months	5 years and 1 months
Gold price	421RMB/g –455RMB/g	491RMB/g –613RMB/g	609RMB/g –938RMB/g
Gross profit margin	57.45%– 65.06%	59.11%– 72.78%	9.42%–79.81%
Pre-tax discount rate.	11.96%	11.86%	11.42%

Qinghai Dachaidan CGU:

	As of December 31,		
	2023	2024	2025
Service life	11 years	10 years and 2 months	9 years
Gold price	421RMB/g –455RMB/g	491RMB/g –613RMB/g	609RMB/g –938RMB/g
Gross profit margin	14.17%– 75.79%	31.10%– 72.25%	34.68%– 80.18%
Pre-tax discount rate.	11.96%	11.86%	11.42%

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The headroom measured by the excess of the recoverable amount over the carrying amount of related CGUs are set out below:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tenya HK CGU	1,041,185	1,217,487	1,421,149
Jilin BanMiaozi CGU	1,367,377	2,043,691	3,622,933
Qinghai Dachaidan CGU	1,522,240	2,005,947	4,818,092

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth the remaining headroom as of December 31, 2023, 2024 and 2025, respectively, under the assumptions where the discount rate increases by one percent or projected future gold price decrease by 5%, with all other variables held constant.

Tenya HK CGU:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
One percent increases in the discount rate	1,009,145	1,195,972	1,389,149
5% decrease in projected future gold price	913,711	1,101,520	1,304,149

Jilin BanMiaozi CGU:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
One percent increases in the discount rate	1,288,027	1,977,137	3,520,933
5% decrease in projected future gold price	1,155,341	1,816,177	3,302,933

Qinghai Dachaidan CGU:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
One percent increases in the discount rate	1,363,951	1,846,947	4,616,092
5% decrease in projected future gold price	1,167,141	1,625,947	4,319,092

A reasonably possible change in key assumptions on which the Group has based its determination of the respective CGU's recoverable amount would not cause an impairment loss.

Other equity investments

Our other equity investments mainly consisted of unlisted securities. As of December 31, 2023, 2024 and 2025, such investments were RMB20.8 million, RMB20.8 million and RMB20.8 million, respectively. The fair values of these equity securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. We have put in place internal control measures to approve our investments and monitor them on a continuous basis, and our management will regularly formulate and review our Group's investment strategies.

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Deferred tax assets

Our deferred tax assets mainly consisted of (i) impairment of assets, (ii) unrealized intra-group profit, (iii) tax losses, (iv) lease liabilities, (v) depreciation and amortization allowances difference and (vi) long-term payables. The following table sets forth a breakdown of our deferred tax assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Impairment of assets	18,258	18,337	17,900
Unrealised intra-group profit	7,046	6,723	7,413
Tax losses	79,454	116,868	116,497
Lease liabilities	8,242	7,927	6,912
Depreciation and amortization allowances difference	89,135	106,008	116,683
Long-term payables	50,761	30,944	25,712
Fair value arising from financial assets or liabilities at FVTPL	2,202	1,480	32,008
Provision for restoration, rehabilitation, and environmental costs	8,604	20,289	21,890
Others	854	593	593
Subtotal	264,556	309,169	345,608
Less: Amount of offset between deferred tax assets and liabilities	(94,554)	(100,022)	(113,549)
Total	170,002	209,147	232,059

Our deferred tax assets increased from RMB170.0 million as of December 31, 2023 to RMB209.1 million as of December 31, 2024, mainly driven by the increases in deferred tax assets recognized as a result of tax losses incurred by certain of our subsidiaries, and the increases in depreciation and amortization allowances difference. Our deferred tax assets increased by 11.0% from RMB209.1 million as of December 31, 2024 to RMB232.1 million as of December 31, 2025, mainly attributable to the fair value adjustments arising from financial assets or liabilities at FVTPL.

Other non-current assets

Our other non-current assets mainly consisted of prepayments for property, plant and equipment, and prepayments for mining rights and other receivables. Our non-current assets increased by 95.1% from RMB26.3 million as of December 31, 2023 to RMB51.3 million as of December 31, 2024, primarily due to the increase in prepayments for property, plant and equipment of RMB24.8 million. Our non-current assets then increased by 57.7% to RMB80.9 million as of December 31, 2025, primarily due to the increase in deductible input VAT of RMB34.9 million.

Current assets and current liabilities

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	January 31,
				2026
		(RMB'000)		(unaudited)
Current assets				
Inventories	1,484,606	1,240,100	1,159,555	1,188,221
Trade receivables	42,040	21,112	5,573	347,819
Financial assets at FVTPL	1,051,487	1,256,710	—	—
Derivative financial assets	11,010	1,919	5,476	45,048
Prepayments, deposits and other receivables	387,848	133,632	587,837	616,572
Restricted cash	1,194,465	456,882	722,113	741,381
Cash and cash equivalents	1,836,128	2,413,424	4,704,176	4,854,025
Total current assets	6,007,584	5,523,779	7,184,730	7,793,066

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	As of December 31,			As of
	2023	2024	2025	January 31,
	(RMB'000)			2026
				(unaudited)
Current liabilities				
Bank and other borrowings	374,469	342,299	209,658	158,186
Trade and bills payables	1,517,379	796,283	1,266,342	1,446,279
Accrued expenses and other payables	281,701	315,629	347,600	479,078
Contract liabilities	19,965	3,387	65,683	88,647
Lease liabilities	9,166	20,195	13,423	13,045
Derivative financial liabilities	20,141	9,016	36,469	96,908
Current taxation	114,098	223,131	245,004	186,177
Current portion of long-term payables	69,503	143,913	45,652	51,343
Total current liabilities	2,406,422	1,853,853	2,229,831	2,519,663
Net current assets	3,601,162	3,669,926	4,954,899	5,273,403

Our net current assets remained relatively stable at RMB3,601.2 million and RMB3,669.9 million as of December 31, 2023 and 2024, respectively.

Our net current assets increased by 35.0% from RMB3,669.9 million as of December 31, 2024 to RMB4,954.9 million as of December 31, 2025, primarily due to the increase in cash and cash equivalents of RMB2,290.8 million, and partially offset by the decrease in financial assets at fair value through profit or loss of RMB1,256.7 million.

As of January 31, 2026, we had net current assets of RMB5,273.4 million.

Inventories

Our inventories mainly consisted of (i) raw materials, mainly comprising production reagents, mining explosives, equipment parts, fuels, and processing consumables, (ii) work in progress, primarily comprising ores, and (iii) finished goods, primarily comprising gold, silver, and various metals.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Raw materials	181,627	193,209	196,074
Work in progress	823,028	556,575	501,131
Finished goods	479,951	495,748	462,350
Subtotal	1,484,606	1,245,532	1,159,555
Less: Write-down for inventory impairment	—	(5,432)	—
Total	1,484,606	1,240,100	1,159,555

The following table sets forth a breakdown of our inventories related to our mining operations as of the date indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Raw materials	181,627	193,209	196,074
Work in progress	823,028	556,575	501,131
Finished goods	149,877	162,041	294,591
Subtotal	1,154,532	911,825	991,796
Less: Write-down for inventory impairment	—	—	—
Total	1,154,532	911,825	991,796

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The following table sets forth a breakdown of our inventories related to our trading operations as of the date indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Raw materials	—	—	—
Work in progress	—	—	—
Finished goods	330,074	330,707	167,759
Subtotal	330,074	330,707	167,759
Less: Write-down for inventory impairment	—	(5,432)	—
Total	330,074	328,275	167,759

Our inventories decreased by 16.5% from RMB1,484.6 million as of December 31, 2023 to RMB1,240.1 million as of December 31, 2024, primarily due to the decreased completion of work in progress. Our inventories remained relatively stable at RMB1,159.6 million as of December 31, 2025.

In terms of turnover, our inventory turnover days were 94 days, 52 days and 38 days in the year ended December 31, 2023, 2024 and 2025, respectively, which was mostly in line with the fluctuations of our trading operations. In particular, such turnover days were 94 days for the year ended December 31, 2023, as we had a decrease in trading volume, leading to a lower cost of sales from trading operations, and yet an increase in inventories from trading operations. The decrease in the year ended December 31, 2025 was mainly due to an increased consumption and sales of our inventory.

The following table sets forth an aging analysis of inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Less than one year	1,408,845	1,160,981	1,052,243
One to two years	18,086	8,419	35,459
Over two years	57,675	70,700	71,853
Total	1,484,606	1,240,100	1,159,555

As of January 31, 2026, RMB417.7 million or 36.0% of the inventories as of December 31, 2025 had been subsequently utilized. Our Directors confirm that even in view of such utilization rates, no provision has been made for our inventories, primarily due to a substantial percentage of utilized inventories comprises work-in-progress products, primarily consisting of raw ores, resulted from our high production volume. However, given the recent upward trend in metal prices, there are no signs of impairment for the work-in-progress ores.

Trade receivables

Our trade receivables related to the outstanding payments from our trading operations. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Trade receivables	44,252	22,223	5,866
Less: Allowance for credit losses	(2,212)	(1,111)	(293)
Total	42,040	21,112	5,573

Our trade receivables decreased by 49.8% from RMB42.0 million as of December 31, 2023 to RMB21.1 million as of December 31, 2024, primarily due to the increase in settlement balance at the end of the year. Our trade receivables decreased by 73.5% from RMB21.1 million as of December 31, 2024 to RMB5.6 million as of December 31, 2025, primarily due to the decrease in unsettled outstanding balance. In terms of turnover, our trade receivable turnover days remained stable at 1.9 days, 0.9 days, and 0.3 days during the Track Record Period, respectively.

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The following table sets forth an aging analysis of receivables, based on invoice dates as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within one year	42,040	21,112	5,573

As of January 31, 2026, RMB5.2 million or 92.5% of the trade receivables as of December 31, 2025 had been subsequently settled.

Financial assets at FVTPL

Our financial assets at FVTPL primarily consisted of wealth management products during the Track Record Period. Our financial assets at FVTPL increased by 19.5% from RMB1,051.5 million as of December 31, 2023 to RMB1,256.7 million as of December 31, 2024, primarily due to additional purchase of wealth management products, further recorded nil as of December 31, 2025, primarily due to the redemption of all matured wealth management products.

Derivative financial assets

Our derivative financial assets primarily consisted of other non-ferrous metal futures contracts during the Track Record Period. Our derivative financial assets decreased by 82.7% from RMB11.0 million as of December 31, 2023 to RMB1.9 million as of December 31, 2024, representing the movement in our futures positions. Our derivative financial assets increased to RMB5.5 million as of December 31, 2025. This increase was primarily driven by the establishment of new hedging positions required to support current trading activities. As of December 31, 2024, many of our spot trading positions had been closed, resulting in a reduction in associated derivative holdings. In contrast, the year of 2025 saw a ramp-up in trading operations, necessitating the deployment of additional derivative instruments. These changes reflect our proactive hedging strategy, which aims to manage price volatility and protect trading margins in a dynamic market environment. Our investment in derivative instruments after the [REDACTED] will be subject to the compliance with Chapter 14 of the Listing Rules.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly consisted of (i) prepayments for inventories and others, primarily comprising of the purchase of other non-ferrous metal for our trading activities, (ii) deductible input VAT, (iii) deposits, (iv) prepaid tax, and (v) other receivables, with consideration of loss allowance.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Prepayments for inventories and others	28,828	10,040	26,082
Deductible input VAT	32,413	22,461	22,625
Deposits	273,490	84,413	445,817
Prepaid tax	21,120	8,348	1,004
Prepayments for costs incurred in connection with the proposed initial [REDACTED] of H shares	[REDACTED]	[REDACTED]	[REDACTED]
Other receivables	98,771	73,207	129,444
Less: loss allowance	(66,774)	(64,837)	(68,702)
Total	387,848	133,632	[REDACTED]

Our prepayments, deposits and other receivables decreased from RMB387.8 million as of December 31, 2023, to RMB133.6 million as of December 31, 2024, primarily due to the decrease in position of our financial derivative assets in 2024. Our prepayments, deposits and other receivables increased to RMB587.8 million as of December 31, 2025, primarily due to the increase in margin deposits, resulting from the additional derivative transactions.

As of January 31, 2026, RMB477.7 million or 81.3% of the prepayments, deposits and other receivables as of December 31, 2025 had been subsequently settled.

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Restricted cash

Our restricted cash mainly represented guarantee deposits pledged to bank for issuance of bills payables and letters of credit during the Track Record Period. Our restricted cash decreased by 61.8% from RMB1,194.5 million as of December 31, 2023 to RMB456.9 million as of December 31, 2024, primarily due to the decrease in security deposits for bank acceptance bills and letters of credits. Our restricted cash increased by 58.0% to RMB722.1 million as of December 31, 2025, primarily due to the increase in security deposits for bank acceptance bills.

Trade and bills payables

Our trade and bills payables mainly related to our mining operations. Our trade and bills payables decreased by 47.5% from RMB1,517.4 million as of December 31, 2023 to RMB796.3 million as of December 31, 2024, primarily because we opted to settle more transactions with bank acceptance bills issued closer to the balance sheet date in light of the prevailing market conditions. Our trade and bills payables increased by 59.0% to RMB1,266.3 million as of December 31, 2025, which were mainly due to our increase in bills payable in relation to our mining business. In terms of turnover, our trade payable turnover days remained stable at 15.9 days, 10.1 days, and 10.6 days during the Track Record Period, respectively.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within one year	1,492,106	784,165	1,247,600
Over one year.	25,273	12,118	18,742
Total	1,517,379	796,283	1,266,342

As of January 31 2026, RMB206.4 million or 52.6% of the trade payables as of December 31, 2025 had been subsequently settled.

Accrued expenses and other payables

The accrued expenses and other payables mainly consisted of deposits, payroll payables, other tax payables, payables for properties, plant and equipment and intangible assets, dividends payable, accrued expenses, and others.

The following table sets forth a breakdown of our accrued expenses and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Deposits	162,751	95,348	111,091
Payroll payables	82,054	90,937	134,125
Other tax payables	15,338	48,344	28,824
Payables for properties, plant and equipment and intangible assets	16,179	20,036	31,541
Dividends payable	—	50,000	—
Payables for costs incurred in connection with the proposed initial [REDACTED] of H shares	[REDACTED]	[REDACTED]	[REDACTED]
Others	5,379	10,964	31,900
Total	281,701	315,629	[REDACTED]

Our accrued expenses and other payables increased from RMB281.7 million as of December 31, 2023, to RMB315.6 million as of December 31, 2024, primarily due to the increase of our dividends payables and other tax payables. Our accrued expenses and other payables as of December 31, 2025 were RMB347.6 million, primarily due to increase in payroll payables, primarily due to the expansion of our workforce and improved employee compensation, in line with the scale-up of our business.

As of January 31, 2026, RMB135.4 million or 39.0% of our accrued expenses and other payables as of December 31, 2025 had been subsequently settled.

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Contract liabilities

The contract liabilities mainly consisted of advance from customers during the Track Record Period. As of December 31, 2023, 2024 and 2025, all of our contract liabilities are expected to be recognized as revenue within one year. Our contract liabilities decreased by 83.0% RMB20.0 million as of December 31, 2023 to RMB3.4 million as of December 31, 2024, primarily due to the delivery of a higher amount of goods to our customers at the end of 2024. Our contract liabilities increased to RMB65.7 million as of December 31, 2025, primarily due to the increase in advances from customers in our trading activities.

As of January 31, 2026, RMB14.7 million or 22.4% of the contract liabilities as of December 31, 2025 had been recognized as revenue.

Derivative financial liabilities

Our derivative financial liabilities mainly consisted of foreign exchange forward contracts and commodity options and futures contract. Our derivative financial liabilities decreased by 55.2% from RMB20.1 million as of December 31, 2023, to RMB9.0 million as of December 31, 2024. Our derivative financial liabilities increased to RMB36.5 million as of December 31, 2025, representing loss of forward contracts, futures and options contract.

Long-term payables

Our long-term payables mainly consisted of mining rights payments due over one year, representing deferred payment arrangements for mineral rights concession fees.

The following table sets forth a breakdown of the net book value of our long-term payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Current portion	69,503	143,913	45,652
Non-current portion.	168,737	189,477	150,189
Total	238,240	333,390	195,841

Increase in our long-term payables during the years ended December 31, 2023 and 2024 were mainly in relation to mining concession fee payments. Our long-term payables decreased from RMB333.4 million as of December 31, 2024 to RMB195.8 million as of December 31, 2025, primarily due to our payment of long-term payables.

Provisions for restoration, rehabilitation, and environmental costs

Our provision for restoration, rehabilitation and environmental costs during the Track Record Period was related to certain subsidiaries which are engaged in mining operations. Such costs amounted to RMB42.6 million, RMB122.6 million and RMB123.5 million as of December 31, 2023, 2024 and 2025, respectively. The provision represents the accrued cost required to provide adequate restoration and rehabilitation measured by qualified professionals in PRC, as discounted at rates of the LPR interest rate of the PRC central bank corresponding to the evaluation period during the Track Record Period, upon the completion of their operations. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project life. Our Directors believe that adequate provision has been made at the end of each period during the Track Record Period.

Deferred tax liabilities

Our deferred tax liabilities consisted of fair value adjustments through business combination, capitalized exploration expenditure, fair value arising from financial assets or liabilities at FVTPL, right-of-use assets, depreciation and amortization allowances difference, installment of mining rights, mining properties, and others.

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The following table sets forth a breakdown of our deferred tax liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Fair value adjustments through business combination . . .	221,391	190,404	165,838
Capitalized exploration expenditure	10,131	10,131	10,131
Fair value arising from financial assets or liabilities			
at FVTPL	2,638	4,903	1,480
Right-of-use assets	7,154	6,747	6,714
Depreciation and amortization allowances difference . . .	19,799	18,479	13,858
Installment of mining rights	54,360	47,209	40,009
Mining properties	3,108	15,162	15,768
Subtotal	318,581	293,035	253,798
Amount of offset between deferred tax assets and liabilities	(94,554)	(100,022)	(113,549)
Total	224,027	193,013	140,249

Our deferred tax liabilities decreased by 13.8% from RMB224.0 million as of December 31, 2023, to RMB193.0 million as of December 31, 2024, then decreased by 27.4% to RMB140.2 million as of December 31, 2025, primarily due to fair value adjustments through business combination.

DERIVATIVE FINANCIAL INSTRUMENTS

Our hedging strategy is fundamentally based on a strict risk mitigation principle, where we utilize derivative instruments, including futures and options, exclusively for hedging purposes to reduce exposure to commodity price fluctuations, basis risks, and arising from our physical trading activities. We adhere to a disciplined approach that requires all derivative transactions to be directly correlated with our underlying physical business in terms of commodity type, scale, direction, and duration, ensuring that our hedging activities are aligned with our operational needs and financial capacity. This strategy is implemented through approved annual business plans, which specify hedging volumes, methods, and limits, and we strictly prohibit any form of speculative or arbitrage trading.

Our treasury policies governing derivative activities are designed to maintain robust risk control and financial stability. We establish dedicated hedging margin accounts and manage fund transfers through a structured approval process involving our risk and finance departments, ensuring that sufficient self-owned fund or credit facilities are in place to support margin requirements without impacting normal operations. The policies mandate daily monitoring of margin levels, floating profits and losses, and adherence to pre-defined stop-loss warning lines and limits, with our risk management department authorized to take corrective actions, including position liquidation, if thresholds are breached. This framework ensures that our use of derivatives remains within manageable risk parameters, supporting the overall integrity of our financial operations.

In the year ended December 31, 2023, 2024 and 2025, the transaction amounts of the derivative instruments employed were RMB835.8 million, RMB81,768.6 million and RMB167,099.1 million respectively. The significant increase was primarily due to (1) the increase in the commodity prices in the recent years, (2) the increased scale of our business operations, and (3) the implementation of refined management strategies since 2024, which have significantly increased the frequency of adjusting our hedging positions.

We employ various types of financial instruments, including forward, futures and options contracts. The following paragraphs set forth a summary of the salient terms of our arrangements with our counterparties.

- **Pricing.** The premium is determined based on the initial price of the underlying contract, the number of units, and a fixed participation rate. The exercise price is fixed at the transaction date.
- **Maturity.** The option has a specified expiration date. If such date falls on a non-business day, it is adjusted to the next or previous business day as confirmed by the counterparty.
- **Payment.** We receive the total premium upon execution of the transaction. As the option seller, we are required to pay initial margin not lower than the qualified collateral initial value before the trade date. Settlement payments are made on a net basis on the final settlement date.
- **Termination Clause.** We or the counterparty may designate an early termination date upon the occurrence of an event of default or termination event under the master agreement. Events of default include failure to pay or deliver, breach of agreement, cross-default and insolvency. Termination events include illegality, force majeure, and credit deterioration upon merger. Upon early termination, all affected transactions are terminated, and a single net termination payment is calculated based on the fair market value.

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The Board is actively involved in the oversight of the Group’s derivative activities, having formally approved the subsidiary’s proposed derivative trading business and the associated scale. We have established a dedicated management system and functional departments for derivative transactions, staffed with professionals responsible for transaction execution, decision-making, authorisation, settlement, reporting, and risk monitoring. We diversify our risk through the use of multiple derivative instruments across various commodity types and exchanges, and employs a multi-layered hedging strategy addressing absolute price and basis.

Risk monitoring practices are robust. Department responsible for risk control conducts real-time monitoring of floating profits and losses against pre-defined stop-loss warning lines and limits. The trading department is required to submit daily trading records to the department responsible for risk control for reconciliation. The stop-loss warning lines and stop-loss limits for each variety are set based on the maximum drawdown at any single point in time. The aggregate stop-loss warning line and stop-loss limit for all varieties are RMB39 million and RMB48.9 million respectively. Should the floating profit and loss reach the stop-loss warning line, the risk control department will promptly notify the trading department and report to senior management. Upon reaching the stop-loss limit, the risk control department is authorised to take action in accordance with company regulations.

The procedure for approving positions that exceed the authorized limits specified in the annual plan requires that any business scale exceeding the initial plan by more than twenty percent must be submitted to the Board for approval before such business and the corresponding increase in hedging volume can be conducted. Our internal systems explicitly prohibit derivative positions from exceeding the authorized holding limits. We do not specify procedures for setting and varying counterparty limits, authorizing excesses over these limits, or the monitoring of value at risk.

Our fundamental hedging philosophy is rooted in a disciplined and proactive approach to risk management, with the primary objective of mitigating the significant exposure to commodity price and foreign exchange rate fluctuations inherent in our trading and operating activities. We do not engage in derivative transactions for speculative purposes. Instead, we employ a structured program utilizing derivative financial instruments, including futures and options, specifically to insulate our operating cash flows and profitability from adverse market movements.

The critical principle we adhere to in executing these hedges is maintaining a direct and quantifiable correlation; the notional amount and tenor of the derivative positions are deliberately aligned to match the volume and expected transaction date of the underlying physical exposure. This practice of ensuring the derivative transaction is opposite in direction and substantially equivalent in quantity to the physical transaction is designed to create an effective economic offset, whereby a loss in the physical market is intended to be substantially compensated for by a gain in the derivative position, and vice versa.

The rationale for adopting these specific hedging practices is driven by the volatile nature of global metal markets and our commitment to achieving a more predictable financial performance. By actively managing these price risks, we seek to stabilize our gross profit margins and protect the economic value of our assets, thereby enhancing shareholder value and supporting the Group’s strategic planning and operational budgeting.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been, and is expected to continue to be, cash generated from operating activities together with available credit facilities and bank borrowings. Our liquidity requirements primarily relate to funding our working capital requirements and our capital expenditures. We had cash and cash equivalents of RMB1,836.1 million, RMB2,413.4 million and RMB4,704.2 million as of December 31, 2023, 2024 and, 2025, respectively.

Sufficiency of working capital

Taking into account the financial resources available to us, including our cash and cash equivalents, available borrowings, and the estimated net [REDACTED] from the [REDACTED], our Directors are of the opinion, and the Joint Sponsors concur, that we have sufficient working capital required for 125% of our present requirements, that is for at least the next 12 months from the date of this document. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our cash and cash equivalents, bank and other borrowings and net [REDACTED] from the [REDACTED]. Other than the bank and other borrowings that we may obtain, we do not have any plans for material external debt financing. The majority of our projects under development are extension projects of our current mines. We believe that we are

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able to finance such projects using net operating cash flow from our existing operations for the year ended December 31, 2025, net cash flows generated from operating activities were RMB4,680.1 million and capital expenditures were RMB1,193.0 million.

Cash flows analysis

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Net cash flows generated from operating activities	2,179,893	3,871,259	4,680,086
Net cash flows generated from/(used in) investing activities	480,149	(2,849,216)	(837,905)
Net cash flows used in from financing activities	(1,625,581)	(431,310)	(1,535,130)
Net increase in cash and cash equivalents	1,034,461	590,733	2,307,051
Cash and cash equivalents at beginning of year	789,843	1,836,128	2,413,424
Effect of foreign exchange rate changes, net	11,824	(13,437)	(16,299)
Cash and cash equivalents at the end of the year	1,836,128	2,413,424	4,704,176

Net cash flows generated from operating activities

For the year ended December 31, 2025, we had net cash generated from operating activities of RMB4,680.1 million, which primarily represents profit before taxation of RMB4,285.7 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property, plant and equipment of RMB359.9 million and amortization of intangible assets of RMB341.6 million, and (ii) changes in working capital, which primarily consisted of the increase in trade and bills payables, accrued expenses and other payables of RMB926.1 million, partially offset by the increase in trade receivables, prepayments, deposits and other receivables of RMB422.1 million.

In the year ended December 31, 2024, we had net cash generated from operating activities of RMB3,871.3 million, which primarily represents profit before taxation of RMB3,181.7 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property, plant and equipment of RMB298.4 million and amortization of intangible assets of RMB308.1 million, and (ii) changes in working capital, which primarily consisted of the decrease in trade receivables, prepayments, deposits and other receivables of RMB1,052.6 million, partially offset by the decrease in trade and bills payables, accrued expenses and other payables of RMB695.9 million.

In the year ended December 31, 2023, we had net cash generated from operating activities of RMB2,179.9 million, which primarily represents profit before taxation of RMB2,083.0 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property, plant and equipment of RMB376.4 million and amortization of intangible assets of RMB552.3 million, and (ii) changes in working capital, which primarily consisted of the increase in inventories of RMB125.6 million and the increase in trade receivables, prepayments, deposits and other receivables of RMB123.2 million.

Net cash flows generated from/(used in) investing activities

For the year ended December 31, 2025, we had net cash flow used in investing activities of RMB837.9 million, which was primarily due to payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB1,193.0 million.

In the year ended December 31, 2024, we had net cash flow used in investing activities of RMB2,849.2 million, which primarily due to (i) payment for purchase of financial assets at FVTPL and derivative financial assets of RMB14,347.2 million and (ii) acquisition of subsidiary, net of cash acquired, of RMB1,830.5 million, partially offset by proceeds from disposal of financial assets at FVTPL and derivative financial assets of RMB14,015.9 million.

In the year ended December 31, 2023, we had net cash flow generated from investing activities of RMB480.1 million, which primarily due to proceeds from disposal of financial assets at FVTPL and derivative financial assets of RMB6,437.2 million, partially offset by (i) payment for purchase of financial assets at FVTPL and derivative financial assets of RMB5,336.8 million and (ii) payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB614.8 million.

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Net cash flows used in financing activities

For the year ended December 31, 2025, we had net cash flow used in financing activities of RMB1,535.1 million, which was primarily due to (i) dividends paid to our Shareholders of RMB1,013.5 million, and (ii) repayment of bank and other borrowings, long-term payables and interests of RMB1,447.6 million, partially offset by proceeds from bank and other borrowings of RMB1,330.6 million.

In the year ended December 31, 2024, we had net cash flow used in financing activities of RMB431.3 million, which primarily due to (i) repayment of bank and other borrowings, long-term payables and interests of RMB1,088.7 million, (ii) dividends paid to our Shareholders of RMB777.5 million, partially offset by proceeds from bank and other borrowings of RMB1,634.0 million.

In the year ended December 31, 2023, we had net cash flow used in financing activities of RMB1,625.6 million, which primarily due to (i) repayment of bank and other borrowings, long-term payables and interests of RMB1,543.1 million, (ii) dividends paid to our Shareholders of RMB777.5 million, partially offset by proceeds from bank and other borrowings of RMB814.1 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness consisted of bank and other borrowings and lease liabilities. Our Directors confirm that our Group had not defaulted on trade and non-trade payables and borrowings, nor had our Group breached any covenants during the Track Record Period and up to the date of the Document.

As of January 31, 2026, our Group’s unutilized unsecured banking facilities amount to RMB4,377.7 million. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	January 31,
		(RMB'000)		
				2026
				(unaudited)
Current				
Bank and other borrowings	374,469	342,299	209,658	158,186
Lease liabilities.	9,166	20,195	13,423	13,045
Non-current				
Bank and other borrowings	64,081	1,006,364	1,187,990	1,187,863
Lease liabilities.	24,046	11,644	13,604	12,752
Total	471,762	1,380,502	1,424,675	1,371,846

Bank and other borrowings

As of December 31, 2023, 2024 and, 2025, we had bank and other borrowings of RMB438.6 million, RMB1,348.7 million and RMB1,397.6 million, respectively. Our loans and borrowings are denominated in RMB and US\$. See note 25 of the Accountants’ Report in Appendix I to this document.

Certain of our bank loans are subject to the fulfillment of covenants commonly found in lending arrangements with financial institutions. If we were to breach the covenants, the loans would become repayable on demand. We regularly monitor its compliance with these covenants. See note 36 of the Accountants’ Report in Appendix I to this document for further details about our management of liquidity risk.

Lease liabilities

Our lease liabilities mainly consisted of lease for our Beijing headquarter and land in Mangshi, Yunnan during the Track Record Period. Our lease liabilities remained relatively stable at RMB33.2 million and RMB31.8 million as of December 31, 2023 and 2024, respectively. As of December 31, 2025, our lease liabilities amounted to RMB27.0 million, primarily due to our lease payment.

Contingent liabilities

As of December 31, 2023, 2024 and, 2025, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since December 31, 2025 and up to the Latest Practicable Date.

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Indebtedness statement

Except as disclosed above, as of January 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since January 31, 2026 and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not enter into any outstanding off-balance sheet commitments or arrangements.

CAPITAL EXPENDITURES

For the year ended December 31, 2023, 2024 and 2025, our capital expenditure attributable to payment for the purchase of property, plant and equipment, intangible assets and other non-current assets amounted to RMB614.8 million, RMB687.8 million and RMB1,193.0 million, respectively. We have funded and expect to continue to fund our capital expenditure with our cash flow generated from operating activities.

CAPITAL COMMITMENTS

Our capital commitments during the Track Record Period were primarily related to the acquisition of property, plant and equipment. As of December 31, 2023, 2024 and 2025, the amount of our outstanding capital commitments was RMB310.7 million, RMB273.1 million and RMB1,198.0 million, respectively.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See note 39 to the Accountants’ Report in Appendix I to this document. Our Directors believe that these transactions were conducted in the ordinary and usual course of business and did not distort our results of operations or make our historical results unreflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods or as of the dates indicated:

	For the year ended/As of December 31,		
	2023	2024	2025
	(RMB'000)		
Rates of return			
Return on assets	9.6%	14.1%	16.9%
Return on equity	12.0%	17.3%	20.8%
Liquidity ratios			
Current ratio	2.5	3.0	3.2
Quick ratio	1.9	2.3	2.7
Gearing ratio	3.5%	9.3%	8.5%

Notes:

1. Return on assets ratio is calculated using net profit divided by the average of the opening and closing balances of total assets, multiplied by 100%.
2. Return on equity ratio is calculated using net profit divided by the average of the opening and closing balances of total equity, multiplied by 100%.
3. Current ratio is calculated using total current assets divided by total current liabilities.
4. Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
5. Gearing ratio is calculated by dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity.

FINANCIAL RISK MANAGEMENT

We are exposed to various risks in relation to financial instruments in our daily operations. Risks in connection with our business operations, and the risk management strategies adopted by us to mitigate such risks, are summarized as follows:

Credit risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade receivables, other receivables, cash and cash equivalents and restricted deposits. Our exposure to credit risk arising from cash and cash

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equivalents and restricted deposits is limited because the counterparties are banks and financial institutions with a high credit standing, for which we consider having low credit risk. Our management continuously monitors the level of exposure to ensure that follow up action is taken to recover overdue debts. We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Generally, trade receivables are due within one year from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before further credit is granted. We do not obtain collateral from customers.

Liquidity risk

The treasury function is centrally managed by us, which includes the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Commodity price risk

Our commodity price risk is mainly the exposure to fluctuations in the prevailing market price of metal which are the major commodities purchased, produced and sold by us. To minimise this risk, we enter into metal futures and options contracts and provisional price arrangement to manage our exposure in relation to forecasted sales of metal products, forecasted purchases of metal concentrates, inventories and firm commitments to sell our metal products. We are not exposed to significant commodity price risk.

Fair value measurement

Our fair value instruments categorized into the three-level fair value hierarchy as defined in IFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- | | |
|-----------------------|--|
| — Level 1 valuations: | Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. |
| — Level 2 valuations: | Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available. |
| — Level 3 valuations: | Fair value measured using significant unobservable inputs. |

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details of our unaudited [REDACTED] adjusted net tangible assets.

DIVIDEND

We declared and paid dividends to our Shareholders of RMB777.5 million, RMB777.5 million and RMB1,013.5 million respectively, for the year ended December 31, 2023, 2024 and 2025. Pursuant to Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》) and Articles of Association, within any three consecutive years, our distributed cumulative profits in cash shall not be less than 30% of the average distributable profits realized in the latest three years. The specific dividend ratios shall be determined by our Board according to relevant regulations and our operating conditions and shall be considered and resolved at our general meeting. Future profit distributions may be conducted in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Whilst we do not have a pre-determined payout ratio, our Group’s dividends are guided by a formal dividend policy. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had retained earnings of RMB6,792.6 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

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[REDACTED]

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the periods reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.