Grace Life-tech Holdings Limited
恩典生命科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
(Stock Code: 02112)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the "**Board**") of directors (the "**Directors**") of Grace Life-tech Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2025. This announcement, containing the full text of the 2025 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in relation to information to accompany preliminary announcement of annual results.

By Order of the Board
Grace Life-tech Holdings Limited
Ng Khing Yeu
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors are Mr. Ng Khing Yeu, Ms. Li Xiaolan and Mr. Wang Er, and the independent non-executive Directors are Mr. Dong Jie, Dr. Wang Ling and Mr. Leung Yiu Cho.

CONTENTS

FINANCIAL HIGHLIGHTS

	Notes	**2025** **USD'000**	2024 USD'000	% Change
Result				
Revenue		**13,060**	13,764	-5%
Loss attributable to owners of the Company		**(15,437)**	(48,128)	-68%
Financial Position				
Trade receivables		**52,255**	59,239	-12%
Total interest-bearing bank and other borrowings		**55,462**	55,088	1%
Total interest-bearing notes and bonds		**92,830**	78,172	19%
Trade payables		**6,968**	6,634	5%
Total assets		**75,511**	79,803	-5%
Total current assets		**55,364**	61,339	-10%
Total current liabilities		**252,806**	243,874	4%
Key Financial Ratios		**2025**	2024	Difference
Performance				
Gross profit margin		**11.32%**	15.74%	-4.42%
Net loss margin	1	**(118.20)%**	(349.67)%	231.47%
Return on assets	2	**(19.88)%**	(51.00)%	31.12%
Liquidity and Gearing				
Current ratio	3	**0.22**	0.25	-0.03
Per share data				
Net liabilities per share (US cents)		**(12.11)**	(14.60)	
Basic loss per share (US cents)		**(1.03)**	(3.21)	
Proposed final dividend (US cents)		**–**	–	

Notes:

1. Net loss margin is calculated by dividing attributable to owners of the Company by revenue.

2. Return on assets represents the net loss attributable to the owners of the Company as percentage of the average of period-beginning balance and period-ending balance of total assets.

3. Current ratio is the ratio of total current assets to total current liabilities.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Grace Life-Tech Holdings Limited, I am pleased to present the 2025 annual report to the Shareholders.

According to the "World Economic Outlook" report released by the International Monetary Fund (IMF) on 17 January, global growth is expected to remain resilient, with projections of 3.3% for 2026 and 3.2% for 2027, which are broadly consistent with the estimated growth of 3.3% for 2025. Compared to the World Economic Outlook in October 2024, the current forecast for 2026 has been slightly adjusted upward, while the projection for 2027 remains unchanged. Such apparent stability stems from a balance of opposing forces. On one hand, shifts in trade policies brought adverse effects; on the other hand, a surge in technology-related investment (including artificial intelligence) (most notably in North America and Asia as compared to other regions), coupled with fiscal and monetary support, generally accommodative financial environment, and the adaptability of private sector, provides a positive impetus. The effects of these two factors offset each other. Globally, the general inflation is projected to decline from an estimated 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027. These inflation projections generally remain unchanged from the October forecast. Compared to other major economies, the return of inflation to target levels is expected to be slower in the United States.

The China Economic Monitor Report issued by KPMG indicates that China's economic aggregate reached RMB140 trillion in 2025, with real GDP growing by 5.0% year-on-year, achieving the growth target set at the beginning of the year. Real GDP for the fourth quarter grew 4.5%, primarily supported by external demand. In terms of consumption, the total retail sales of consumer goods increased by 3.7% year-on-year in 2025, representing a slight increase of 0.2 percentage points as compared to the previous year. With the trend of self-pleasing consumption continuing on the rise, the structure of household consumption is accelerating its shift towards higher-quality and experience-based goods. Consequently, the growth rate of spending on gold, silver and jewelry, cosmetics and clothing, footwear and hats has seen a moderate recovery. Concurrently, service consumption has demonstrated strong resilience, registering a cumulative growth rate of 5.5%, which is 0.3 percentage points higher than the rate recorded in the first three quarters. Looking ahead to 2026, the consumer market is expected to continue its development trajectory characterised by innovation amidst stability and enhanced quality and efficiency. The trade-in policy will be extended with a greater emphasis on precise implementation, focusing on upgrading trends such as green consumption, smart consumption and silver consumption.

During the reporting year, the overall operations of the Group's plant stem cell business remained stable. The Company continued to advance its R&D investments and product optimization efforts in line with its established strategic direction, while prudently progressing with market channel development and brand promotion. Through the ongoing refinement of its technological framework and product quality control, the Company achieved phased progress in plant stem cell extraction processes, functional stability and the expansion of application scenarios. The foundation for product competitiveness remained solid.

Affected by factors such as changes in the macroeconomic environment and fluctuations in market demand, the sales revenue from the plant stem cell business for the year recorded a slight decrease as compared to the previous year. Faced with external uncertainties, the Group adopted a prudent operational strategy, and made efforts to strengthen cost control and inventory management while optimizing resource allocation to ensure that cash flow and overall operational risks remained within a controllable range. Although revenue is under temporary pressure, the plant stem cell business continues to be a core business segment of the Group, and its strategic positioning has not undergone any significant change.

CHAIRMAN'S STATEMENT

The Group continues to advance the optimization of its product structure and compliance management, refine its internal control systems, and strengthen the monitoring of channel risks and market dynamics. At the same time, the Company adheres to the principle of green production and continuously improves resource utilization efficiency to ensure that its business operations comply with relevant environmental regulations and industry standards. Looking ahead, the Group will remain committed to the principle of prudent operation, under which, subject to controllable risks, it will continue to advance technological R&D and market expansion to gradually enhance operational efficiency and product added value, thus laying a solid foundation for the long-term and stable development of the business.

During the reporting year, the Group's iron ore project in Malaysia has not yet resumed production operations. According to the latest requirements from the local environmental regulatory authorities, the Company is required to undertake a systematic upgrade of the existing environmental protection equipment and related ancillary facilities associated with its iron ore production to further enhance emission standards and resource utilization efficiency. The project is currently not in a position to resume production until the relevant upgrade works are completed and have passed acceptance inspections. The Group places a high priority on environmental compliance and sustainable development requirements. It has therefore initiated an optimization plan for the environmental facilities and is conducting comprehensive planning for technological transformation, equipment selection and implementation schedules to ensure that the upgrade efforts comply with local regulations and industry standards. Although temporary production suspension has had a certain impact on short-term revenue contribution, from a long-term perspective, this environmental upgrade will help improve the overall operational standardization and production efficiency of the project, laying a more solid foundation for the future resumption of production. Concurrently, the Group continues to monitor iron ore market trends and regional industry policy dynamics, prudently assesses the timing for resuming production and subsequent operational strategies, and actively explores potential cooperation opportunities to optimize its cost structure and sales channel layout, thereby enhancing the risk resistance and cash flow performance of its mining assets.

Overall, in 2026, the Company will continue to steadily advance its established strategy, with innovation-driven growth and sustainable development at its core. It will deepen its strategic efforts in the plant stem cell business while orderly promoting the compliance optimization and long-term development of its mining assets. Against the backdrop of an evolving global economic environment, the Company will maintain an operational strategy that balances prudence with flexibility. It will actively respond to market uncertainties, persistently enhance its overall competitiveness, and remain dedicated to creating long-term, stable value for its shareholders and stakeholders.

During 2025, our revenue was approximately US$13 million, representing a decrease of approximately 5.11% as compared to US$14 million recorded in 2024. Our gross profit for 2025 was approximately US$1.5 million, as compared to a gross profit of approximately US$2.2 million in 2024. We recorded a loss for the year of US$16 million in 2025, representing a reduction of approximately 67.81% as compared to loss of US$48 million in 2024.

Finally, I would like to take this opportunity to sincerely thank the management team and all employees for their dedication and hard work. I also extend my gratitude to our investors, banks, and business partners for their continuous trust and strong support of the Company.

Ng Khing Yeu
Chairman

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS DEVELOPMENT

The Company acts as an investment holding Company, and its principal business activities are: 1) the research, development, and application of plant stem cell technology, providing holistic health solutions and product sales; 2) iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products; and 3) investment holding. During the twelve months ended 31 December 2025 ("Year"), the Group also engaged in trading of other products. The primary mining asset of the Group is the iron-ore reserves in lbam Mine, which is located in the State of Pahang, Malaysia.

Continuous Advancement of Diversification Development Strategy

In 2025, the Group continued to advance its diversified development strategy, and integrated with its existing resource base, business conditions, and market opportunities, focused on further developing its plant stem cell business and mining business. The Board believes that these arrangements will help broaden the Group's revenue streams and gradually enhance the sustainability of its overall business development. Regarding the plant stem cell business, the Group continued to promote business development through research and development, product commercialization, pipeline expansion, and industrial synergy, in order to further solidify its business foundation in the big health and wellness consumer sector.

Regarding the plant stem cell business, the Group continued its research and development and application of plant stem cell technology, and provided health solutions and sale of related products. During the Year, the Group's product mix covered health products, health food, and beauty products, and it continued to optimize its products and develop its business to solidify its foundation in the big health industry. In accordance with the Group's business development direction, the Group continued to explore the diversity of plant stem cell applications and gradually promoted the extension of related products to a wider range of consumer scenarios, including skincare, beauty drinks, and other beauty and health product categories. Meanwhile, we prudently study the feasibility of expanding into the development and operation of plant stem cell-based traditional Chinese medicine products.

Regarding our business model, the Group continued to operate on a business-to-business (B2B) model during the Year, generating revenue by supplying final health products to health management platforms, distributors, and healthcare service providers. The Board believes that this business model helps the Group expand its market coverage by leveraging existing sales networks of its partners and allows the Group to focus its resources more on research and development and product innovation, while reducing the complexity of direct marketing and operations. At the same time, the Group continues to evaluate collaboration opportunities that will strengthen product commercialization, brand operation, pipeline development, and supply chain synergy, in order to gradually enhance the overall commercialization capabilities of its plant stem cell business.

Regarding the research and development, the Group has its own R&D team that continuously develops health and beauty product formulations, and conducts related work on plant stem cell applications, new health solutions, ingredient screening, product optimization, and new product development. During the Year, the Group also advanced the establishment of its global R&D centre. We also planned to collaborate with research institutions on plant stem cell cultivation and biosynthetic purification of active ingredients to support subsequent product upgrades and business development. The Board believes that continuously strengthening R&D capabilities and promoting the commercialization of R&D results into products and markets will help the Group gradually improve its business chain covering R&D, product development, and market application, laying the foundation for expanding of more beauty and health product categories in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Regarding the market expansion, the Group continued to maintain its existing B2B business model in 2025 and advanced the construction of its health product pipeline, including planning a network of health product vending machines and establishing counters for plant stem cell skincare products, to enhance product reach and brand influence. In addition, the Group is also promoting the chain development of plant stem cell health management centres to provide personalized health solutions for people with different health needs, and promoting the application and certification of plant active ingredients in related fields through clinical collaborations with medical institutions. The Board believes that with the gradual expansion of product categories, pipeline networks, and brand reach, the Group's plant stem cell business is expected to further enhance its synergistic development potential with the beauty, skincare, and related consumer goods sectors.

Adjustment and Outlook of the Iron Ore Business

During the reporting period, the Group's iron ore business remained suspended due to the upgrade of environmental protection equipment and ancillary facilities and other factors. To improve the economic efficiency of the project and create conditions for subsequent resumption of production, the Group is conducting further exploration work at the relevant mines to identify areas of higher-grade and more suitable ore bodies for mining. Based on abovementioned, we are studying and formulating new mining plans and operational arrangements. The Board believes that the work will help improve the economics and feasibility of mineral resource development and lay the foundation for the future resumption of iron ore business.

Meanwhile, during the reporting period, the Group entered into a cooperation agreement with a Malaysian mining management partner to advance the tin concentrate business at the Ibam mine in Malaysia. As of the date of this annual report, the project is still in the planning, design, and preparation stage, and has not yet commenced formal mining and production. Under the cooperation arrangement, the Group intends to provide the mining license, existing mining machinery and equipment, and production personnel, while the partner will be responsible for the construction of mining, washing, production, and beneficiation production lines. At the same time, the Group has commenced tin ore-related trading business with the partner. The Board believes that conducting trading business during the preparatory stage of the mining project is in line with general business practices in the mining industry and will help the Group gradually establish a foundation for business cooperation, accumulate industry experience, and prepare for the subsequent implementation of the project.

Material uncertainty related to going concern

Reference is made to Note 2 to the consolidated financial statements, which Indicates "Material Uncertainty related to Going Concern", as the Group incurred a net loss attributable to owners of the Company of approximately US$15,437,000 for the year ended 31 December 2025. As of that date, the Group's net current liabilities and net liabilities amounted to approximately US$197,442,000 and US$181,621,000, respectively. In addition, the Group had defaulted on borrowings totaling approximately US$114,750,000, which triggered cross-default clauses, and is currently subject to multiple legal proceedings initiated by creditors and a winding-up petition. The Group's cash and cash equivalents stood at only approximately US$359,000.

Progress of Going Concern and Outlook

During the Reporting Period, the Board continued to prioritize improving the Group's ability to continue as a going concern, advancing debt restructuring and enhancing the operation performance of its core businesses. In 2025, the Group further implemented various measures related to business development, debt restructuring, potential strategic cooperation and cost control to improve its financial position and operating foundation.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of business operations, the Group continued to grow its plant stem cell business, and enhanced the operational scale and growth potential of this business segment by developing and expanding sales channels, strengthening customer acquisition, and exploring strategic cooperation opportunities with suppliers. Based on the Group's business progress in 2025, the plant stem cell business acquired three new customers during the three months ended 30 September 2025, and further acquired two new customers during the three months ended 31 December 2025. The Board believes that the continued acquisition of new customers and expansion of channels in the plant stem cell business will help to gradually enhance the Group's revenue base and provide operational support for improving its going concern status.

In terms of debt restructuring, the Company made further efforts to advance preparations for the comprehensive debt restructuring of its outstanding bank loans and notes during the Reporting Period, and had been engaged in internal preparations to propose a comprehensive restructuring proposal to creditors, including but not limited to debt compromise and debt-to-equity conversion. During 2025, the Company maintained communication with a private equity fund registered in the PRC and with the Asset Management Association of China, and actively engaged with other potential financial institutions and investors to explore feasible debt restructuring and financing options. According to the Company's latest progress as of 31 December 2025, one of the potential investors engaged a law firm to conduct comprehensive due diligence on the Company during the Reporting Period, and the Company subsequently continued further negotiations with such potential investor regarding the specific terms of the debt restructuring. The Board is of the view that the above progress indicates that the potential restructuring plan has gradually moved from the initial contact stage to a more substantive discussion stage.

Furthermore, following continuous communication between the Company and the lenders, an interest waiver arrangement was reached during the Reporting Period, pursuant to which the accrued interest of approximately US$9.9 million had been waived, and no further interest would accrue on the related debt. The Board believes that such arrangement helped alleviate the Group's financial burden, ease the pressure of debt accumulation, and create more favorable conditions for subsequent debt restructuring negotiations.

In terms of strategic cooperation, in July 2025, the Company entered into a memorandum of understanding with a potential strategic partner established in the PRC, which is primarily engaged in investment, real estate development and leasing, to establish a plant stem cell business headquarters and integrated center (including a sales center, production facilities and R&D center) in properties owned by the potential strategic partner. This aims to expand the Group's business presence, promote business synergies and strengthen interaction with distribution channels. As of the date of this annual report, negotiations between the Company and the strategic partner are still ongoing, and the relevant cooperation arrangements will be implemented subject to further negotiations and the signing of the final agreement. The Board believes that if such cooperation is ultimately materialised, it will help enhance the Group's operational capacity and regional development foundation for its plant stem cell business.

In terms of cost control, the Group continued to take strict measures in controlling administrative costs during the Reporting Period, including optimising workforce efficiency; conducting remuneration reviews and adjustments; and implementing other cost-saving measures, and strictly control capital expenditure. According to the Group's quarterly updates in 2025, the Group had no capital expenses or significant capital expenditures during the quarter ended 30 September 2025 and the quarter ended 31 December 2025. The Board believes that the above measures help the Group maintain prudent cash flow management and preserve as much financial resources as possible in the prevailing operating environment to meet the needs of business development and debt restructuring.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall, during 2025, the Group took several practical measures to improve its going concern status, including continuing to advance the development of its core business, completing internal preparations for debt restructuring, engaging in and deepening discussions with potential investors and financial institutions, obtaining loan interest waiver arrangements, and continuing to implement strict cost control. Although the relevant debt restructuring and strategic cooperation matters have not yet been finalised as of the date of this annual report, the Board believes that the measures taken by the Group during the Reporting Period have laid a certain foundation for subsequent restructuring and financing arrangements.

Looking ahead to 2026, the Board will continue to focus its efforts on improving the Group's liquidity, advancing debt restructuring and enhancing the operational capabilities of its core businesses. Regarding debt restructuring, the Company will further maintain communication and negotiations with potential investors, financial institutions and creditors to seek feasible comprehensive debt restructuring proposals. Such proposals may include debt compromise, debt-to-equity conversion, the introduction of restructuring investors and other financing arrangements. In addition to previously contacted potential investors, in 2026, the Company also entered into a memorandum of understanding with a Shanghai-based company, which is primarily engaged in biotechnology business. Established in 2014, this company is an integrated high-end beauty group with R&D, production, brand operation and sales capabilities, and has independent R&D and production bases in Wuhan and Shanghai. Its products cover skincare, facial masks, beauty drinks, skincare makeup, beauty devices, hair care, and home fragrances. As of the date of this annual report, the two parties are in preliminary discussions regarding potential cooperation and restructuring participation arrangements. If such arrangements are finalised, it is expected to help the Group introduce industry resources that have synergistic effects with its existing businesses.

MARKET REVIEW AND OUTLOOK

The Big Health Industry

The health industry has become one of the key areas of national strategic support. China continues to promote the "Healthy China 2030" Planning Outline and the "Healthy China Action (2019-2030)", emphasizing prevention, integration of medical treatment and prevention, and full life-cycle health management to promote the coordinated development of the health sector and the economy and society. In recent years, specific policies focusing on chronic disease prevention and control, health literacy improvement, weight management, and elderly health services have been successively introduced, continuously improving the industry's institutional environment and providing a stable policy foundation for the long-term development of the health industry.

In terms of population structure, China's aging process continues to accelerate. According to data released by the National Bureau of Statistics, by the end of 2024, the proportion of the population aged 60 and above had exceeded 22%, with the proportion of the population aged 65 and above further increased, marking that China has entered a moderately aging stage. Population aging is driving steady growth in demand for medical services, health management, and nutritional health products. At the same time, the expansion of the sub-healthy population and the improvement of health awareness among young and middle-aged people are promoting a shift in health consumption from "passive treatment" to "active management", forming a continuous demand base covering multiple age groups and multiple scenarios.

Driven by policy support, changes in population structure, and consumption upgrades, the big health industry as a whole has maintained a steady expansion trend and is gradually developing towards specialization, refinement, and technology. The degree of synergies in the industrial chain is constantly improving, creating a good development space for enterprises with technological research and development and product innovation capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Health Supplements Market

Against the backdrop of changes in macroeconomic policies and demand structure, China's nutrition, health, and wellness product market has maintained steady growth. Residents' disposable income continues to rise, and the proportion of healthcare expenditure in their consumption structure is gradually increasing, reflecting the public's growing awareness of health management. At the same time, the expanding aging population and rising demand for chronic disease prevention provide a long-term market foundation for functional nutrition products and health management related products.

From an industry structure perspective, the regulatory system continues to improve, the "registration and filing in parallel" management mechanism is being strengthened, and product quality standards and regulations for functional claims are becoming more stringent, which helps to improve the overall standardization of the industry and market concentration. As consumers place higher demands on product efficacy, safety, and brand reputation, industry competition is gradually shifting from price-driven to comprehensive competition based on R&D capabilities, supply chain management, and brand building capabilities.

Overall, against the backdrop of a deepening aging population, upgrading of health consumption, and continuous optimization of the regulatory environment, the health supplement and related nutrition and health market still possess good growth resilience and room for structural upgrading, providing continuous development opportunities for companies in the big health industry chain.

Iron Ore Market Review and Outlook

The iron ore market in 2025 exhibited a narrow range of fluctuations, with the price fluctuation range further narrowing compared to previous years. The Platts average price for the Year closed at US$102.15 per dry tonne, representing a decrease of approximately US$7.2 per dry tonne compared to 2024. Price increased during the Year were mainly driven by expectations, while weakening downstream demand constituted the core pressure on price declines, resulting in a "fall first, then rise, then fluctuate" pattern for the Year. Unlike the trading logic of 2024, which focused on spot market fundamentals during peak and off-peak seasons, the influence of macroeconomic factors on iron ore prices increased in 2025.

In 2025, the correlation between iron ore price fluctuations and changes in hot metal demand weakened compared to previous years. In terms of procurement behaviour, steel mills continued their on-demand purchasing model, and downstream restocking only provided temporary support for ore prices, failing to dominate price trends. Steel mills maintained a low-inventory operating strategy. The supply side had limited impact on prices, with mainstream mines releasing capacity at a relatively moderate pace. Increased production from non-mainstream mines was mainly concentrated in Africa, while Indian ore exports showed a shrinking trend. Overall, supply remained relatively stable throughout the Year. On the demand side, steel mill profitability continued to improve in 2025, and hot metal production remained high. The iron ore market throughout the Year exhibited a strong supply and demand pattern, with the fundamentals remaining generally stable. Total inventory at the end of the Year increased by 5.68 million tonnes compared to the beginning of the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead to 2026, the iron ore market supply and demand situation will be relatively relaxed. Given that the increase in scrap steel supply depends on profitability, iron ore will remain the core carrier of iron element supply. Iron ore supply is expected to increase by 46-51 million tons year-on-year. Under the macroeconomic environment of the Federal Reserve's interest rate cuts, and assuming a neutral assumption that global iron element demand will achieve a moderate recovery of 1%, then the iron ore surplus in 2026 is projected to be over 20 million tonnes. However, the price-driven squeeze on supply will continue. If prices decline significantly, the actual iron ore supply may fall short of expectations, and the cost support logic of major mines will remain effective. The iron ore market in 2026 will maintain low volatility, with prices likely to range between US$85-110 per dry tonne, and the average annual price is expected to fall by about US$7 per dry tonne compared to 2025.

BUSINESS AND OPERATIONS REVIEW

Operation update of Project Ibam

The Group's principal mining site is Project Ibam. Based on the "Independent Technical Report" (see Appendix IV of the prospectus of the Company date 20 June 2013 (the "Prospectus") for full report), there is approximately 151 Mt of ore resource altogether in the Project Ibam at a grade higher than or equal to 35%, with an average grade of 46.5% total iron, and it has a mine life expected to be more than 26 years as of 31 December 2012. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low cost process which includes ballmilling, magnetic separation process and dewatering. The processing method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

Operating Results

The sales analysis for the Group is as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024	Change
Sales revenue	**US$13,060,000**	US$13,764,000	-5.1%
– Other products	**US$184,000**	US$514,000	-64.2%
– Healthcare products	**US$12,731,000**	US$13,250,000	-3.9%
– Commercial products	**US$145,000**	–	N/A
Gross profit	**US$1,478,000**	US$2,166,000	-31.8%
Gross profit margin	**11.32%**	15.74%	-4.42 percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

PROFIT AND OTHER COMPREHENSIVE INCOME

Revenue

In 2025, sales of health products and other products (excluding commercial products) recorded by the Company amounted to approximately US$12.9 million, representing a decrease of approximately US$0.9 million compared to US$13.8 million in 2024.

In addition, for the year ended 31 December 2025, revenue generated from the sale of commercial products amounted to approximately US$0.15 million. No revenue was generated for the year ended 31 December 2024.

Cost of Sales

During the year ended 31 December 2025, the Group's cost of sales reached approximately US$11.6 million, which remained basically the same as compared to approximately US$11.6 million in 2024. The cost of sales primarily includes the purchase costs of health products and other goods involved in trading activities, and there was no significant change in the structure of cost of sales during the reporting period.

Gross Profit

During the year ended 31 December 2025, the gross profit was approximately US$1.5 million, compared to approximately US$2.2 million for the year ended 31 December 2024. The decrease in gross profit was primarily due to a slight decline in health product sales.

ADMINISTRATIVE AND OTHER EXPENSES

During the year ended 31 December 2025, the Group's administrative expenses reached approximately US$2.0 million, a decrease of about 23.1% from approximately US$2.6 million recorded in 2024. The decrease was primarily due to the continued decline in the Group's labor costs, salary adjustments, and the implementation of cost-saving measures within the administrative and operational teams.

FINANCE COSTS

During the year ended 31 December 2025, the Group's financial costs reached approximately US$19.7 million, an increase of about 11.9% from approximately US$17.6 million recorded for the year ended 31 December 2024. The increase was mainly due to an increase in interest expense on notes. During the reporting period, no nominal interest expenses were incurred on loans from the controlling shareholder, Cosmo Field Holdings Limited ("Cosmo Field").

INCOME TAX EXPENSE

During the year ended 31 December 2025, the Group recorded income tax credit of approximately US$1.9 million, compared to an income tax expense of US$0.03 million for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

LOSS FOR THE YEAR

As a result of the above, the Group incurred a loss of approximately US$15.5 million for the year ended 31 December 2025, compared to a loss of approximately US$48.2 million for the year ended 31 December 2024. The decrease in losses was mainly attributable to one-off provision of impairment in financial asset was recorded in FY2024 while there was no such provision in FY2025.

LIQUIDITY AND CAPITAL RESOURCES

The capital deficiencies of the Group as at 31 December 2025 were approximately US$181.6 million (31 December 2024: capital deficiencies of US$167.5 million). The Group generally finances its operations with internally generated cash flow, interest-bearing bank and other borrowings, and interest-free and security-free shareholder loans from our Controlling Shareholder. Primary uses of funds during the year included payment of operating expenses and repayment of bonds.

As at 31 December 2025, current assets of approximately US$55.4 million primarily comprised US$52.3 million in trade receivables, US$2.2 million in prepayments, deposits and other receivables, and US$0.4 million in cash and cash equivalents. Current liabilities of approximately US$252.8 million mainly comprised US$7.0 million in trade payables, US$35.1 million in other payables and accruals, US$54.8 million in interest-bearing bank and other borrowings, US$92.8 million in notes payable, and US$1.5 million in tax payable. Current ratio, being total current assets to total current liabilities was 0.22 as at 31 December 2025 (2024: 0.25). As at 31 December 2025, the Group had certain interest-bearing bank and other borrowings of US$55.5 million in total (2024: US$55.1 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit and working capital of the Group.

Trade receivables

The Group's trade receivables decreased by 11.7% from approximately US$59.2 million as at 31 December 2024 to approximately US$52.3 million as at 31 December 2025, which was mainly due to the increase in expected loss allowance of trade receivables and decrease of sales revenue.

Major customers were granted credit on open account basis or allowed to settle by documentary letter of credit. Overdue balances are reviewed regularly by senior management, if any. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As of 31 December 2025, the Group had made a provision of impairment loss amounted to approximately US$171.8 million against overdue trade receivables in accordance with accounting standards, as reviewed by management.

Deposits, prepayments and other receivables

As at 31 December 2025, the Group's deposits, prepayments and other receivables amounted to approximately US$2.2 million (2024: approximately US$1.2 million). The increase was mainly due to an increase in prepayments.

Trade payables

Trade payables mainly consist of payables to suppliers for purchase of other commodities and other products for trading activities. The Group's trade payables amounted to approximately US$7.0 million as at 31 December 2025 and approximately US$6.6 million as at 31 December 2024.

Other payables and accruals

The Group's other payables and accrued expenses were approximately US$35.1 million as at 31 December 2025, representing a decrease of approximately 11.1% from approximately US$39.5 million as at 31 December 2024. The decrease was mainly due to a decrease in interest payables.

Net current liabilities position

During the year, there was an increase in the Group's net current liabilities, from net current liabilities of approximately US$182.5 million as at 31 December 2024 to net current liabilities of approximately US$197.4 million as at 31 December 2025. The increase was mainly due to a decrease in trade receivables of approximately US$6.9 million and an increase in notes of approximately US$14.6 million.

Borrowings

As at 31 December 2025, the Group's borrowings consisted mainly of: (i) a loan of approximately US$36.6 million due to a commercial bank; (ii) a loan of approximately US$18.9 million; and (iii) notes amounting to approximately US$92.8 million. As at 31 December 2025, the Company also owed shareholder loans of US$60.0 million (2024: US$60.0 million) to Cosmo Field (the Controlling Shareholder) which were interest-free and unsecured.

Cash and Cash Equivalents

Cash and cash equivalents of the Group in 2025 was approximately US$0.4 million as compared to approximately US$0.2 million in 2024.

Detailed cash flow analysis is as follows:

	For the year ended 31 December	
	2025	2024
	US$'000	US$'000
Cash and cash equivalents in the consolidated statement of cash flows at beginning of year	**248**	**131**
Net cash used in operating activities	**(350)**	**(75)**
Net cash used in investing activities	**–**	**(3)**
Net cash from financing activities	**466**	**193**
Net increase in cash and cash equivalents	**116**	**115**
Effect of foreign exchange rate changes	**(5)**	**2**
Cash and cash equivalents at end of year	**359**	**248**

Net cash flows used in operating activities

The Group's net cash used in operating activities for the year ended 31 December 2025 was approximately US$0.35 million compared to approximately US$0.08 million for the year ended 31 December 2024. The increase was mainly due to an increase in deposits, prepayments and other receivables.

Net cash flows used in investing activities

The Group's net cash used in investing activities decreased from approximately US$3,000 for the year ended 31 December 2024 to approximately US$Nil for the year ended 31 December 2025 due to the absence of investing activities such as purchase of property, plant and equipment.

Net cash from financing activities

The Group's net cash from financing activities amounted to US$0.47 million for the year ended 31 December 2025 mainly due to proceed from other borrowing.

LEGAL PROCEEDINGS

On 4 June 2021, the Company had filed a petition with the Grand Court of the Cayman Islands for the appointment of joint provisional liquidators for restructuring purpose only. As of this date, no restructure proposal has been submitted. For more details, please refer to the announcement of the Company dated 20 June 2021.

As disclosed in the announcement dated 18 May 2020, a bank has instituted legal proceedings against Cosmo Field Holdings Limited ("Cosmo Field", the controlling shareholder of the Company wholly owned by Mr. Li Yang ("Mr. Li")) and Mr. Li (as guarantor) for a loan advanced to Cosmo Field. For details, please refer to the said announcement.

As disclosed in the announcement dated 20 January 2020, a bank instituted legal proceedings against Mr. Li (as guarantor) for breach of loan advanced to a subsidiary of the Company. For details, please refer to the said announcement.

An alleged creditor has purportedly demanded Company to repay alleged debt, details of which are set out in announcements dated 10 March 2023 and 17 March 2023.

One of the above legal proceedings is the claim by Industrial Bank Co., Limited ("Industrial Bank") against Cosmo Field (as borrower). As Cosmo Field has defaulted in repayment to Industrial Bank, and it has assigned its rights under the shareholder loan (owed by Company to Cosmo Field) to Industrial Bank as part of the security arrangement, Industrial Bank has the entitlement to claim against the Company for amount owed by Cosmo Field to the Bank. As at the date of this annual report, the Industrial Bank (as the plaintiff) claimed against the Company for principal amount of US$60,000,000 and other ancillary damages. As at the date of this annual report, the court hearing date has not been fixed.

CAPITAL STRUCTURE

The Group is currently funding its capital expenditure through internal funds generated from its operations, bank borrowings, notes and bond issued and loan from Cosmo Field. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings, notes and an amount due to Cosmo Field, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the equity shareholders of the Company and non-controlling interest.

The Group continued to conduct its operational business mainly in USD. The Group did not arrange any forward currency contracts for hedging purposes.

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group is also exposed to currency risk in respect of its equity investments designated as at fair value through other comprehensive income which are denominated in a currency other than the relevant units' functional currencies.

CAPITAL EXPENDITURE

During the year, the Company did not incur any material capital expenditure for the purchase or upgrade of property, plant and equipment and payment in advance (31 December 2024: US$Nil).

CHARGE ON ASSETS

Save for trade receivables pledged for bank and other borrowing as disclosed in note 22 to the Financial Statements, the Group did not have any pledges on its assets as at 31 December 2025.

CONTINGENT LIABILITIES

At at 31 December 2025 and 2024, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 31 December 2025, the Group had 49 employees (2024: 40). For the year ended 31 December 2025, total staff cost including Directors' emolument amounted to approximately US$1.5 million (2024: US$1.3 million).

The remuneration policy for the Directors, senior management members and other employees is determined based on their experiences, responsibilities and general market conditions. Certain members of the Board hold their offices without remuneration. In addition to fixed salaries, the employees may be granted allowances and year-end bonuses subject to departmental and personal performance appraisal. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors, senior management members and other employees.

OTHER INFORMATION

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 31 DECEMBER 2025

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 31 December 2025 (Note)**:**

Classification	Quantity (Mt)	Fe Grade (%)
Measured	102	46.7
Indicated	–	–
Inferred	42	46.6
Subtotal	144	46.6

Ore reserves of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 31 December 2025:

Classification	Quantity (Mt)	Fe Grade (%)
Proved	–	–
Probable	102	44.6

Note: The figures were calculated by the resource and reserves as at 31 December 2013 under the JORC Code (confirmed by Geos Mining Minerals Consultants, Australia which is a specialist independent geological and mineral exploration consultant) less the mining volume since then.

All assumptions and technical parameters set out in the technical report of Geos Mining (the "Independent Technical Adviser") which is prepared under JORC Code as shown in the prospectus of the Company dated 20 June 2013 with respect to the Ibam Mine have not been materially changed and continued to apply to the above disclosed data.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

During the year ended 31 December 2025, no exploration and development activities were carried out. The Group did not incur any investment in equipment upgrade during the year ended 31 December 2025.

CONTRACTUAL OBLIGATIONS

Save as disclosed in note 34 to the Notes to Financial Statements, as at 31 December 2025, the Group had no material contractual obligations to disclose (31 December 2024: nil).

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

The Group's acquisitions, disposals and investments under planning included (but are not limited to) the projects described in the section "Overview of business development" above. Save as disclosed herein, the Company does not have any future plan for significant acquisition, disposal and investment during the year and as at the date of this report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions as stated in note 36 to the Notes to Financial Statements comprise: (i) an interest-free loans from Cosmo Field, the controlling shareholder of the Company, for the principal amount of USD60 million as at 31 December 2025, all of which are interest-free, security free and fully exempted connected transactions; (ii) compensation of key management personnel of the Group for the amount of USD0.1 million (2024: USD0.2 million); (iii) guarantees provided by Mr. Li Yang (controlling shareholder), his father and Cosmo Field.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2025.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the reporting period that require disclosure.

FINAL DIVIDEND

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

CORPORATE GOVERNANCE REPORT

The Board of Directors is committed to maintaining appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect Shareholders' interests and to ensure that the Company complies with the latest statutory requirements and professional standards.

The Company has complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report to the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "CG Code") for the year ended 31 December 2025 except for the deviation as disclosed in this corporate governance report.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Having made specific queries to the Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code for the year ended 31 December 2025.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

As at 31 December 2025 and up to the date of this corporate governance report, the Board comprised three executive Directors and three independent non-executive Directors.

Executive Directors
Mr. Ng Khing Yeu *(Chairman)*
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors
Mr. Dong Jie
Dr. Wang Ling
Mr. Leung Yiu Cho

The biographical details of the Directors and the relationship among the members of the Board are set out in the section of "Profiles of Directors and Senior Management" of this annual report. Ms. Li Xiaolan is the younger sister of Mr. Li Yang's father.

Mr. Dong Jie has been appointed as an independent non-executive Director with effect from 17 January 2024. He has obtained the legal advice referred to the Rule 3.09D of the Listing Rules on 17 January 2024. He has confirmed that he understood his obligations as a director of the Company.

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence as required under Rule 3.13 of the Listing Rules.

Each of the independent non-executive Directors has taken up the role as an independent non-executive Director for an initial term of 2 to 3 years and is subject to retirement and re-election in accordance with the Articles of Association.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuing professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Chen Kun, has been appointed as the company secretary of the Company on 11 March 2022 and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

MEETINGS OF THE BOARD

Notices of regular Board meetings are given to all the Directors in accordance with the Articles of Association. Schedules and agenda of each meeting are made available to the Directors in advance. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. For other Board and committee meetings, notices are given within reasonable times in advance. Minutes of all Board meetings and committee meetings are kept by the company secretary and open for the Directors' inspection. Draft and final version of minutes are circulated to the Directors for their comment and record within a reasonable time after the Board meeting is held.

The attendances at the Board, respective Board committees meetings and the AGM held either in person or through other electronic means of communication for the year ended 31 December 2025 are as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM/EGM
Executive Directors					
Ms. Li Xiaolan	5/5	N.A.	2/2	2/2	1/1
Mr. Wang Er	5/5	N.A.	N.A.	N.A.	1/1
Mr. Ng Khing Yeu	5/5	N.A.	N.A.	N.A.	1/1
Independent non-executive Directors					
Mr. Dong Jie	5/5	2/2	2/2	2/2	1/1
Dr. Wang Ling	5/5	2/2	2/2	2/2	1/1
Mr. Leung Yiu Cho	5/5	2/2	N.A.	N.A.	1/1

Note: number of meeting attended is shown as numerator and total number of meetings a director eligible to attend and held is shown as denominator.

The Company confirmed that all independent non-executive Directors attended the general meetings either in person or by telephone conference if he was not able to attend the meeting physically.

COMMITTEES OF THE BOARD

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the affairs of the Company. Each of these committees is set up with specific written terms of reference in compliance with the CG Code. Each committee is delegated with authorities and duties within its terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" of this annual report.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, and to make proposals to the Board as to the appointment, re-appointment and removal of the Company's independent auditors and the related remuneration and appointment terms. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters.

The Company's and the Group's audited financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee, who was of the opinion that these statements complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures had been made. For the year ended 31 December 2025 and up to the date of this annual report, two committee meetings were held and the attendance records of individual members are set out below:

Name of Directors	**Number of meetings attended/held**
Dr. Wang Ling	2/2
Mr. Dong Jie	2/2
Mr. Leung Yiu Cho	2/2

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Remuneration Committee comprises two independent non-executive Directors, namely, Dr. Wang Ling (chairman of the Remuneration Committee), Mr. Dong Jie and one executive Director, namely Ms. Li Xiaolan.

The duties of the Remuneration Committee mainly include making recommendations on and approving the remuneration policy and structure and remuneration packages of all Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee would make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

For the year ended 31 December 2025, two committee meetings were held and the attendance records of individual members are set out below:

Number of Directors	Name of meetings attended/held
Dr. Wang Ling	2/2
Mr. Dong Jie	2/2
Ms. Li Xiaolan	2/2

It is the Company's policy that the remuneration package of each Director and senior management shall be determined by reference to, inter alia, their duties, responsibilities, experience and qualifications.

Details of remuneration payable to the Directors and senior management by band are set out in note 14 to the Notes to Financial Statements of this annual report.

Nomination Committee

The Company established a nomination committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Nomination Committee comprises one executive Director, namely, Ms. Li Xiaolan (chairman of the Nomination Committee), and two independent non-executive Directors, namely Dr. Wang Ling and Mr. Dong Jie. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity policy of the Board (the "Board Diversity Policy"), including the measurable objectives, the implementation and effectiveness of the Board Diversity Policy, on an annual basis, identifying suitable candidates for the Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the nominating policy of the Company.

For the year ended 31 December 2025, two committee meetings were held and the attendance records of individual members are set out below:

Number of Directors	Name of meetings attended/held
Ms. Li Xiaolan	2/2
Dr. Wang Ling	2/2
Mr. Dong Jie	2/2

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence required under Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors to be independent. Besides, the Nomination Committee reviewed the appointment of each Director prior to that Director seeking re-election at the forthcoming AGM and was pleased to recommend the re-election of three eligible Directors to the Board.

The Company's policy on nomination requires explicitly that in assessing the suitability of a proposed candidate, merit and potential contributions that such candidate could bring to the Board should take reference on the Company's Board Diversity Policy. Such assessment should include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, independence, skills, knowledge and length of service.

The Nomination Committee reviewed the structure, size and composition of the Board, and assessed the independence of the independent non-executive Directors and concluded that the Company's Board Diversity Policy has been properly implemented.

BOARD DIVERSITY POLICY

Pursuant to the Board Diversity Policy adopted by the Board, when reviewing the composition of the Board and considering the nomination of new Directors, the Nomination Committee will take into account gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of potential candidates and also business needs of the Company.

With reference to the business needs of the Group, measurable objectives have been set for implementing the Board Diversity Policy. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board.

The Board currently comprises of six Directors, one of which is female. The Board considers that the Company has achieved gender diversity at the Board level and targets to maintain such achievement. In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the fees paid to Prism Hong Kong Limited in respect of services rendered to the Group amounted to approximately USD0.2 million.

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to applicable statutory requirements, such that they give a true and fair view of the state of affairs of the Group. The Board also confirms that the Company has an effective process for financial reporting and compliance with the Listing Rules.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company. In preparing the financial statements for the Year, the Directors have, with sufficient information provided by the senior management for an informed assessment, selected appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable, and prepared the financial statements on a going concern basis (as the case may be). Material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern are disclosed in Note 2 to the consolidated financial statements.

In addition, Prism Hong Kong Limited has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility for maintaining an adequate and sound enterprise risk management and internal control system and through the Audit Committee and, if necessary, an external firm of qualified accountants to provide internal control services, conducts reviews on the effectiveness of these systems at least annually, covering material controls, including financial, operational, compliance and strategic risk control functions. The Board understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year the Board, through the Audit Committee, conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues identified to the Board.

Our Enterprise Risk Management Framework

The Group established its enterprise risk management framework in 2016. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversights risk management and internal audit functions.

Principal Risks

In the year of 2025, no material principal risks were identified by Internal Control Advisor except for the following one area of concern were considered to be of medium to high risk:

Risk of reducing business due to economic downturn or political environment

The Company's main business is the mining and sales of iron ore, and its customers are mainly steel plants. Steel production is closely related to the economic and political environment, so the Company's business will also be affected by changes in the economic cycle or political environment. Once the global economy is deteriorating or political factors are uncertain, steel demand may be reduced, which indirectly affects the Company's sales.

On the other hand, China has entered the overall economic downturn cycle in recent years, and the production capacity of products including steel has been surplus. Although China has tried to solve the problem through the "One Belt, One Road" and other plans, the effect is doubtful in the short term.

Actions taken by the Company

To resolve the operational risk as stated above, the Company has developed a well-established written policy to document the internal control procedures. The management will continue to monitor the daily operations. The Company would conduct regular internal control audits and risk assessments by engaging external internal control consultants.

For strategic risk arising from changing global economic and political environment, the management would keep their eyes on any relevant progress or changes in global and economic environment, and maintains a prudent development strategy, actively promotes diversified business development and diversifies income sources.

Our Risk Control Mechanism

The Group adopts a "three-layer" corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by Internal Control Advisor. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk related parties have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

There is currently no internal audit function within the Group. The directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the directors will continue to review at least annually the need for an internal audit function.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

The Audit Committee has reviewed the internal control review and the enterprise risks assessment reports. Based on the controls in place as well as the ongoing improvements taken by management, is satisfied that there are effective and adequate internal controls in the Group. The Board is of the view that the Company has complied with the CG Code for the year ended 31 December 2025.

Disclosure of Inside Information

The Group has put in place a set of policy for the disclosure of inside information which sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and in compliance with the SFO. The policy and its effectiveness are subject to review on a regular basis.

SHAREHOLDERS' RIGHTS

The Board and the management of the Group endeavored to ensure all the Shareholders are treated equally and have their deserved rights. The Board has established the Shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the re-election of individual directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholder meeting.

Any Shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting rights in the meeting.

The notice of AGM is distributed to all Shareholders at least 21 clear days and 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the Company's Articles of Association to put each proposed resolution to the vote by way of a poll.

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by Shareholders

Pursuant to Article 58 of the Company's Articles of Association, an extraordinary general meeting shall be called by the Board on the written requisition of any one or more Shareholders of the Company, provided that such Shareholder(s) held at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be called for the transaction of any business specified in the written requisition to the Board or the Secretary of the Company; and shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no statutory provisions granting the right to Shareholders to put forward or move new resolutions at general meetings under the Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

COMMUNICATION WITH SHAREHOLDERS

To embrace best corporate governance principles and practice, the Group, as a listed company, emphasizes the importance of maintaining good communication with the Shareholders and investors, so as to increase the Company's transparency and undertaking by the Shareholders. The AGM provides a useful forum for Shareholders to exchange views with the Board, external auditor and the chairman of each of the Board committees attend the general meeting and are pleased to answer Shareholders' enquiries. Furthermore, to foster two-way communication amongst the Company, its Shareholders and potential investors, and to update them abreast of the latest industry updates, corporate communications and the Group's announcements and business development in a timely manner, the Company has a formal channel to respond to enquiries from Shareholders and the public. In the event that a Shareholder wishes to put forward a proposal to the Board, he/she may put forth his/her enquiry in writing to the Hong Kong office of the Company at Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong and the Company will act on the subject matter accordingly. In addition, the Company is committed to maximizing the use of its website at www.gracelife.hk and the website of the Stock Exchange at www.hkexnews.hk as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.

DIVIDEND POLICY

The Company approved and adopted a dividend policy (the "Dividend Policy") effective from 1 January 2019.

The Company endeavours to strike a balance between maintaining sufficient working capital, developing and ensuring smooth running of the business of the Group, and sustainable returns to the shareholders of the Company ("Shareholders").

Under the Dividend Policy, the Company does not propose a pre-determined dividend payout ratio. Dividends may be declared as interim dividends, special dividends or proposed by the Board as final dividend from time to time. Dividends would be paid out of the Company's profits and other distributable reserves subject to the respective laws, rules and regulations of the respective jurisdictions governing the Group companies domiciled and the companies' own constitutions.

According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

a) the Group's actual and expected financial and business needs;

b) the Group's expected working capital requirements and future expansion plans;

c) the level of the Group's debts to equity ratio, return on equity ratio and the relevant financial covenant;

d) the restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties, if any;

e) the Group's liquidity position;

f) the general economic conditions, business cycle of the Group's business and other internal and external factors that may have impact on the business or financial performance and position of the Group;

g) retained earnings and distributable reserves of the Company; and

h) other factors that the Board deems relevant and appropriate.

The declaration, payment, and amount of final dividends will be subject to the Board's discretion and the approval of the Shareholders.

The Board shall continue to review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time the Board thinks fit.

The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Hong Kong office of the Company whose contact details are as follows: Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong

CHANGE OF AUDITOR IN LAST THREE YEARS

There was no change of auditor during the past three financial years.

CHANGES TO CONSTITUTIONAL DOCUMENTS

The Company adopted new constitutional documents with effect from 29 June 2023. For details please refer to the circular dated 25 May 2023 and the new constitutional documents posted on the website of Stock Exchange.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

For discussion of material uncertainty related to going concern, please refer to the sections headed "Material Uncertainty related to going concern" and "Progress of Going Concern and Outlook" on page 6 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE ESG REPORT

The Company is pleased to present its Environmental, Social and Governance ("ESG") Report (the "Report"). This Report herein focuses on providing an overview of the environmental and social aspects of the Group, and outlines how we seek to continually improve our operational strategy in regard to our environment and society in order to cope with the global standards of sustainability.

During the process of our preparation of this ESG Report, the Group has conducted thorough review and evaluation of the existing policies and practices. The ESG Report covers the period which is consistent with the financial year of our Annual Report of 2025. Unless otherwise stated, this Report covers the data of all operating units of the Group.

Report Scope and Boundary

The ESG Report is prepared in accordance with the selected global, local and industrial standards and best practices, which include, but not limited to, the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules and any applicable accounting and financial reporting standards in Hong Kong.

In order to comply with the disclosure requirement of the "comply or explain" provision, the ESG Report has outlined our overall performance in respect of environmental protection, human resources, operating practice and community involvement for the financial year of 2025.

This ESG Report has been approved by the Board of the Company on 31 March 2026.

Information and Feedbacks

For details in relation to our financial performance during the financial year of 2025, please visit our website or Annual Report. Your feedback and comments are important to us. Please send us an email addressed to hk-admin@caamine.com if you have any queries on the ESG Report.

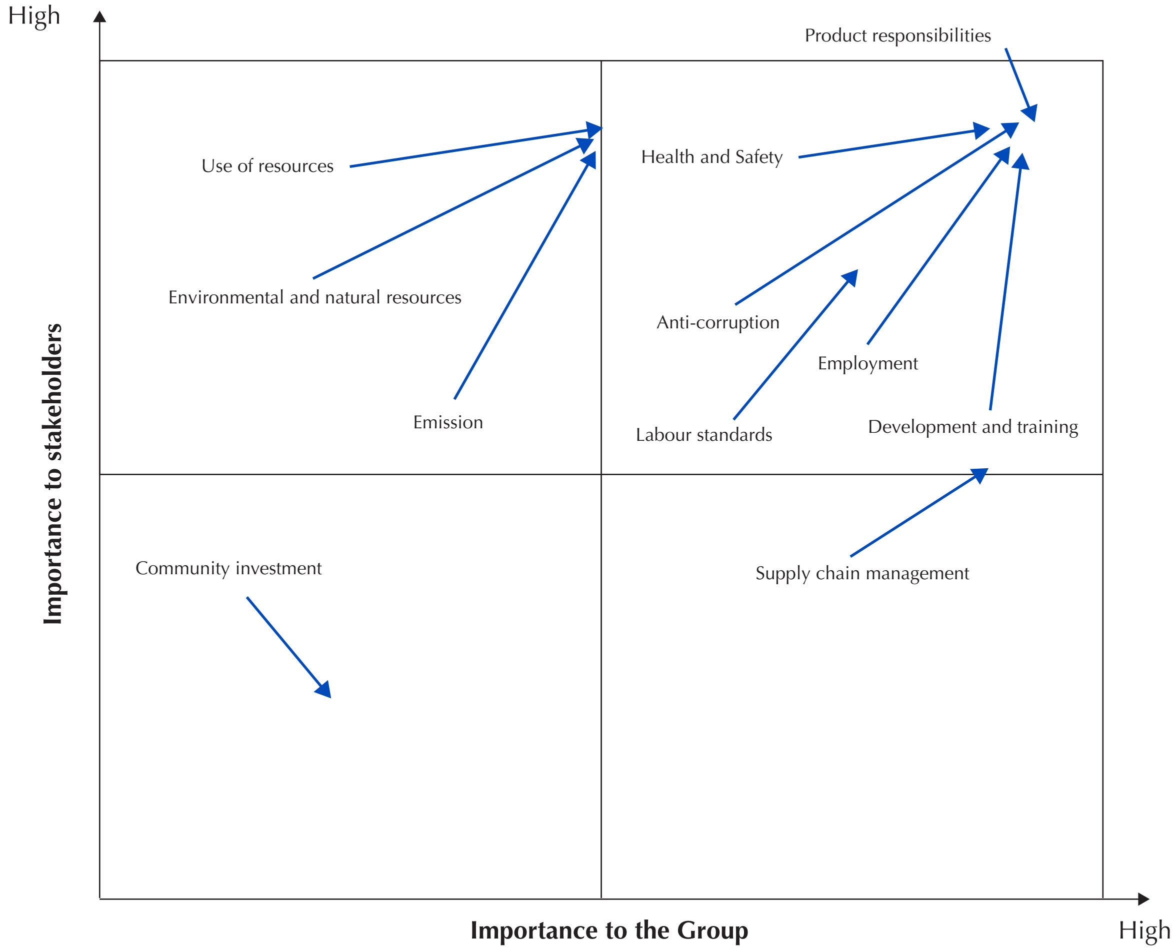
OUR STAKEHOLDERS

As stakeholders play a crucial role in sustaining the success of our business, we make use of various communication channels to understand and engage our stakeholders. The probable points of concern of the stakeholders and the way of our communication and responses are listed below.

Stakeholders	Possible points of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, preventing tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Investors	Corporate governance system, business strategies and performance, investment returns.	Organizing briefing sessions and seminars, interviews, shareholders' meetings, issue of financial reports or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, human right.	Issue of newsletters on the Company's website.
Suppliers	Payment schedule, and stable demand.	Performance of site visits.
Customers	Service quality, service delivery schedule, reasonable prices, service value, and personal data protection.	After-sales services.
Employees	Rights and benefits of employee compensation, training and development, work hours, and working environment.	Conducting union activities, training, interview with employees, internal memos, and employee suggestion boxes.
Community	Community environment, employment opportunities, community development, and social welfare.	Developing community activities, employee voluntary activities, and community welfare subsidies and donations.

Materiality Assessment

During the financial year of 2025, the Group conducted a comprehensive materiality assessment on the environmental, social and governance related issues. This involved conducting interviews and/or surveys with internal and external stakeholders to identify areas having the most significant operating, environmental and social impacts towards our business. After integrating the grading results from the stakeholders with the sustainable development goals of the Group, the management of the Group summarized the issues in priority order and prepared the materiality matrix.



The results of the materiality assessment will be used to guide the Group in formulating future environmental, social and governance plans and objectives, in a bid to creating sustainable value for stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

Overview

Our primary business operations include iron ore mining, crushing and beneficiation as well as the sale of iron products in the form of iron ore concentrates and iron ore fines. We sell iron ore products primarily to steel manufacturers and/or their representative purchase agents in China.

Given the fluctuating demand for iron ore, the Group directed its focus in 2025 towards the Company's plant stem cells business. Consequently, the scale of mining and production activities was limited. Therefore, the Group's annual mining volume and production volume were 0 Kt and 0 Kt respectively.

As a result, the total amounts of emissions of air pollutants and greenhouse gases, resource usage, discharges into water and land, as well as the generation of hazardous and non-hazardous waste were insignificant.

We comply with all relevant laws and regulations that are related to environmental protection in Hong Kong, China and Malaysia that have a significant impact on us, and are actively updating our "Green Policies" in order to incorporate the idea of sustainable development into our Group's day-to-day operations. We strive to manage our physical operations in an efficient and sustainable manner. We continually look for opportunities to improve our performance and corporate strategies to mitigate the adverse impact on the environment caused by our operations.

Compliance and Grievance

During the financial year of 2025, we comply with all relevant environmental laws and regulations that have a significant impact on us, including but not limited to, the Environmental Protection Law in China, and the Environmental Quality Act 1974 of Malaysia. No confirmed non-compliance incidents or grievances were noted by us in relation to environmental issues.

Emissions

The major types of pollutants created during open cut mining, blasting and scale of the mining operation are nitrogen oxides, carbon monoxide and dust. However, as the Group focused its business on the Company's plant stem cells business in 2025, mining and production activities were operated on a limited scale, the total amount of air emissions is minimal and immaterial, and thus, no data was recorded during the financial year of 2025.

The greenhouse gas ("GHG") emissions resulted mainly from four types of activities of the Group, including, but not limited to, vehicle uses with direct emissions, air-conditioning of the operating units with direct emissions, employees travelling by air with indirect emissions, and mining processes with direct emissions.

Air-conditioning

Employees are encouraged to set offices' air-conditioners at a comfortable temperature and all unused air-conditioners are switched off. The Group has also put reminders at prominent places for employees' awareness of electricity consumption and energy conservation during office hours of business operations.

Travelling by air

In the financial year of 2025, the total number of business air trips by employees was 15 times (2024: 65 times) and the total CO_2 emissions were 11,688 kg (2024: 11,202 kg). Employees are only required to travel by air, when necessary, and, in most of the time, we arranged telephone or video conference calls rather than face-to-face meetings in order to reduce the carbon emissions that are indirectly caused by air travel.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The process of mining

Even though mining and production activities were absent with limited operating scale throughout the year of 2025, we often fulfill our responsibility to protect, restore and treat the environment by implementing measures to reduce energy consumption and GHG emissions. The measures that we have taken are listed as follows:

1. The iron ore business minimizes the mining loss rate and dilution rate and maximizes the processing recovery rate by optimizing its mining methods and processing techniques, strengthening the management of on-site operations, and establishing strict technical standards for mining. Technologies are utilized to improve the extraction rate and recovery rate of mining, thus creating less impact on the environment.

2. In the case of happening of an accident, at the aftermath of the accident, we would investigate and analyze the cause, propose and implement remedial measures, and assess the effectiveness and impacts of the remedial measures on the environment with an aim to prevent any further impact the accident would cause to the environment, and also to avoid the occurrence of the accident.

3. We use diesel to run all equipment. Diesel consumption has been reduced by using diesel saving equipment. Equipment is required to be turned off when not in use so as to avoid unnecessary emission of pollutants into the air.

4. Water pool is used for the process of iron ore cleaning. It produces very little or almost no diesel fumes or dust, and thus, less pollutants are emitted into the air.

Use of Resources

We always endeavor to promote sustainability and aim to cease our resources wastage to provoke detrimental harm to the environment. Various measures have been implemented to attain the goal of efficient use of resources. These measures have been effectively communicated to all levels of staff, ensuring that all employees understand clearly the importance of conserving energy and making full use of the available resources during operations.

Since we focused on commodities trading for the financial year of 2025 and 2024, the consumption of water, electricity and other natural resources is minimal; the measures taken to minimize the usage of resources are stated below.

Water Usage

Water is the key component for the on-site beneficiation process. It is convenient for the Group to source ample amount of natural water from Malaysia's local streams, natural runoff and pumping from a retention pond in the Ibam Mine area. As for the other offices of the Group, due to the nature of the operations, water consumption mainly arises from the daily use of water by the employees at the offices during working hours, and the domestic sewage is directly discharged into municipal sewage pipelines.

As the water bills for offices in Hong Kong and Shenzhen China were included in the rent, thus we are unable to collect and disclose the relevant data.

Electricity and Energy Usage

For the financial year of 2025, our Hong Kong office's electricity consumption were included in the rent. thus we are unable to collect and disclose the relevant data. The Shenzhen office's electricity consumption was approximately at 68,178.93 kWh (2024: 111,781.58 kWh), and the total emission of CO_2 was 34,703.08 kg (2024: 56,896.82 kg), mainly arising from the daily office operations. The following measures are adopted and implemented by us to preserve energy and reduce electricity usage:

- Reduce power consumption by using power-saving facilities;
- Turn off unused lighting and appliances to reduce energy consumption;
- Turn off air conditioning and lights after office hours and in idle rooms; and
- Regularly maintain office equipment to ensure efficient operation of office equipment such as air conditioners, computers, lights, and refrigerators, etc.

Only the units of usage of electricity of the Group's Shenzhen office are able to be collected, while in Hong Kong and Malaysia offices, the electricity fees were already included in the rent, and thus, we are unable to collect and disclose the relevant data of electricity usage in Hong Kong and Malaysia offices.

Generation of Waste

The solid waste generated mainly arises from the Group's day-to-day operations, including, but not limited to, office-use paper, office waste and waste generated from the mining of iron ores. In order to alleviate the pressure on landfills and promote environmental friendliness within the Group, we have implemented various measures to encourage recycling of office supplies and other materials, thus eliminating the overconsumption of unnecessary materials.

In the financial year of 2025, we complied with all relevant laws and regulations that have a significant impact on us, including, but not limited to, Waste Disposal Ordinance in Hong Kong, Solid Waste and Public Cleansing Management Act 2007 in Malaysia and the Law of China on Prevention and Control of Environmental Pollution by Solid Waste in China. No confirmed material non-compliance incidents or grievances were noted by us in relation to environmental issues.

Furthermore, no chemical or clinical hazardous waste was generated and we did not generate large amount of non-hazardous waste during our daily operations, and therefore, the data of non-hazardous waste was not included in the calculation. Moreover, no packing materials were used for metal products, and thus, no data in this respect is available.

The Environment and Natural Resources

Reduction of printing and paper usage

We require our staff to make full use of office paper before its disposal. Various measures have been incorporated into our business operations, such as adopting the use of environmental-friendly paper and promoting the use of double-sided printing. For any single-sided printing, the relevant paper should be reused under the circumstances that no confidential information was printed on one side of the paper. Moreover, used up ink cartridges were properly recycled so as to avoid the generation of hazardous waste. We will continue to leverage the use of technology for communication with our employees and customers; moving towards an operation of paperless system.

Reduction of waste generated from mining of ore

In order to minimize our impact on the environment and manage the potential risks relating to environmental protection matters, we will conduct reclamation/rehabilitation works, and also recycle and reuse waste water at the ore processing lines and tailing ponds. We occupy part of the land when conducting mining activity. After the activity has been completed, we will restore the land and vegetation.

Data on Greenhouse Gas Emission

	Unit		Carbon emission (CO_2) in kg	
	2025	2024	**2025**	2024
Scope 2				
Electricity consumption	**68,178.93 kWh**	111,781.58 kWh	**34,703.08**	56,896.82
Scope 3				
Business trips of employees by air	**15 times**	65 times	**11,688**	11,202
Total emission of GHG			**46,391.08**	68,098.82

SOCIAL

Employment and Labour Practices

Employee engagement has been our core strategy for enhancing productivity and workforce stability. As such, we focus on building a safe and enjoyable working environment for all employees. We have complied with all laws and regulations in relation to employment that have a significant impact on us, including but not limited to, Hong Kong Employment Ordinance, Employment Act 1955 in Malaysia and Labour Law of China.

Compliance and Grievance

During the financial year of 2025 and 2024, no confirmed non-compliance incidents or grievances were noted by the Company in relation to employment aspects.

Employment

We strictly comply with the requirements of the Employment Ordinance, the Minimum Wage Ordinance, the Employees' Compensation Ordinance as well as other relevant laws and regulations which cover employment protection and benefits. We have a set of personnel policy and procedures that set out our standard internal procedures relating to recruitment and promotion, working hours, holidays, equal opportunities, compensation, dismissal, diversity of origins, anti-discrimination and other human resources treatments and benefits of our employees, etc., to provide a set of standardized and adequate guideline on work practice for our employees.

As at 31 December 2025, the Group had 49 employees (2024: 40), as categorized by employment type, age, gender and geographical locations:

	2025	2024
Number of employees	**49**	40
By employment type		
Full-time employees	**46**	40
Part-time employees	**3**	–
By age group		
30 or below	**5**	6
31–50	**32**	26
51 or above	**12**	8
By gender		
Male	**27**	22
Female	**22**	18
By geographical locations		
Hong Kong	**8**	8
China	**38**	21
Malaysia	**3**	5
Other countries	**0**	6

Equal opportunity

All employees are entitled to equal opportunity in terms of treatment and promotion. In practice, employees can file a complaint or accusation against senior management if he or she is unpleased with how the senior management has treated him or her. The human resources department is responsible for handling these cases. All employees are treated equally and respectfully. It is our aim to let employees work in a friendly and peaceful environment.

In addition, all of our board members are selected based on their professional experience, skills and knowledge irrespective of their gender, age, cultural and educational background and ethnicity.

Anti-discrimination policy

The human resources department is responsible for conducting investigations over reported incidents in regard to discrimination or abuse. If a report of discrimination or abuse is confirmed, we will terminate the relevant employee's employment contract and seek for legal actions against the offender depending on the seriousness of the incident.

Attract and retain talents

Our remuneration policies are in line with prevailing market practices and are determined on the basis of the competency, qualifications and experience of individual employees. Management has been constantly reviewing the staff remuneration package and employees' promotion opportunities. Adjustments will be made, usually annually, to conform to the market standard in order to retain talents and ensure the offer is competitive as compared to our peers in the industry.

We emphasize the unity and harmony within the working environment. Over the years, our human resources department has contributed numerous efforts in organizing activities to strengthen the bonding of employees within our family. Team building activities and gatherings are organized regularly so as to let our employees maintain their work-life balance, and also help build unity and a harmonious working environment. During the financial year of 2025 and 2024, the employee turnover rate was as follow:

	2025	2024
By age group		
– 30 or below	**10.20%**	15.00%
– 31–50	**65.31%**	65.00%
– 51 or above	**24.49%**	20.00%
By gender		
– Male	**55.10%**	55.00%
– Female	**44.90%**	45.00%
By geographical locations		
– Hong Kong	**16.33%**	20.00%
– China	**77.55%**	52.50%
– Malaysia	**6.12%**	12.50%
– Other countries	**0.00%**	15.00%

Welfare and benefits

Employees are entitled to all holidays as stated on the Employment Act, apart from that, employees are also entitled to generous annual leave package, including 1 to 3 days' marriage leave and 1 to 3 days' funeral leave.

Moreover, we continue to uphold the government laws and provide comprehensive support to pregnant female employees. We have a "Support Policy" to show support to all pregnant employees and to ensure that their original job is available to them upon their return from maternity leave. Furthermore, during their pregnancy period, we prohibit any pregnant employees to perform heavy lifting assignments so as to ensure that both the mother and the baby are safe at the Company.

Health and Safety

We comply with the relevant laws and regulations regarding industrial safety, hygiene and health, and other caring arrangements for employees that have a significant impact on us, including, but not limited to, Occupational Safety and Health Ordinance in Hong Kong and Occupational Safety and Health Act 1994 in Malaysia. Apart from employees' compensation insurance, we provide other fringe benefits to our employees, such as medical cover. Our business operations do not involve any high-risk work activities that could lead to serious industrial events or occupational health problems. During the financial year of 2025 and 2024, no case of injuries was reported and thus no lost day due to work injury.

In addition, we have implemented the following policies to create and maintain a good, comfortable and healthy work environment for our employees:

- Keep all emergency exits in the workplace unobstructed;
- Provide sufficient lights at workplace;
- Prohibit smoking in the workplace; and
- Conduct regular safety inspections and fire drill training.

Development and Training

We believe that investing in employees through training will help promote job satisfaction, work motivation and staff loyalty. Different types of training were provided to employees to make sure that all staff can have updated information and enough knowledge and skills to provide quality services to our customers. The Company provided on-the-job training to our employees, and all new joiners received induction training on their first day of employment.

Moreover, employees are encouraged to attend external training seminars and courses that can help them gain updated knowledge with the fast changing business world taken into account. The training seminars and courses include, but not limited to, updates on the Listing Rules, corporate governance, changes and development of relevant laws and regulations, as well as the introduction of financial technologies and strategic investment opportunities. As such, we strive to refresh our employees' knowledge and let them maintain sustainable professional development.

During the financial year of 2025 and 2024, there are 72 and 72 hours of training received by the employees of the Group.

	2025	2024
Total hours of training received by the employees	**72**	72
The percentage of employees trained by employee categories		
– Management	**85%**	90%
– Other staff	**85%**	95%
The percentage of employees trained by gender		
– Male	**80%**	85%
– Female	**95%**	90%
Average training hours by employee categories		
– Management	**45**	48
– Other staff	**65**	66
Average training hours by gender		
– Male	**48**	54
– Female	**65**	60

Labour standards

We are committed to complying with the Employment Ordinance in Hong Kong, the PRC Employment Contract Law, the PRC Labour Law, and the Employment Regulations 1957 in Malaysia. Every act of engagement is subject to a stringent internal review process that involves a well-defined monitoring procedure designed to verify a candidate's personal information in order to avoid misrepresentation and any form of child labour.

The practice of forced and child labour is strictly prohibited. If the management discovers that there has been any illegal practice of child or forced labour, we will immediately terminate the employment contract of the relevant executives. During the financial year of 2025 and 2024, all employees are over the age of 18, and have been properly employed in accordance with the requirements of all applicable laws and regulations.

OPERATING PRACTICES

Supply Chain Management

We aim to provide comprehensive solutions that meet customers' needs and establish a comprehensive vertical supply chain management system through resources integration and supply management. The Group assesses whether suppliers are qualified by considering their locations, transportation methods and means of packaging, and supply history record, and such assessment is carried out at least once every year. We will only work with partners who operate their business in a professional and ethical manner.

The Group's criteria for selecting suppliers are based on fair and clear standards, such as the product quality, post-sale services, prices and payment days and cooperation history, to procure not only most productive but also environmental-friendly resources and products and services with the highest quality. The Group arranges this assessment for suppliers on a regular basis and applies timely treatment for those suppliers who fail in the assessment, such as termination of procurement. We focus on close cooperation with suppliers to reduce the environmental impact of products being manufactured in the production process, and ensure the quality of services provided to our customers.

During the financial year of 2025, we purchased from suppliers mainly located in Hong Kong, Mainland China and Malaysia. It is our wish to collaborate with our suppliers in innovation development and application, participation in production process enhancement for the continuous optimization of supply chain capabilities as well as fulfilment of our responsibilities in social and environmental protection.

Product Responsibility

We strictly comply with laws and regulations with regard to product responsibility in Hong Kong, Malaysia and PRC that have a significant impact on us, including, but not limited to, the Consumer Protection Law of China, China's Law of Tort, the Trade Description Ordinance and the Sale of Goods Ordinance in Hong Kong, and the Consumer Protection Act 1999 in Malaysia.

There were no major breaches of the Trade Description Ordinance, nor were we sued for copyright infringement in the financial year of 2025 and 2024. Also, no products have been returned to us by customers due to health and safety issue and no complaints have been received related to our products in that years.

Quality assurance

In order to ensure the quality of our products, we maintain long-term relationship with those qualified suppliers with good reputation. Quality is based on the content of the mineral; and the Group obtains laboratory test results from its suppliers so as to ensure that all products are with high quality.

Data Protection and Privacy

The Group has security measures in place to provide adequate protection and confidentiality of all corporate data and information. It protects and maintains information confidentiality in its operation. During the year, the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Regulations of the PRC for Safety Protection of Computer Information Systems, Personal Data Protection Act of Malaysia were fully complied with to protect the rights of employees, clients, and business associates.

Anti-corruption

We clearly understand that financial crime can have significant consequences upon our customers and us. Moreover, the community and the economies in which we operate can also be greatly impacted. Therefore, we are highly committed to participating in industry-wide efforts to address the problem of corruption.

We maintain and implement our own anti-money laundering, counter-terrorist financing, anti-bribery, anti-corruption and anti-fraud practices and procedures. We do not support, nor do we tolerate, any corruption practice and the payment or receipt of bribes for any purpose. We have set out a clear policy to guide our employees' behaviour in this area, and have complied with all relevant laws and regulations that have a significant impact on us, including, but not limited to, Criminal Law of China, Anti-Money Laundering Law of China, the Prevention of Bribery Ordinance in Hong Kong and the Malaysian Anti-Corruption Commission Act 2009.

Our whistleblowing policy provides a dedicated confidential reporting channel for employees and external stakeholders such as customers and suppliers to raise their concerns regarding unethical behaviour, and report malpractice and misconduct. Upon receiving the complaints or whistle-blowing, the Group will carry out inspection and investigation according to the complaint and will collect relevant evidence for verification.

During the financial year of 2025 and 2024, there was no report of any corruption or bribery behavior within the Group.

Community Investment

We deeply understand the importance of giving back to the society. Therefore, we encourage our employees to take part in community services so as to contribute to a more sustainable and harmonious society.

In addition, the Group maintains an open channel of communication with its stakeholders and communities to understand their motivations, goals and needs through continuous conversation in order to achieve the Group's contributions in corporate social responsibility activities.

CONTENT OF INDEX OF ESG REPORTING GUIDE

Subject Areas, Aspects and General Disclosures and KPIs		Section	Pages
Environment			
Aspect 1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations	Emissions	33
KPI A1.1	The types of emissions and respective emissions data.	Emissions	34-35
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). – Scope 1 emissions – Scope 2 emissions – Scope 3 emissions	Emissions	36
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	35
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Generation of waste	35
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Generation of waste	35

Subject Areas, Aspects and General Disclosures and KPIs		Section	Pages
Environment			
Aspect A2: Use of Resources	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources	34
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources	34
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources	34
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	34
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	34
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources	35
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources	35
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources	36

Subject Areas, Aspects and General Disclosures and KPIs		Section	Pages
Social			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and labour practices	36
KPI B1.1	Total workforce by gender, employment type, geographical region and age group.	Employment and labour practices	37
KPI B1.2	Employee turnover rate by gender, employment type, geographical region and age group.	Employment and labour practices	38
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	39
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety	39
KPI B2.2	Lost days due to work injury.	Health and Safety	39
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	39

Subject Areas, Aspects and General Disclosures and KPIs		Section	Pages
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	39
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	40
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	40
Operating Practices			40
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	40
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	40
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	40
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	41
KPI B5.1	Number of suppliers by geographical regions.	Supply Chain Management	41
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	41

Subject Areas, Aspects and General Disclosures and KPIs		Section	Pages
Operating Practices			
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and service.	Product Responsibility	41
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	41
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	41
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	41
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility	42
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	42
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	42
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption	42
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	42

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ng Khing Yeu, was appointed as an executive Director on 25 March 2022. Mr. Ng is currently the chairman of the board of the Company. Mr. Ng is the founder of Grace Generation Group Company Limited, which is focusing on the big health industry and biotechnology industry, involving retail and wholesale of biotechnology, health food and medicine, cosmetics raw materials and finished products with operations in Malaysia, Cambodia, South Korea, Taiwan and the mainland of the People's Republic of China.

Mr. Ng graduated from University of Kentucky in the United States of America with a bachelor's degree in civil engineering, and he was conferred the title of Datuk Seri Malaysia in 2016. Mr. Ng is the sole director and shareholder of Grace Generation Group Company Limited which holds 54,295,000 shares of the Company, representing approximately 3.62% of total issued shares of the Company.

Ms. Li Xiaolan, was appointed as an executive Director and the deputy general manager of the Company on 12 April 2013. She joined our Group in March 2008 and had been appointed as the director of Capture Advantage, Best Sparkle Development Ltd. since August 2010, November 2010 and February 2014 respectively. Ms. Li is currently responsible for the financial management of the Group, and her duty includes enhancing internal control of our financial system, supervising the daily operation of our finance department and controlling the allocation of internal resources. In addition, she is also responsible for reviewing and approving the financials and feasibility of new projects.

Ms. Li has approximately 22 years of experience in accounting. Previously she had been the finance director of Tongxing Group Mining Company (同興集團礦業公司) between January 1997 and October 2003, and the finance director of Chengdu Hande between November 2003 and August 2007.

Ms. Li obtained a diploma in industrial enterprises operation and management from Sichuan Radio and Television University (四川廣播電視大學) in the PRC in 1986, and her bachelor's degree in accounting from Sichuan University (四川大學) in the PRC in 1992.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Er, was appointed as an executive Director and the production supervisor of our Company on 12 April 2013 and was re-elected as an executive Director on May 2019. He had also been appointed as the director of Pacific Mining and Capture Advantage since May 2011 and June 2011 respectively. Mr. Wang has approximately 36 years of experience in the mining industry. Mainly responsible for the daily operation and production of the Group's mines, he is the key on-site person-in-charge of Project Ibam as well as the resident supervisor at the mine site for overall production management and testing of iron ore grading.

Mr. Wang first joined our Group in March 2008 as the resident representative in Malaysia and took part in a number of field trips in search for suitable mining projects in Malaysia. He was also actively involved in the establishment of the Group's warehouse in Kuantan.

Prior to joining the Group, Mr. Wang served as the general manager of Chengdu Hande between November 2003 and December 2006, and was mainly responsible for the preliminary screening of potential investment opportunities in the mining sector. Between March 1998 and October 2003, Mr. Wang was the general manager of Sichuan Guandi Mine (四川官地鐵礦), serving as the key on-site person-in-charge of the mining project, and responsible for the construction of mining production lines and arranging staff for the mining operation. Before that, Mr. Wang had also successively served the positions of technician, engineer and deputy manager in the non-ferrous metal department at Sichuan Enterprises Mining Company (四川鄉鎮企業礦業公司).

Mr. Wang graduated from Henan Jiaozuo Mining Institute (河南焦作礦業學院) in the PRC with a major degree in mineral processing in 1998.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Dong Jie, was appointed as independent non-executive Director of the Company on 17 January 2024. Mr. Dong was a former executive Director of the Company between 12 April 2013 and 12 September 2016. Mr. Dong has not provided any professional service to the Group within 2 years prior to his current appointment as an independent non-executive Director of the Company, and the Board is of the view that Mr. Dong satisfied the independence requirement under the Listing Rules. During his previous term as a director of the Company, Mr. Dong is mainly responsible for the Group's processing technology study and provides technical advice. Mr. Dong has approximately 42 years of experience in the mining industry. He joined our Group as a chief engineer in March 2008 and since then had taken part in a number of field trips to Malaysia in search for suitable mining projects. Mr. Dong was a technical adviser of the Group in respect of raw ore analysis and perfection of iron ore beneficiating technology.

Mr. Dong is an independent non-executive Director of the Company, and is mainly responsible for the independent supervision of the Company. Mr. Dong graduated from Chengdu University of Technology (成都理工大學) in the PRC (formerly known as Chengdu Geology College (成都地質學院)), with a major degree in rock and mineral analysis in 1982.

From March 1982 to October 1996, he worked in the 7th Teaching and Research Section of the Second Department of Chengdu Institute of Geology (now Chengdu University of Technology 成都理工大學), responsible for the thermodynamics laboratory of rare and precious metals.Between January 1997 and August 2005, Mr. Dong worked at Sichuan Guandi Mine (四川官地鐵礦) as chief engineer, and was mainly responsible for the mining of an iron ore mine located in Huili County of Sichuan Province.

Since September 2016 to present, Mr. Dong was the research group chief of Chengdu Mining Composite Utilization Research Institute (成都礦產綜合利用研究所). It has in-depth research on innovative technologies and methods for the comprehensive utilization of mineral resources and can provide advanced solutions and technical support for the mineral industry, thus further promoting achievements in sustainable development and environmental protection.

Dr. Wang Ling, was appointed as an independent non-executive Director on 12 April 2013 and was reelected as independent non-executive Director on May 2019, mainly responsible for the independent supervision of the Company. He is also the chairman of the Remuneration Committee From October 2001 to May 2008, Dr. Wang served as the independent director of Xiwang Foodstuffs Co., Ltd. (西王食品股份有限公司) (stock code: SZ000639, formerly known as Zhuzhou Qingyun Development Co., Ltd. (株洲慶雲發展股份有限公司) and Hunan Ginde Development Co., Ltd. (湖南金德發展股份有限公司)), a company listed on the Shenzhen Stock Exchange. Save as disclosed herein, Dr. Wang is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Before that, Dr. Wang worked with Changsha Institute of Geotectonics, Chinese Academy of Sciences (中國科學院長沙大地構造研究所) as an associate researcher, researcher and tutor for doctoral candidates successively. Dr. Wang has been a professor and tutor for doctoral candidates of Chengdu University of Technology (成都理工大學) since January 2002. He received the Government Special Allowance awarded by the State Council of China (國務院政府特殊津貼) in 1999 and was recognized as the Leader of Academy and Technology (學術和技術帶頭人) in Sichuan in 2003.

Dr. Wang graduated from Southwest University of Science and Technology (西南科技大學) in the PRC (formerly known as Sichuan Institute of Building Materials (四川建築材料工業學院)) with a bachelor's degree in non-metallic mineral geology and exploration in 1982, and obtained a doctoral degree from Changsha Institute of Geotectonics, Chinese Academy of Sciences (中國科學院長沙大地構造研究所) in 1994. Dr. Wang was a visiting scholar at the department of earth sciences in University of Cambridge from December 1999 to December 2000.

Mr. Leung Yiu Cho, was appointed as an independent non-executive director of the Company and also serve as the chairman of the audit committee of the Board.

Mr. Leung was the assistant financial controller of Ta Yang Group Holdings Limited (1991.HK) from 2006 to 2007, the chief financial officer and board secretary of Highland Asset Management Corporation from 2012 to 2013, an executive director and the vice investment principal of Artini Holdings Limited (789.HK) from 2013 to 2019 and an independent non-executive director and the chairman of the audit committee of the Company from August 2017 to October 2020. Mr. Leung has been appointed as company secretary and authorised representative at Universal Star (Holdings) Limited (2346.HK) from July 2021 to January 2024, and has been appointed as company secretary and authorised representative at China Dredging Environment Protection Holdings Limited (871.HK) from December 2021 to August 2023. Mr. Leung has been an independent non-executive director and the chairman of the audit committee of Zhongshi Minan Holdings Limited (8283.HK) from October 2016 to June 2022. Mr. Leung has been appointed as an independent non-executive director and the chairman of the audit committee of Wuxi Sunlit Science and Technology Company Limited (1289.HK) since June 2021 and has been appointed as independent non-executive director and the chairman of the audit committee of Shanghai XNG Holdings Limited (3666.HK) from October 2023 to December 2025. Mr. Leung has been appointed as chief financial officer, company secretary and authorised representative at Renco Holdings Group Limited (2323.HK) from October 2024 to August 2025, he has been appointed as executive director of Pengo Holdings Group Limited (formerly Trendzon Holdings Group Limited) (1865.HK) since November 2024. Mr. Leung has been appointed as independent non-executive director, the chairman of the audit committee and a member of the nomination committee of Fantasia Holdings Group Co., Limited (1777.HK) since July 2025, and he has been appointed as company secretary and authorised representative of Huiyuan Cowins Technology Group Limited (1116.HK) since October 2025.

COMPANY SECRETARY

Mr. Chen Kun has been appointed as the company secretary of the Company and as an authorised representative of the Company for accepting service of process or notice in Hong Kong pursuant to rule 3.05 of the Listing Rules and under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 11 March 2022. Mr. Chen is a practicing solicitor in Hong Kong. Mr. Chen is an external company secretarial service provider and is not an employee of the Company.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are trading of health products, iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products in the form of iron ore concentrates and iron ore fines. Details of the Company's subsidiaries as at 31 December 2025 are set out in note 40 to the Notes to Financial Statements of this annual report.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out in this annual report. This discussion forms part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of proper adoption of environmental policies is essential to the attainability of corporate growth. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation process and dewatering. The method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced. For more discussion on the Group's environmental policies and performance, please refer to "Environmental, Social and Governance Report" in this annual report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Discussions on the Group's relationships with its employees, customers and suppliers are set out in the section headed "Environmental, Social and Governance Report" in this report.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company's corporate governance report is set out in this annual report.

FUTURE PLAN

Going forward, the Group will make best endeavours to negotiate with the creditors and the potential investors with a view to debt restructuring.

FINANCIAL KEY PERFORMANCE INDICATOR

Key performance indicators used by the Group are listed in "Financial Highlights" of this annual report.

Please refer to the section headed "Financial Review" in the "Management Discussion and Analysis" in this annual report for details.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report.

No interim dividend was paid during the year (2024: Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

SUMMARY OF FINANCIAL INFORMATION

A five year summary of the consolidated results, assets and liabilities of the Group, as extracted from the audited consolidated financial statements of the Group and the Prospectus, is set out in "Five Year Summary of Financial Information" of this annual report. This summary does not form part of the audited financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group, including the interest-free and security-free loan of USD60 million by Cosmo Field Holdings Limited, the ultimate holding company of the Company, as at 31 December 2025 are set out in notes 28 and 29 to the Notes to Financial Statements.

DIRECTORS' REPORT

NOTES AND BONDS

Details of the notes issued by the Company are set out in note 30 to the Notes to Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment of the Group for the year ended 31 December 2025 was US$Nil (2024: US$3,000). Details of the movements during the year in the Group's property, plant and equipment are set out in note 18 to the Notes to Financial Statements of this annual report.

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 33 to the Notes to Financial Statements of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions (2024: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for 37.6% of the Group's total sales for the year ended 31 December 2025 (2024: 87.5%), and sales to its largest customer accounted for 17.7% of the Group's total sales for the year ended 31 December 2025 (2024: 33.5%). Purchases from the Group's five largest suppliers accounted for approximately 52.9% of the total purchases for the year ended 31 December 2025 (2024: 100.0%) and purchases from the largest supplier accounted for approximately 31.5% of total purchases for the year ended 31 December 2025 (2024: 58.5%).

None of the Directors, their associates or any Shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

The Board is of the view that the Group has maintained a harmonious business relationship with its major customers and suppliers during the year under review.

MANAGEMENT CONTRACTS

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

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Ng Khing Yeu
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors

Mr. Dong Jie
Dr. Wang Ling
Mr. Leung Yiu Cho

In accordance with the Company's Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring director shall be eligible for re-election. A director appointed to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election.

The Company has received annual confirmation of independence from each of the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the above Directors and senior management are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

The Board is of the view that the Group has maintained a harmonious employment relationship with its board members and senior management during the year under review.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party for the year ended 31 December 2025.

Cosmo Field Holdings Limited, our controlling shareholder which is wholly-owned by our former executive Director Mr. Li Yang, has provided a security-free and interest-free loan of USD60.0 million to the Company.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company had engaged in any business or had any interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group for the year ended 31 December 2025.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares of the Company granted to any Director or their respective spouse or minor children; or were any such rights exercised by them or was the Company, or any of its subsidiaries a party to any arrangement to enable those persons to acquire such rights in any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors and independent non-executive Directors has entered into a service contract with the Company.

None of the Directors has entered into any service agreement with the Company which is not determinable within one year without payment of compensation, other than the statutory compensation.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses as a result of any act or failure to act in carrying out his/her functions.

Code provision C.1.7 of the CG Code provides that appropriate insurance cover in respect of legal action against directors should be arranged. For the Reporting Period, the Company did not have insurance cover for legal action against the Directors. However, pursuant to the Company's articles of association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. In view of the above, the Board considers that the Directors' exposure to litigation risk is manageable even if there is no insurance cover for legal action against the Directors.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at the date of this annual report, the Directors and the Chief Executive Officer of the Company had the following interests and short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(i) Long positions in Shares of the Company:

Name of Director	Nature of Interest	Number of Ordinary Shares	Approximate percentage of the Company's issued share capital
Ng Khing Yeu (note 2)	Interest in controlled corporation	54,295,000 (L)	3.62%

Note:

1. The letter "L" denotes the Shareholder's long position in the share capital while the letter "S" denotes the Shareholder's short position.

2. Mr. Ng Khing Yeu is the sole shareholder and sole director of Grace Generation Group Company Limited ("**Grace Generation**") which owns 54,295,000 shares of Company. Therefore, Mr. Ng is deemed, or taken to be, interested in all the interest held by Grace Generation for the purpose of the SFO.

(ii) Long position in shares of the associated corporation:

Name of Director	Nature of associated corporation	Nature of Interest	Approximate percentage of interest in the share capital of the associated corporation
Ng Khing Yeu (note 2)	Grace Generation	Beneficial owner	100.00%

Save as disclosed above, as at the date of this annual report, none of the Directors nor the Chief Executive Officers of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at the date of this report, so far as it is known to the Directors, the persons (other than the Directors or Chief Executive Officer of the Company) with interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group were as follows:

Substantial Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field (notes 2, 3, 8)	Beneficial owner	752,750,000 (L)	50.18%
Li Yang ("Mr. Li")	Interest in controlled corporation	752,750,000 (L)	50.18%
Ample Professional Limited (note 5)	Security interest in shares	752,000,000 (L)	50.13%
華融華僑資產管理股份有限公司 (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) (note 6)	Interest in controlled corporation	74,720,000	4.98%
Haitong International Holdings Limited (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong International Finance Company Limited (note 6)	Security interest in shares	74,720,000 (L)	4.98%
Haitong International Securities Group Limited (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong Securities Co., Ltd. (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Hua Heng (note 4)	Beneficial owner	100,575,000 (L)	6.71%
Yang Jun (note 4)	Interest in controlled corporation	100,575,000 (L)	6.71%
Tang Lingyan (note 4)	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71%
Sichuan Liquor Group International Trade Co., Ltd. ("Sichuan Liquor") (note 7)	Beneficial owner	91,000,000 (L)	6.07%

Note:

1. The letter "L" denotes the Shareholder's long position in the share capital while the letter "S" denotes the Shareholder's short position.

2. Mr. Li beneficially owns the entire issued share capital of Cosmo Field Holdings Limited ("Cosmo Field"). Therefore, Mr. Li is deemed, or taken to be, interested in all the shares of the Company held by Cosmo Field for the purpose of the SFO. Mr. Li is the sole director of Cosmo Field.

3. The Company has been notified that Cosmo Field have charged certain shares in favour of third parties as at the Latest Practicable Date:

   (a) The Company has been notified that 711,000,000 shares ("Shares") of the Company and 41,000,000 Shares which were previously charged by Cosmo Field in favour of Cheer Hope Holdings Limited, have been released on 23 September 2016 and 26 September 2016 respectively. The Company has also been notified that, Cosmo Field has charged 711,000,000 Shares and 41,000,000 Shares (collectively "Charged Shares") in favour of an independent third party institution on 23 September 2016 and 27 September 2016 respectively. The Charged Shares represent approximately 50.13% of the issued share capital of the Company as at the Latest Practicable Date.

   (b) The Company has been notified that, a deed of release has been executed on 4 January 2018 with respect to the Charged Shares which were previously charged by Cosmo Field in favour of the second priority lender (as set out in the announcement dated 29 December 2016). Cosmo Field has charged the Shares in favour of another secondary priority lender on 4 January 2018.

4. Tang Lingyan is the spouse of Mr. Yang Jun. Mr. Yang Jun beneficially owns the entire issued share capital of Hua Heng. Therefore, Tang Lingyan is deemed, or taken to be, interested in all the Shares of the Company held by Hua Heng for the purpose of the SFO. Mr. Yang Jun is the sole director of Hua Heng.

5. 華融華僑資產管理股份有限公司 is deemed, or taken to be, interested in all the interest held by Ample Professional Limited in the shares of the Company for the purpose of the SFO.

6. Each of Guotai Junan Securities Co., Ltd., Haitong Securities Company Limited, Haitong International Holdings Limited, and Haitong International Securities Group Limited are deemed, or taken to be, interested in all the interest held by Haitong International Finance Company Limited in the shares of the Company for the purpose of the SFO.

7. Based on the disclosure of interest notices given by Mr. Li and Cosmo, Cosmo entered into a pledge document dated 12 September 2019 (the "Pledge Document") with Sichuan Liquor, under which Cosmo pledged 91,000,000 Shares (the "Pledged Shares") to Sichuan Liquor as a pledge guarantee in favour of Sichuan Liquor in respect to outstanding sum (the "Outstanding Sum") owed to Sichuan Liquor by certain third parties. For clarification, the interest of Sichuan Liquor as stated above is based on the notices given by Mr. Li and Cosmo.

   On 20 January 2020, 91,000,000 Pledged Shares were transferred from Cosmo to third party nominated by Sichuan Liquor pursuant to the Pledge Document. According to Cosmo, the above-mentioned Outstanding Sum and Pledge Document are not connected with the Company in any way. For clarification, the interest of Sichuan Liquor as stated above is based on the notices given by Mr. Li and Cosmo.

   To the Directors' knowledge and belief, Sichuan Liquor holds shares through its nominated third party(ies).

Save as disclosed above, as at the date of this report, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

DIRECTORS' REPORT

AUDITOR

For the year ended 31 December 2025, the financial statements of the Company had been audited by Prism Hong Kong Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution to re-appoint Prism Hong Kong Limited as the auditor of the Company will be proposed to the shareholders of the Company for approval at the forthcoming annual general meeting.

REMUNERATION OF THE DIRECTORS

The remuneration of the Directors is determined with reference to the Directors' duties and responsibilities under their employment or service contracts as approved by the Company's Shareholders resolutions in writing on 12 April 2013 before the Listing and the Board under the authority of the shareholders' resolutions passed on 30 April 2014, with the operating results of the Group and performance of the individual taken into account and aligning with market statistics. Details of the remuneration of the Directors are set out in note 14 to the Notes to Financial Statements of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transaction are stated in note 36 to the Notes to Financial Statements of this annual report, which comprise of, among others, (1) the interest-free and security-free shareholder loans of USD60,000,000 by Cosmo Field (the controlling shareholder of the Company) to the Company, and provision of guarantee by Mr. Li, his father and his controlled entity with respect to the Company's loans at nil consideration, which are all fully exempt connected transaction under Rule 14A.90 of the Listing Rules; and (2) remuneration payable to the Directors and other key management personnel of the Group.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 37 to the Notes to Financial Statements.

NON-COMPETITION UNDERTAKING

Each of the executive Directors (collectively the "Covenantors") have entered into a Deed of Non-Competition in favour of the Company (on behalf of itself and the Group) dated 9 June 2013 (the "Deed"). Pursuant to the Deed, each of the Covenantors shall procure that their respective associates shall not directly or indirectly engage in any business in competition with the existing business activity of the Group. Relevant information on the Deed was disclosed in the Prospectus in the section headed "Relationship with Controlling Shareholders".

The Company has received confirmations from the Covenantors of their compliance with the terms of the Deed. The Covenantors declared that they have fully complied with the Deed for the year ended 31 December 2025. The independent non-executive Directors have reviewed the confirmations from the Covenantors and concluded that the Deed has been complied with and has been effectively enforced.

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

Amended and restated memorandum of association of Company was adopted at a general meeting held on 29 June 2023.

SUFFICIENCY OF PUBLIC FLOAT

The Company has made announcement at the request of Stock Exchange in respect of the high concentration of the shareholding of the Company in the hands of a limited number of Shareholders. For details, please refer to the announcement dated 10 June 2022.

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as for the year ended 31 December 2025 and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Please refer to the section headed "Events after the Reporting Period" in the "Management Discussion and Analysis" in this annual report for details.

On Behalf of the Board of Directors

Ng Khing Yeu
Chairman

31 March 2026

INDEPENDENT AUDITOR'S REPORT

Prism

TO THE SHAREHOLDERS OF GRACE LIFE-TECH HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Grace Life-tech Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 151, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to owners of the Company of approximately US$15,437,000 for the year ended 31 December 2025. As of that date, the Group's net current liabilities and net liabilities amounted to approximately US$197,442,000 and US$181,621,000, respectively. In addition, the Group had defaulted on borrowings totaling approximately US$114,750,000, which triggered cross-default clauses, and is currently subject to multiple legal proceedings initiated by creditors and a winding-up petition. The Group's cash and cash equivalents stood at only approximately US$359,000.

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 (including the progress of the comprehensive debt restructuring, business expansion plans, and potential financing arrangements), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets including goodwill related to mine	
As at 31 December 2025, the Group had material balances in non-current assets related to the Mine cash-generating unit (the "Mine CGU"), consisting of Intangible assets (mining rights and reserves) of US$12,968,000 and property, plant and equipment of US$393,000. Due to the downturn and volatility of the international iron ore price during the current year, primary activities in mining, crushing and beneficiation at the Mine have been largely suspended. These are considered impairment indicators for such assets and therefore management performed an impairment assessment. Furthermore, as at 31 December 2025, the Group has goodwill related to the Mine CGU of US$6,773,000. In accordance with IAS 36, goodwill is tested for impairment annually. The impairment assessment of the Mine CGU consisting of the non-current assets and the goodwill involves significant estimation uncertainty, subjective assumptions and application of significant judgement. The Group engages the Valuers to assist the impairment assessment of non-current assets including goodwill related to mine The Group's disclosures in relation to the impairment test are set out in note 5 and note 20 to the financial statements, which specifically explain management's accounting estimates and key assumptions.	Our procedures in relation to the impairment assessment of non-current assets including goodwill related to mine: • We discussed with the management to understand the management process and assessed the assumptions and methods that were used by the Group in testing discount rate and the model that calculates future cash flows; • We obtained understanding of the work of the independent professional valuer engaged by management, and assessed the objectivity, independence and competency of the external valuer; • We evaluated the assumptions such as the date on which mining is expected to recommence, the expected growth rates, the projected selling prices, sales and production volumes etc. used in the valuation; • We assessed the expected future cash flows prepared by management and reconciled the inputs used to determine the value in use calculation with the budget and financial projections; and • We assessed the adequacy of the disclosures in the financial statements of the assumptions.

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

Key audit matter	How our audit addressed the key audit matter
Allowance recognised in respect of trade receivables	
We identified the allowance recognised of trade receivables as a key audit matter due to the significant management estimates involved in assessing the recoverability of trade receivables. As disclosed in Note 4 to the consolidated financial statements, the impairment provisions for trade receivables are based on assumptions about expected credit losses ("ECL"), which is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. The Group engages the Valuers to assist the estimation of ECL of trade receivables. As disclosed in Note 22 to the consolidated financial statements, the carrying amount of trade receivables was US$52,255,000 as at 31 December 2025, after net off the allowance for credit losses of US$171,814,000, and allowance for credit losses of US$6,727,000 was recognised in profit or loss for the year ended 31 December 2025.	Our procedures in relation to the allowance recognised in respect of trade receivables included: • We obtained an understanding of the management process and the key controls in ECL assessment and assumptions made in determining the default rates for ECL assessment and evaluating the reasonableness of any quantitative, qualitative and forward-looking information incorporated by the management; • We obtained understanding of the work of the independent professional valuer engaged by management, and assessed the objectivity, independence and competency of the external valuer; • We tested integrity of the information used by the management and assessed the assumptions applied in the ECL model, and reviewed the supporting documentation; and • We checked the mathematical accuracy of the ECL calculations.

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed term of agreement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Kwok Lun.

Prism Hong Kong Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
31 March 2026

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	**2025** **US$'000**	2024 US$'000
Revenue	8	**13,060**	13,764
Cost of sales		**(11,582)**	(11,598)
Gross profit		**1,478**	2,166
Other income	10	**9,883**	92
Selling and distribution expenses		**(354)**	(578)
Administrative and other expenses		**(1,961)**	(2,648)
Impairment loss on financial assets, net		**(6,735)**	(29,601)
Finance costs	11	**(19,742)**	(17,626)
Loss before income tax		**(17,431)**	(48,195)
Income tax credit/(expenses)	12	**1,909**	(27)
Loss for the year	13	**(15,522)**	(48,222)
Attributable to:			
Owner of the Company		**(15,437)**	(48,128)
Non-controlling interests		**(85)**	(94)
		(15,522)	(48,222)
Loss per share	17		
Basic and diluted (US cents)		**(1.03)**	(3.21)
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**1,391**	631
Other comprehensive income for the year, net of income tax		**1,391**	631
Total comprehensive expense for the year		**(14,131)**	(47,591)
Attributable to:			
Owner of the Company		**(14,046)**	(47,497)
Non-controlling interests		**(85)**	(94)
		(14,131)	(47,591)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 US$'000	2024 US$'000
Non-current assets			
Property, plant and equipment	18	**406**	406
Intangible assets	19	**12,968**	11,857
Goodwill	20	**6,773**	6,201
Total non-current assets		**20,147**	18,464
Current assets			
Inventories	21	**528**	642
Trade receivables	22	**52,255**	59,239
Deposits, prepayments and other receivables	23	**2,222**	1,210
Cash and cash equivalents	24	**359**	248
Total current assets		**55,364**	61,339
Current liabilities			
Trade payables	25	**6,968**	6,634
Other payables and accruals	26	**35,134**	39,545
Contract liabilities	27	**1,576**	1,072
Amount due to ultimate holding company	28	**60,000**	60,000
Bank and other borrowings	29	**54,809**	55,031
Notes	30	**92,830**	78,172
Income tax payable		**1,489**	3,420
Total current liabilities		**252,806**	243,874
Net current liabilities		**(197,442)**	(182,535)
Total assets less current liabilities		**(177,295)**	(164,071)
Non-current liabilities			
Bank and other borrowings	29	**653**	57
Provision for rehabilitation	31	**738**	694
Deferred tax liabilities	32	**2,935**	2,668
Total non-current liabilities		**4,326**	3,419
Net liabilities		**(181,621)**	(167,490)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	**2025 US$'000**	2024 US$'000
Capital and reserves			
Share capital	33	**1,934**	1,934
Reserves		**(183,376)**	(169,330)
Equity attributable to owners of the Company		**(181,442)**	(167,396)
Non-controlling interest		**(179)**	(94)
Capital deficiencies		**(181,621)**	(167,490)

The consolidated financial statements on pages 69 to 151 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Ng Khing Yeu
Chairman/Director

Li Xiaolan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company										
	Share capital US$'000 (note 33)	Share premium US$'000 (note (i))	Capital reserve US$'000 (note (ii))	Contributed surplus US$'000 (note (iii))	Other reserve US$'000 (note (iv))	Exchange fluctuation reserve US$'000	Statutory reserve US$'000 (note (v))	Accumulated losses US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2025	**1,934**	**47,541**	**14,956**	**50**	**28,002**	**(4,520)**	**190**	**(255,549)**	**(167,396)**	**(94)**	**(167,490)**
Loss for the year	–	–	–	–	–	–	–	(15,437)	(15,437)	(85)	(15,522)
Other comprehensive income											
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	1,391	–	–	1,391	–	1,391
Total comprehensive income/ (expense) for the year	–	–	–	–	–	1,391	–	(15,437)	(14,046)	(85)	(14,131)
Transfer to statutory reserve	–	–	–	–	–	–	18	(18)	–	–	–
At 31 December 2025	**1,934**	**47,541**	**14,956**	**50**	**28,002**	**(3,129)**	**208**	**(271,004)**	**(181,442)**	**(179)**	**(181,621)**

	Attributable to owners of the Company										
	Share capital US$'000 (note 33)	Share premium US$'000 (note (i))	Capital reserve US$'000 (note (ii))	Contributed surplus US$'000 (note (iii))	Other reserve US$'000 (note (iv))	Exchange fluctuation reserve US$'000	Statutory reserve US$'000 (note (v))	Accumulated losses US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2024	1,934	47,541	14,956	50	28,002	(5,151)	155	(207,386)	(119,899)	–	(119,899)
Loss for the year	–	–	–	–	–	–	–	(48,128)	(48,128)	(94)	(48,222)
Other comprehensive income											
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	631	–	–	631	–	631
Total comprehensive income/ (expense) for the year	–	–	–	–	–	631	–	(48,128)	(47,497)	(94)	(47,591)
Transfer to statutory reserve	–	–	–	–	–	–	35	(35)	–	–	–
At 31 December 2024	1,934	47,541	14,956	50	28,002	(4,520)	190	(255,549)	(167,396)	(94)	(167,490)

Notes:

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the consolidated financial statements.

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(ii) Capital reserve

Capital reserve represented: (i) differences arising from acquisition of non-controlling interests and reserve arising from the waiver of debts by the former shareholders of the Company in prior years of US$13,825,000; (ii) the difference between the nominal amount of US$15,000,000 and the fair value of US$13,869,000 of the interest-free loan granted by the ultimate holding company during the year ended 31 December 2015. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value of US$1,131,000 is treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

(iii) Contributed surplus

Contributed surplus represented the difference between the nominal value of shares of the subsidiary acquired pursuant to the Group's reorganisation in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited and the previous nominal value of the Company's shares issued in exchange therefor.

(iv) Other reserve

On 14 December 2018, the Group disposed of 9.12% of its interest in Pacific Mining Resources Sdn. Bhd. ("Pacific Mining") for the Group's subscription of 33.33% issued shares of Pembinaan Sponge Iron Sdn. Bhd. ("Pembinaan Sponge Iron"). The difference approximately of US$48,287,000 between the amount of the adjustment to non-controlling interests and the consideration received arising from the disposal of the 9.12% of the issued shares of a subsidiary of the Group which did not result in loss of control of that subsidiary.

On 13 July 2020, the Group disposed of 33.33% of its interest in Pembinaan Sponge Iron in returned 9.12% interest in Pacific Mining. The difference between the consideration of approximately of US$21,975,000 and the relevant share of the carrying amount of the net assets of Pacific Mining approximately of US$1,690,000, being approximately US$20,285,000 was debited to other reserve.

(v) Statutory reserve

In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve is subject to the approval of the respective board of directors, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 US$'000	2024 US$'000
OPERATING ACTIVITY		
Loss before income tax	**(17,431)**	(48,195)
Adjustments for:		
Allowance for inventories	**32**	19
Bad debts written-off	**5**	–
Depreciation of property, plant and equipment	**22**	21
Finance costs	**19,742**	17,626
Impairment loss on financial assets, net	**6,735**	29,601
Income from waived of interest payable on other borrowing	**(9,881)**	–
Operating cash flows before movements in working capital	**(776)**	(928)
Decrease in inventories	**104**	309
Decrease in trade receivables	**300**	829
Increase in deposits, prepayments and other receivables	**(970)**	(1,061)
Increase in contract liabilities	**457**	211
Increase in trade payables	**332**	791
Increase/(decrease) in other payables and accruals	**224**	(151)
Cash used in operations	**(329)**	–
Income tax paid	**(21)**	(75)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(350)**	(75)
INVESTING ACTIVITY		
Purchase of property, plant and equipment	**–**	(3)
NET CASH USED IN INVESTING ACTIVITY	**–**	(3)
FINANCING ACTIVITY		
New bank borrowing and other loan raised	**653**	288
Repayment of bank borrowing	**(165)**	(69)
Interest paid	**(22)**	(26)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**466**	193
NET INCREASE IN CASH AND CASH EQUIVALENTS	**116**	115
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**248**	131
Effect of foreign exchange rate changes	**(5)**	2
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**359**	248

1. GENERAL INFORMATION

Grace Life-tech Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 April 2012 and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3 July 2013.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company was Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Cosmo Field Holdings Limited ("Cosmo Field"), which was incorporated in the British Virgin Islands ("BVI"). The ultimate beneficial owner of the Company is Mr. Li Yang ("Mr. Li"), the ex-director, ex-chairman, and ex-chief executive officer of the Company.

The Company is an investing holding company. Its major operating subsidiaries are principal engaged in the mining, ore processing, sales of iron ore products, commercial products, health products and other products.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are United Status dollars ("US$") while that of the subsidiaries established in the PRC, Malaysia and Singapore are Renminbi ("RMB"), Malaysia Ringgit ("MYR") and Singapore Dollar ("SGD") respectively. For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopted US$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

During the year ended 31 December 2025, the Group incurred a net loss attributable to the owners of the Company of approximately US$15,437,000. As at the same date, the Group recorded net current liabilities of approximately US$197,442,000, net liabilities of approximately US$181,621,000, the Group's amount due to ultimate holding company of approximately US$60,000,000, total bank and other borrowings amounted to approximately US$55,462,000, out of which US$54,809,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amount to approximately US$359,000.

As at 31 December 2025, the Group was in default on borrowings totally approximately US$114,750,000 (the "In Default Borrowing"), comprising the amount due to the ultimate holding company and bank and others borrowings of approximately US$60,000,000 and US$54,750,000 respectively. In addition, the Group breached terms and conditions of In Default borrowings during the year ended 31 December 2025. The aforementioned borrowings would be immediately repayable if requested by the lenders.

2. BASIS OF PREPARATION (continued)

As disclosed in note 28, included in the In Default Borrowing has two shareholder's loans totalling of US$60,000,000, of these US$40,000,000 was a loan provided by Cosmo Field Holdings Limited ("Cosmo Field"), the Group's ultimate holding company (the "Shareholder's Loan"). The Shareholder's Loan was assigned to Industrial Bank Co., Limited ("Industrial Bank") as part of a security arrangement subsequently (the "Industrial Bank Loan"), under which Industrial Bank advanced US$45,059,154 to Cosmo Field. On 15 May 2020, Industrial Bank filed a writ of summons at the High Court of Hong Kong ("High Court Action 1") against Cosmo Field and its guarantor, Mr. Li Yang ("Mr. Li"), the ex-director, ex-chairman, and ex-chief executive officer of the Company. Industrial Bank claimed US$45,059,154 in relation to the default on the Industrial Bank Loan. As part of the security arrangement, Cosmo Field pledged its 752,000,000 shares (representing 50.13% of the Company's issued shares as at 31 December 2025) to Industrial Bank. Industrial Bank is entitled to claim repayment of the Shareholder's Loan from the Company as part of the security arrangement.

On 20 January 2020, OCBC filed a writ of summons at the High Court of Hong Kong ("High Court Action 2") against Mr. Li, alleging his failure as a guarantor for a debt of HK$308,758,494 (the "OCBC Outstanding Amount"). The default of the OCBC Loan triggered cross-defaults on other borrowings amounting to approximately US$18,217,000 as of 31 December 2025. On 8 January 2021, the High Court adjudged that Mr. Li was liable for the OCBC Outstanding Amount, accrued interest, and related costs.

On 4 June 2021, the Company filed a petition with the Grand Court of the Cayman Islands for an order to wind up the Company and appoint joint provisional liquidators on a light touch basis for restructuring purposes on the grounds that the Company was unable to pay its debts and it intended to present a compromise or arrangement to its creditors.

2. BASIS OF PREPARATION (continued)

The Group is in active negotiations with all the lenders in respect of the In Default Borrowings for renewal and extension of the relevant borrowings and the directors of the Company are confident that agreements will be reached in due course.

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delays in principal and interest repayments will not enforce their rights of requesting for immediate repayment.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and operating performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and have taken and currently taking the following measures to mitigate the liquidity pressure and to improve its cash flows:

(i) In 2025, the Group continued to grow its plant stem cell business, and gradually enhanced the operational scale and revenue base of this business segment by expanding sales channels, strengthening customer acquisition, and exploring strategic cooperation opportunities with suppliers. Based on the Group's business progress in 2025, the plant stem cell business acquired five new customers during the three months ended 30 September 2025. The directors of the Company consider that the continued expansion of this business will help to gradually enhance the Group's revenue base and operational cash flow;

(ii) The Group continued to operate the plant stem cell business on a business-to-business (B2B) model during the Year, and continued to advance the construction of its health product pipeline, including planning a network of health product vending machines, establishing counters for plant stem cell skincare products and promoting the chain development of plant stem cell health management centres. The directors of the Company consider that such arrangements will help the Group expand its market coverage, enhance its product reach and strengthen its business development base;

(iii) The Company made further efforts to advance preparations for the comprehensive debt restructuring of its outstanding bank loans and notes during the Reporting Period. As of the approval date of these consolidated financial statements, the Company continued to maintain communication and negotiations with potential investors, financial institutions and creditors to seek feasible comprehensive debt restructuring proposals;

(iv) According to the arrangement reached between the Company and the relevant lenders, the accrued interest of approximately US$9,900,000 had been waived, and no further interest would accrue on the related debt. Such arrangement helped alleviate the Group's financial burden, ease the pressure of debt accumulation, and create more favorable conditions for subsequent debt restructuring negotiations;

2. BASIS OF PREPARATION (continued)

(v) The Group has been actively negotiating with relevant lenders regarding the renewal, extension, settlement and other feasible arrangements of existing loans, and has also been in contact with various financial institutions and potential investors to explore different financing alternatives for the Group's working capital requirements and undertakings in the foreseeable future;

(vi) During the Reporting Period, the Group continued to engage with industrial investors and strategic partners. In July 2025, the Company entered into a memorandum of understanding with a potential strategic partner, to explore the possibilities of promoting business synergies through the establishment of a plant stem cell business headquarters and integrated center. In addition, in 2026, the Company also entered into a memorandum of understanding with a Shanghai-based company, which is primarily engaged in biotechnology business. As at the approval date of these consolidated financial statements, the relevant negotiations are still ongoing. The Directors consider that if such arrangements are finalised, it would help the Group introduce industry resources that have synergistic effects with its existing businesses, and support the future business development and restructuring arrangements of the Group;

(vii) The Group continued to take strict measures in controlling administrative costs during the Reporting Period, including optimising workforce efficiency, conducting remuneration reviews and adjustments; and implementing other cost-saving measures, and strictly control capital expenditure; and

(viii) The Company will, in due course and after certain progress has been made in debt restructuring, depending on the results of negotiations with the relevant creditors, consider to lodge a quasi-joint application to the Grand Court of the Cayman Islands to withdraw the petition for an order that the Company be wound up.

The directors of the Company have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than fifteen months from 31 December 2025. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within fifteen months from 31 December 2025. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION (continued)

Notwithstanding the above, significant uncertainties still exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successfully continue to advance the development of plant stem cell business, including expanding sales channels, strengthening customer development, deepening the business-to-business (B2B) business model, and gradually increasing the market penetration rate of related products, thereby generating stable operating cash inflows;

(ii) Successfully advance the debt restructuring of outstanding bank loans and notes, and reach agreements with existing lenders, potential investors, financial institutions and other relevant parties on debt settlement, debt-to-equity conversion, financing arrangements and other feasible restructuring plans;

(iii) Successfully secure additional new sources of financing when needed, and continue to receive support from relevant lenders for the renewal, extension, settlement or other feasible arrangements of existing loans;

(iv) Successfully negotiate with industrial investors and strategic partners for cooperation, and finalise the relevant cooperation arrangements in due course, to introduce industry resources that have synergistic effects with the existing businesses of the Group, and support the future business development of the Group;

(v) Successfully collection a portion of outstanding trade receivables and controlling costs and containing capital expenditure so as to maintain prudent cash flow management and generate adequate net cash inflows; and

(vi) In due course and after certain progress has been made in debt restructuring, depending on the results of negotiations with the relevant creditors, consider to lodge a quasi-joint application to the Grand Court of the Cayman Islands to withdraw the petition for an order that the Company be wound up.

Should the Group fail to achieve the abovementioned plans and measures, it might be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard issued by the International Accounting Standards Board (the "IASB") for the first time, which are effective for the Group's financial year beginning on 1 January 2025.

Amendments to IAS 21	Lack of Exchangeability

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

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosure[2]
Amendments to IFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual periods beginning on or after 1 January 2027

[3] Effective for annual periods beginning on or after a date to be determined

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

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Company Ordinance.

The consolidated financial statements have been prepared on historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit ("CGU") (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in consolidated profit or loss and other comprehensive income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of consolidated profit or loss and other comprehensive income statement on disposal.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- Sales of iron ore products;
- Sales of commercial products;
- Sales of health products; and
- Sales of electronic devices products and other products.

Sales of iron ore products, commercial products, health products and other products

Revenue from sales of iron ore products, commercial products, health products and other products are recognised at a point in time when the control of the goods is transferred to the customers. Control of the goods is considered transferred to customers at the time of delivery.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in consolidated profit or loss and other comprehensive income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in consolidated profit or loss and other comprehensive income statement for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

Borrowing costs

All borrowing costs are recognised in consolidated profit or loss and other comprehensive income statement in the period in which they are incurred.

Retirement benefits cost and termination benefits

Payments to the defined contribution plans, state-managed retirement benefit schemes, the Mandatory Provident Fund Scheme (the "MPF scheme") and the Employee Provident Fund (the "EPF scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

The employee of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contribution charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the consolidated statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Retirement benefits cost and termination benefits (continued)

Defined benefit costs are categorized as service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements.

The Group recognises service costs within profit or loss as cost of sales and administrative expenses.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

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

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight line method for the property, plant and equipment. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated profit or loss and other comprehensive income statement.

Intangible assets

Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised based on the units-of-production method whereby the denominator is the proven and probable reserves and where appropriate the portion of mineral resources considered to be probable of economic extraction.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and demand deposits.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Impairment losses on property, plant and equipment and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment losses on property, plant and equipment and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above) (continued)

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the cost of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entity at amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

(i) Amortised cost and effective interest method (continued)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in statement of consolidated profit or loss and other comprehensive income and is included in the "Other income" line item (note 10).

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost as well as financial guarantee. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Significant increase in credit risk

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

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

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

- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated profit or loss and other comprehensive income statement.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in consolidated profit or loss and other comprehensive income statement for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

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

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated profit or loss and other comprehensive income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities subsequently measured at amortised cost

Financial liabilities (that are not designated as at FVTPL), are subsequently measured at amortised cost using the effective interest method.

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated profit or loss and other comprehensive income statement.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provision for rehabilitation

Provisions for environmental restoration are recognised when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provision for future decommissioning and restoration is recognised in full on the installation of mining properties. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the related mining properties of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the costs of the mining properties. Any change in the present value of the estimated expenditure other than due to passage of time, which is regarded as interest expense, is reflected as an adjustment to the provision and mining properties.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement

When measuring fair value except value in use of property, plant and equipment and intangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Related partied transactions

A party is considered to be related to the Group if:

1. A person or a close member of that person's family is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a parent of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related partied transactions (continued)

2. The party is an entity where any of the following condition applies:

   (i) The entity and the Group are members of the same group.

   (ii) One entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity).

   (iii) The entity and the Group are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers of the post-employment benefit plan.

   (vi) The entity is controlled or jointly controlled by a person identified in (1).

   (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Going concern and liquidity

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2 to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of intangible assets

Impairment assessment on intangible assets are performed by the management of the Group at the end of each reporting period. When there is an indication of possible impairment identified, the management of the Group assess whether there is any impairment loss. Impairment loss has been recognised if the recoverable amount, being the higher of fair value-less cost of disposal or value in-use, is lower than the carrying amount. In assessing the value-in-use, the management of the Group takes into estimation of discounted future cash flows. In estimating the future cash flows, the management of the Group takes into account the Iron Ore price, recoverable reserves, production costs and operating costs. The estimates used by the management of the Group in calculating future cash flows might be subject to changes due to the inherent uncertainty and the volatility of the iron ore price. Where the actual cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2025, the carrying amounts of intangible assets are of approximately US$12,968,000 (2024: US$11,857,000). Based on the estimated recoverable amounts, no impairment loss in respect of intangible assets have been recognised for the years ended 31 December 2025 and 2024.

Units-of-production amortisation for intangible asset

The Group determines the amortisation of intangible asset by the actual units of production over the estimated reserves of the mines. Further details about the reserve estimates are included below.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Reserve estimates

Proved and probable Iron Ore reserve estimates are estimates of the amount of Iron Ore that can be economically and legally extracted from the Group's mining properties. In determining the estimates, recent production and technical information of each mine will be considered.

Fluctuations in factors including the price of Iron Ore, production costs and transportation costs of Iron Ore, a variation on recovery rates or unforeseen geological or geotechnical perils may render it necessary to revise the estimates of Iron Ore reserves.

Because of the economic assumptions used to estimate reserves changes from period to period, and because of additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying amount may be affected due to change in estimated future cash flows.
- Depreciation, depletion and amortisation charged to the consolidated profit or loss and other comprehensive income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Provision for rehabilitation may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

As at 31 December 2025, the carrying amounts of intangible assets were of approximately US$12,968,000 (2024: US$11,857,000).

Impairment of goodwill

The management of the Group tests annually on goodwill in accordance with the accounting policy as disclosed in note 4, based on the recoverable amount. The recoverable amount of each cash generating unit has been determined based on the higher of value-in-use calculation and fair value less cost of disposal calculation. If the recoverable amount is less than the carrying amount, impairment loss was recognised. The calculations of the recoverable amount require the use of estimates and judgements as disclosed in note 20.

As at 31 December 2025, the carrying amount of goodwill was of approximately US$6,773,000 (2024: US$6,201,000), no impairment loss in respect of goodwill has been recognised for the years ended 31 December 2025 and 2024. Details of the value-in-use calculations are disclosed in note 20.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Allowance recognised in respect of trade receivables, deposits and other receivables

The impairment provisions for trade receivables, deposits and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amounts of trade receivables, deposits and other receivables are of approximately US$52,255,000 (2024: US$59,239,000) and US$868,000 (2024: US$114,000) respectively, with accumulated loss allowance on trade receivables, deposits and other receivables of approximately US$171,814,000 (2024: US$165,087,000) and US$60,000 (2024: US$57,000) respectively.

Income taxes

As disclosed in note 32, no deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately US$60,610,000 (2024: US$55,730,000) due to the unpredictability of future profit streams as at 31 December 2025. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary difference will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss and other comprehensive income for the year in which such a reversal take place.

Provision for rehabilitation

The Group recognises the provision for the rehabilitation of each site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of rehabilitation provision. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the consolidated statement of financial position by adjusting both the rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges. For closed sites, changes to estimated future costs are recognised immediately in consolidated profit or loss and other comprehensive income statement. The carrying amount of provision for rehabilitation as at 31 December 2025 was approximately US$738,000 (2024: US$694,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of financial guarantee liabilities

The directors of the Company use their judgements in selecting an appropriate valuation technique to determine fair value of the financial guarantee liabilities which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair values of these financial guarantee liabilities are reassessed at the end of each reporting period with movement to the consolidated statement of profit or loss and other comprehensive income. In estimating the fair values of these financial guarantee liabilities, the Company uses independent valuations which are based on various inputs and estimates with reference to the input of subjective assumptions and adjusted for specific features of the instrument. If the inputs and estimates applied in the model or the valuation model are different, the carrying amounts of these derivative financial liabilities will be changed. As at 31 December 2025, the carrying values of the financial guarantee liabilities of the Company and was approximately US$26,340,000 (2024: US$26,338,000). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair values of these financial instruments (note 39).

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings and notes disclosed in note 29 and note 30 respectively, net of cash and cash equivalents disclosed in note 24, and equity attributable to the owners of Group, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure periodically. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through use of debts, payment of dividends and issuance of new shares.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 US$'000	2024 US$'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	**53,482**	59,601
Financial liabilities		
Financial liabilities at amortised cost	**248,959**	239,439

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, other payables and accruals, amount due to ultimate holding company, bank and other borrowings and notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has certain bank deposits, trade receivables, deposits and other receivables, trade payables, other payables and accruals, and bank and other borrowings denominated in foreign currencies, i.e. a currency other than the functional currency of the subsidiaries of the Company, which expose the Group to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets		Liabilities	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Hong Kong Dollar ("HK$")	**144**	21	**18,870**	28,072
RMB	**775**	1,115	**208**	379
MYR	**12**	11	**1,802**	1,655

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The Group believes that the pegged rate between the US$ and the HK$ will not be materially affected by any changes in the value of US$ against other currencies. In this respect, the Group considers its exposure to foreign currency risk in respect of HK$ to be insignificant.

Sensitivity Analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) increase or decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in post-tax loss where respective functional currency weakened 5% (2024: 5%) against the relevant foreign currency. For a 5% (2024: 5%) strengthening of respective functional currency against the relevant foreign currency, there would be an equal and opposite impact on the pre tax loss and the balances below would be negative.

	Effect on profit or loss	
	2025	2024
	US$'000	US$'000
RMB	**14**	37
MYR	**(75)**	(82)

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed interest rate of other borrowings (note 29) and notes (note 30).

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank balances (note 24) and bank loans with variable interest rates (note 29). It is the Group's policy to keep its loans at floating rate of interests so as to minimise the fair value interest rate risk.

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2025 would increase/decrease by approximately US$460,000 (2024: US$458,000) This is mainly attributable to the Group's exposure to interest rates on bank balances and variable-rate bank borrowings.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge all obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

For trade receivables, the Group has applied the simplified approach in IFRS 9 Financial Instruments to measure the loss allowance at lifetime ECL. The Group determines the ECL on a collectively basis by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

The credit risk on restricted cash and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase the Group compares the risk of a default occurring on the asset as at the reporting date with the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating result of the borrower;
- significant increase in credit risk on other financial instruments of the borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk

In order to minimise credit risk, the Group has delegated a team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12-month or lifetime ECL	2025 Gross carrying amount US$'000	2025 Loss allowance US$'000	2025 Net carrying amount US$'000	2024 Gross carrying amount US$'000	2024 Loss allowance US$'000	2024 Net carrying amount US$'000
Trade receivables	22	(Note)	Lifetime ECL (simplified approach)	**224,069**	**(171,814)**	**52,255**	224,326	(165,087)	59,239
Deposits and other receivables	23	Performing	12-month ECL	**870**	**(2)**	**868**	115	(1)	114
		Default	Lifetime ECL (credit impaired)	**58**	**(58)**	**–**	56	(56)	–
Cash and cash equivalents	24	Performing	12-month ECL	**359**	**–**	**359**	248	–	248
				225,356	**(171,874)**	**53,482**	224,745	(165,144)	59,601

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 Financial Instruments to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 22 includes further details on the loss allowance for these assets respectively.

The Group has concentration of credit risk as 1% (2024: 1%) and 1% (2024: 3%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively as at 31 December 2025 and 2024.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank and other borrowings and notes as a significant source of liquidity and the management monitors the utilisation of bank and other borrowings and notes and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The table includes both interest and principal cash flow. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

	At 31 December 2025					
	Weighted average effective interest rate %	Within one year or on demand US$'000	More than 1 year but less than 5 years US$'000	More than 5 years US$'000	Total contractual undiscounted cash flows US$'000	Carrying amount US$'000
Trade payables	N/A	6,968	–	–	6,968	6,968
Other payables and accruals	N/A	33,699	–	–	33,699	33,699
Amount due to ultimate holding company	N/A	60,000	–	–	60,000	60,000
Bank and other borrowings	10%	54,876	261	979	56,116	55,462
Notes	N/A	92,830	–	–	92,830	92,830
		248,373	261	979	249,613	248,959

	At 31 December 2024				
	Weighted average effective interest rate %	Within one year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total contractual undiscounted cash flows US$'000	Carrying amount US$'000
Trade payables	N/A	6,634	–	6,634	6,634
Other payables and accruals	N/A	39,545	–	39,545	39,545
Amount due to ultimate holding company	N/A	60,000	–	60,000	60,000
Bank and other borrowings	11%	55,052	59	55,111	55,088
Notes	N/A	78,172	–	78,172	78,172
		239,403	59	239,462	239,439

The amounts included above for variable interest rate non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

8. REVENUE

During the year, revenue represents revenue arising on sale of commercial products, health products and other products. An analysis of the Group's revenue for the year is as follows:

	2025 **US$'000**	2024 US$'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of commercial products	**145**	–
– Sales of health products	**12,731**	13,250
– Sales of other products	**184**	514
	13,060	13,764

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition and geographical markets, arising from different reporting segments:

For the year ended 31 December 2025	**Commercial trade US$'000**	**Health products trade US$'000**	**Others US$'000**	**Total US$'000**
Revenue from goods:				
– Sales of commercial products	**145**	**–**	**–**	**145**
– Sales of health products	**–**	**12,731**	**–**	**12,731**
– Sales of other products	**–**	**–**	**184**	**184**
	145	**12,731**	**184**	**13,060**
Timing of revenue recognition:				
– At a point in time	**145**	**12,731**	**184**	**13,060**
Geographical markets:				
– PRC	**–**	**12,731**	**184**	**12,915**
– Malaysia	**145**	**–**	**–**	**145**
	145	**12,731**	**184**	**13,060**

8. REVENUE (continued)

For the year ended 31 December 2024	Health products trade US$'000	Others US$'000	Total US$'000
Revenue from goods:			
– Sales of health products	13,250	–	13,250
– Sales of other products	–	514	514
	13,250	514	13,764
Timing of revenue recognition:			
– At a point in time	13,250	514	13,764
Geographical markets:			
– PRC	13,250	514	13,764

Information about the Group's performance obligations is summarised below:

The performance obligation is satisfied upon delivery of the goods and advance payments are generally required.

Transaction price allocated to the remaining performance obligations for contracts

The contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the satisfied upon delivery of goods. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

9. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Iron ore mining and processing operation – mining and sales of iron ore;
- Commercial trade – trading of commercial products;
- Health products trade – trading of health products;
- Others – trading of electronic devices products and other products.

Segment revenues and results

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

For the year ended 31 December 2025

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Health products trade US$'000	Others US$'000	Total US$'000
Segment revenue	–	145	12,731	184	13,060
Segment loss	(77)	(17,779)	(6,768)	(68)	(24,692)
Unallocated income					9,881
Unallocated corporate expenses					(1,090)
Unallocated finance costs					(1,522)
Impairment loss on deposits and other receivables					(8)
Loss before income tax					(17,431)

9. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2024

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Health products trade US$'000	Others US$'000 (Represented)	Total US$'000
Segment revenue	–	–	13,250	514	13,764
Segment (loss)/profit	(121)	(44,387)	(31)	88	(44,451)
Unallocated income					92
Unallocated corporate expenses					(1,647)
Unallocated finance costs					(2,189)
Loss before income tax					(48,195)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment (loss)/profit represents the loss of each segment without allocation of central and other operating expenses, other income, unallocated finance costs, (impairment)/reversal of impairment loss on deposits and other receivables. This is the measure reported to the directors of the Company with respect to the resource allocation and performance assessment.

9. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2025 **US$'000**	2024 US$'000 (Represented)
Iron ore mining and processing operation	**13,421**	12,242
Commercial trade	**51,458**	51,485
Health products trade	**2,688**	9,348
Others	**163**	161
Total segment assets	**67,730**	73,236
Corporate and other assets	**7,781**	6,567
Total assets	**75,511**	79,803

Segment liabilities

	2025 **US$'000**	2024 US$'000
Iron ore mining and processing operation	**738**	694
Commercial trade	**194,146**	177,918
Health products trade	**8,601**	7,913
Others	**2**	12
Total segment liabilities	**203,487**	186,537
Corporate and other liabilities	**53,645**	60,756
Total liabilities	**257,132**	247,293

For the purposes of monitoring segment performance and allocating resources between segments:

– All assets are allocated to operating segment, other than unallocated property, plant and equipment, goodwill, unallocated deposits, prepayments and other receivables, cash and cash equivalents, other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

– All liabilities are allocated to operating segments, other than unallocated other payables and accruals, other borrowing, unallocated notes, unallocated income tax payables, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

9. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2025

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Health products trade US$'000	Others US$'000	Unallocated US$'000	Total US$'000
Amounts include in the measure of segment loss or segment assets:						
Depreciation	9	6	7	–	–	22
Impairment loss/(reversal of impairment loss) on trade receivables	–	(380)	7,103	4	–	6,727
Impairment loss on deposits and other receivables	–	–	–	–	8	8
Allowance for inventories	–	–	32	–	–	32
Finance costs	44	18,155	21	–	1,522	19,742
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Income tax (credit)/expenses	–	(1,925)	16	–	–	(1,909)

For the year ended 31 December 2024

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Health products trade US$'000	Others US$'000 (Represented)	Unallocated US$'000	Total US$'000
Amounts include in the measure of segment loss or segment assets:						
Depreciation	14	–	7	–	–	21
Impairment loss/(reversal of impairment loss) on trade receivables	–	29,066	(8)	487	–	29,545
Impairment loss on deposits and other receivables	8	–	–	48	–	56
Allowance for inventories	–	–	19	–	–	19
Finance costs	92	15,321	24	–	2,189	17,626
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Income tax expenses	–	–	–	–	27	27

9. SEGMENT INFORMATION (continued)

Geographical information

During the years ended 31 December 2025, the Group's operations are located in Hong Kong, PRC and Malaysia (2024: Hong Kong, PRC and Malaysia).

Information about the Group's revenue from external customers is presented based on the location of the operations.

Revenue from external customers

	2025 **US$'000**	2024 US$'000
PRC	**12,915**	13,764
Malaysia	**145**	–
Total revenue	**13,060**	13,764

Substantially all of the Group's operations and non-current assets are in PRC, Hong Kong and Malaysia.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2025 **US$'000**	2024 US$'000
Company A[1]	**N/A[2]**	4,611
Company B[1]	**2,318**	2,943
Company C[1]	**N/A[2]**	2,359

1 Revenue from health products segment.
2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

10. OTHER INCOME

	2025 US$'000	2024 US$'000
Sundry income	**2**	92
Gain from wavier of interest payable on other borrowing	**9,881**	–
	9,883	92

11. FINANCE COSTS

	2025 US$'000	2024 US$'000
Interests on:		
– bank borrowings	**3,518**	3,530
– other borrowings	**244**	908
– notes	**15,936**	13,096
Unwinding of discount on provision	**44**	92
	19,742	17,626

12. INCOME TAX (CREDIT)/EXPENSES

	2025 US$'000	2024 US$'000
Current tax:		
PRC Enterprise Income Tax	**16**	19
(Over)/under provision		
Hong Kong Profits Tax	**(1,925)**	8
	(1,909)	27

12. INCOME TAX (CREDIT)/EXPENSES (continued)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No Hong Kong profits tax has been provided in the consolidated financial statements as the Group has no assessable profits for the years ended 31 December 2025 and 2024.

(iii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions

(iv) Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia are liable to Malaysia corporate income tax at a rate of 24% (2024: 24%) on the assessable profits generated during the years ended 31 December 2025 and 2024.

The income tax (credit)/expenses can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 **US$'000**	2024 US$'000
Loss before income tax	**(17,431)**	(48,195)
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	**(2,876)**	(7,952)
Tax effect of expenses not deductible for tax purposes	**2,639**	2,364
Tax effect of income not taxable for tax purposes	**(1,631)**	(13)
Tax effect of deductible temporary difference not recognised	**1,171**	4,908
Tax effect of tax losses not recognised	**833**	795
Utilisation of tax losses previously not recognised	**–**	(5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(79)**	3
Effect of tax emptions granted	**(41)**	(81)
(Over)/under provision in respect of prior years	**(1,925)**	8
Income tax (credit)/expenses	**(1,909)**	27

Details of the deferred taxation are set out in note 32.

13. LOSS FOR THE YEAR

	2025 US$'000	2024 US$'000
Loss for the year has been arrived at after charging:		
Directors' and chief executive's emoluments (note 14)	**136**	197
Salaries, wages, allowances and other benefits	**1,304**	1,074
Contributions to retirement benefits scheme (excluding directors', chief executive's and supervisors' emoluments)	**99**	67
Total staff costs	**1,539**	1,338
Auditor's remuneration		
– Audit services	**141**	123
– Non-audit services	**15**	11
Allowance for inventories	**32**	19
Amount of inventories recognised as cost of sales	**11,582**	11,598
Depreciation of property, plant and equipment	**22**	21
Exchange (gain)/losses, net	**(215)**	288
Impairment loss on trade receivables, net	**6,727**	29,545
Impairment loss on deposits and other receivables, net	**8**	56
Lease rentals for office premises (Note)	**180**	275

Note: The amounts represent lease rentals related to short-term leases under IFRS 16.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of directors' and chief executive's emoluments are as follows:

Emoluments paid or receivable in respect of a person's services in connection with the management of the affairs of the Company or its subsidiary undertaking:

	Fees US$'000	Salaries, allowances and other benefits (note iii) US$'000	Employer's contributions to retirement benefits scheme US$'000	Total US$'000
Year ended 31 December 2025				
Executive directors				
Ms. Li Xiaolan	–	83	5	88
Mr. Wang Er	15	–	–	15
Mr. Ng Khing Yeu	–	–	–	–
Independent non-executive directors				
Mr. Leung Yiu Cho	12	–	–	12
Mr. Dong Jie	8	–	–	8
Dr. Wang Ling	13	–	–	13
	48	83	5	136

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	Fees US$'000	Salaries, allowances and other benefits (note iv) US$'000	Employer's contributions to retirement benefits scheme US$'000	Total US$'000
Year ended 31 December 2024				
Executive directors				
Ms. Li Xiaolan	–	127	5	132
Mr. Wang Er	32	–	–	32
Mr. Ng Khing Yeu	–	–	–	–
Independent non-executive directors				
Mr. Leung Yiu Cho	13	–	–	13
Mr. Li Zhongquan (note i)	–	–	–	–
Mr. Dong Jie (note ii)	7	–	–	7
Dr. Wang Ling	13	–	–	13
	65	127	5	197

Notes:

(i) Resigned on 17 January 2024

(ii) Appointed on 17 January 2024

(iii) The remuneration includes remuneration received from the Group by the directors in his/her capacity as an employee of the subsidiaries.

Mr. Ng Khing Yeu is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No directors and chief executive of the Company waived or agreed to waive the emolument paid by the Group during the years ended 31 December 2025 and 2024. No emoluments were paid by the Group to the directors of the Company as an inducement for joining the Group or as compensation for loss of office during the years end of the Company 31 December 2025 and 2024.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments, none (2024: one) of directors of the Company whose emoluments are set out in note 14. The emoluments of the remaining five (2024: four) highest paid individuals were as follows:

	2025 US$'000	2024 US$'000
Salaries, wages, allowances and other benefits	453	387
Contributions to retirement benefits scheme	12	16
	465	403

Their emoluments were within the following bands:

	Number of individuals	
	2025	2024
Nil to HK$1,000,000 (equivalent to approximately US$128,000 (2024: US$128,000))	4	3
HK$1,000,001 (equivalent to approximately US$128,000 (2024: US$128,000)) – HK$1,500,000 (equivalent to approximately US$192,000 (2024: US$192,000))	1	1

16. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

17. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2025 US$'000	2024 US$'000
Loss		
Loss for the year attributable to the owner of the Company for the purpose of basic and diluted loss per share	(15,437)	(48,128)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000 shares)	1,500,000	1,500,000

The dilutive loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2025 and 2024.

18. PROPERTY, PLANT AND EQUIPMENT

	Mine properties US$'000	Machinery US$'000	Motor vehicles US$'000	Others US$'000	Total US$'000
COST					
At 1 January 2024	279	375	23	369	1,046
Additions	–	–	–	3	3
Exchange alignment	12	11	1	(5)	19
At 31 December 2024 and 1 January 2025	**291**	**386**	**24**	**367**	**1,068**
Exchange alignment	**–**	**39**	**2**	**34**	**75**
At 31 December 2025	**291**	**425**	**26**	**401**	**1,143**
ACCUMULATED DEPRECIATION					
At 1 January 2024	113	375	23	115	626
Charge for the year	9	–	–	12	21
Exchange alignment	5	11	1	(2)	15
At 31 December 2024 and 1 January 2025	**127**	**386**	**24**	**125**	**662**
Charge for the year	**9**	**–**	**–**	**13**	**22**
Exchange alignment	**–**	**39**	**2**	**12**	**53**
At 31 December 2025	**136**	**425**	**26**	**150**	**737**
NET CARRYING VALUES					
At 31 December 2025	**155**	**–**	**–**	**251**	**406**
At 31 December 2024	164	–	–	242	406

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Mine properties	Lease term
Machinery	7 to 10 years
Motor vehicles	3 to 5 years
Others	3 to 5 years or lease term

19. INTANGIBLE ASSETS

	Mining rights and reserves US$'000
COST	
As at 1 January 2024	11,728
Exchange alignment	311
As at 31 December 2024 and 1 January 2025	**12,039**
Exchange alignment	**1,129**
As at 31 December 2025	**13,168**
ACCUMULATED AMORTISATION AND IMPAIRMENT	
As at 1 January 2024	177
Exchange alignment	5
As at 31 December 2024 and 1 January 2025	**182**
Exchange alignment	**18**
As at 31 December 2025	**200**
NET CARRYING VALUES	
As at 31 December 2025	**12,968**
As at 31 December 2024	11,857

19. INTANGIBLE ASSETS (continued)

The mining right represents a mining license acquired for exploration and mining of Iron Ore in Malaysia. The mining right is amortised on a units-of-production basis over the total proved and probable reserves in the mine.

Recoverable amounts for each CGU were estimated based on value-in-use calculation methodology which is calculated using the present value of the CGUs' expected future cash flows (after-tax). The cash flow information was derived from a report on the Group's iron ore reserves which was prepared by an independent qualified reserve evaluator, GEOS Mining Minerals Consultants ("GEOS"). As at 31 December 2025, the projected cash flows used in the value-in-use calculation reflect market assessments of key assumptions, including long-term forecasts of commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs). Cash flow forecasts are also based on GEOS's evaluation of the Group's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures. Future cash flow estimates are discounted using after-tax risk-adjusted discount rates. The after-tax discount rates applied in the impairment calculation as at 31 December 2025 was 18.6% (2024: 18.4%) based on the specific risk to the assets.

For the years ended 31 December 2025 and 2024, the Group did not recognise an impairment loss based on its assessment that the estimated recoverable amount exceeded the carrying value.

20. GOODWILL

	US$'000
COST	
As at 1 January 2024	6,044
Exchange alignment	157
As at 31 December 2024 and 1 January 2025	**6,201**
Exchange alignment	**572**
As at 31 December 2025	**6,773**
ACCUMULATED IMPAIRMENT LOSS	
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**–**
NET CARRYING VALUES	
As at 31 December 2025	**6,773**
As at 31 December 2024	6,201

20. GOODWILL (continued)

For the purpose of impairment testing, goodwill arising from the business combinations was allocated to one individual CGU of the Group, which is included in the Group's Ibam Mine CGU.

The recoverable amount of this CGU has been determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by the management of the Company covering a 17 (2024: 18) years period. Cash flows beyond the 17 (2024: 18) years period is extrapolated using a steady growth rate for the CGU.

The estimated weighted average growth rates are consistent with the forecast included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the cash-generating unit operates. The cash flows are discounted using pre-tax discount rate of 20.3% (2024: 20.2%). Key assumptions used for the value-in-use calculation are the revenue, gross margins and growth rates. Management determined the budgeted revenue, gross margins and growth rates based on past performance and its expectation for market development.

21. INVENTORIES

	2025 **US$'000**	2024 US$'000
Finished goods	**528**	642

During the year ended 31 December 2025, a written-down value for inventories of approximately US$32,000 (2024: US$19,000) was recognised in consolidated statement of profit or loss and other comprehensive income.

22. TRADE RECEIVABLES

	2025 **US$'000**	2024 US$'000
Receivables at amortised cost comprise:		
Trade receivables	**224,069**	224,326
Less: loss allowance for trade receivables	**(171,814)**	(165,087)
	52,255	59,239

As at 31 December 2025, the gross amount of trade receivables arising from contracts with customers amounted to approximately US$224,069,000 (2024: US$224,326,000).

22. TRADE RECEIVABLES (continued)

The Group normally allows a credit period ranging from 30 to 90 (2024: from 30 to 90) days to its customers, although an extension of the credit period is not uncommon for customers who have a long term relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The following is an aged analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice date, which approximates revenue recognition date at the end of each reporting period.

	2025	2024
	US$'000	US$'000
Within 30 days	**169**	1,858
31 – 60 days	**58**	43
61 – 120 days	**105**	113
121 – 365 days	**587**	711
Over 365 days	**51,336**	56,514
	52,255	59,239

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance based on past due status is not further distinguished between the Group's different customer bases.

22. TRADE RECEIVABLES (continued)

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the aging of customers collectively that are not individually significant as follows:

As at 31 December 2025	**Weighted average expected loss rate %**	**Gross carrying amount US$'000**	**Loss allowance US$'000**
Not past due	**4.5%**	**177**	**8**
31 to 365 days, past due	**4.5%**	**783**	**35**
Default receivable	**77.0%**	**223,109**	**171,771**
		224,069	**171,814**

As at 31 December 2024	Weighted average expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
Not past due	3.6%	1,966	71
31 to 365 days, past due	3.6%	862	31
Default receivable	74.5%	221,498	164,985
		224,326	165,087

The movement in the loss allowance for trade receivables is set out below:

	2025 US$'000	2024 US$'000
At 1 January	**165,087**	135,542
Loss allowance recognised in profit or loss during the year	**6,727**	29,545
At 31 December	**171,814**	165,087

22. TRADE RECEIVABLES (continued)

On 10 March 2021, the Group filed a claim to the Hong Kong High Court against the customers for breach of contracts in related to sales of goods to customers and outstanding contract sums of approximately US$216,571,000. As at 31 December 2025, the outstanding amount of such trade receivables were approximately US$215,427,000. Loss allowance for such trade receivables of approximately US$164,090,000 (2024: US$164,470,000) has been made in the consolidated financial statements as at 31 December 2025.

As at 31 December 2025, the Group's trade receivables with carrying values of approximately US$36,533,000 (2024: US$36,533,000) have been pledged to secure banking facilities granted to the Group.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
	US$'000	US$'000
Deposits (note i)	**6**	7
Prepayments	**1,354**	1,096
Other receivables (note i)	**922**	164
	2,282	1,267
Less: loss allowance (note i)	**(60)**	(57)
	2,222	1,210

Notes:

(i) The Group measures the loss allowance for deposits and other receivables at an amount equal to 12-month ECL or lifetime ECL (credit impaired). The Group recognised ECL for deposits and other receivables based on the internal credit rating of receivables as follows:

	Expected loss rate %	**Gross carrying amount US$'000**	**Loss allowance US$'000**
At 31 December 2025			
Performing	**0.2%**	**870**	**2**
Default	**100%**	**58**	**58**
		928	**60**

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(i) (continued)

	Expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
At 31 December 2024			
Performing	0.9%	115	1
Default	100%	56	56
		171	57

The movement in the loss allowance for deposits and other receivables is set out below:

	2025 US$'000	2024 US$'000
At 1 January	**57**	1
Loss allowance recognised during the year	**8**	56
Amounts written-off as uncollectible	**(5)**	–
At 31 December	**60**	57

24. CASH AND CASH EQUIVALENTS

Bank balances earned interest at floating rates based on daily bank deposit rate which is 0.05% per annum (2024: range from 0.05% to 3.6% per annum).

25. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 US$'000	2024 US$'000
Within 90 days	**30**	1,685
91 to 365 days	**525**	4,949
Over 365 days	**6,413**	–
	6,968	6,634

The average credit period granted by its suppliers ranging from 30 to 60 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

26. OTHER PAYABLES AND ACCRUALS

	2025	2024
	US$'000	US$'000
Other payables	**1,688**	1,677
Interest payables (note i)	**31,374**	36,337
Staff salaries payables (note ii)	**1,435**	1,069
Accruals	**637**	462
	35,134	39,545

Notes:

(i) Included in interest payables was an amount of approximately US$31,374,000 (2024: US$36,337,000) which represented the aggregate accrued interests in default in connection with the In Default Borrowings.

(ii) Included in staff salaries payables was an amount of approximately US$100,000 (2024: US$162,000) which represented the director's fees or salaries, allowances and other benefits payables to the directors of the Company.

27. CONTRACT LIABILITIES

	2025	2024
	US$'000	US$'000
Current liabilities	**1,576**	1,072

As at 1 January 2024, contract liabilities amounted to approximately US$934,000.

Contract liabilities are recognised when the Company receives an amount from customers before goods are delivered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. The Company typically receives a deposit range from 50% to 100% (2024: 50% to 100%) of total consideration from certain customers when they enter into the contracts with the Company.

Revenue recognised during each reporting period included the whole amount of contract liabilities at the beginning of the respective reporting period. Revenue amounting to US$772,000 (2024: US$634,000) recognised during the year that related to performance obligations that were satisfied in prior years.

28. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	2025 US$'000	2024 US$'000
Ultimate holding company		
Cosmo Field Holdings Limited ("Cosmo Field")	**60,000**	60,000

As at 31 December 2025, the Group has two interest-free loans from the ultimate holding company with aggregate amount of US$60,000,000 (2024: US$60,000,000).

(a) On 27 September 2018, the Company and Cosmo Field Holdings Limited entered a shareholder loan agreement ("Shareholder Loan 1") with an outstanding amount of US$20,000,000 to agree to extend the repayment date of Shareholder Loan 1 to 27 September 2019. The shareholder Loan 1 is unsecured and interest-free.

(b) On 27 September 2018, the Company and Cosmo Field entered a shareholder loan agreement ("Shareholder Loan 2") with an outstanding amount of US$40,000,000 to agree to extend the repayment date of Shareholder Loan 2 to 27 September 2019. The Shareholder Loan 2 is unsecured and interest-free.

On 15 May 2020, Mr. Li and Cosmo Field, the ultimate holding company of the Company, received a writ of summons taken out by Industrial Bank at the High Court of Hong Kong in relation to the Industrial Bank Loan, for which Mr. Li was the guarantor. Pursuant to the High Court Action 1, Industrial Bank brought claim against Cosmo Field and Mr. Li with respect to the default in repayment of the Industrial Bank Loan in the amount of US$45,059,154 (the "Default on Industrial Bank Loan"). Cosmo Field has pledged 752,000,000 shares of the Company (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan. Cosmo Field has lent the principal amount of the Industrial Bank Loan being US$40,000,000 (i.e. Shareholder Loan 2 as mentioned above) to the Company as an interest-free loan, and Industrial Bank is entitled to claim against the Company for the repayment of the Shareholder Loan 2 pursuant to the assignment of loan as part of security arrangement for the Industrial Bank Loan whereby Cosmo Field has assigned the rights under the Shareholder Loan 2 to Industrial Bank. The Group believes that the Default on Industrial Bank Loan will trigger cross-defaults of other borrowings and loans of the Group.

29. BANK AND OTHER BORROWINGS

	2025	2024
	US$'000	US$'000
Bank borrowings	**36,592**	36,752
Other borrowing	**18,870**	18,336
	55,462	55,088

	2025	2024
	US$'000	US$'000
Secured	**36,533**	36,533
Unsecured	**18,929**	18,555
	55,462	55,088

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2025	2024
	US$'000	US$'000
Within one year	**54,809**	55,031
More than one year	**653**	57
	55,462	55,088

(a) As at 31 December 2025, bank borrowings of approximately US$36,592,000 (2024: US$36,752,000) is variable-rate borrowings. The variable-rate borrowings carry effective interest rate ranging from 9.37% to 18% per annum (2024: 9.37% to 18% per annum).

(b) As at 31 December 2025, certain of the Group's bank borrowings amounting of approximately US$36,533,000 (2024: US$36,533,000) were secured by certain of the Group's trade receivables of an aggregate carrying value of approximately US$36,533,000 (2024: US$36,533,000) and were guaranteed by the Company and Mr. Li. Furthermore, bank borrowings amounting to approximately US$59,000 (2024: US$219,000) were unsecured and guaranteed by the subsidiary and its director.

29. BANK AND OTHER BORROWINGS (continued)

(c) On 10 December 2018, the Group's and the lender renegotiated the terms of the bank borrowings with aggregate carrying amount at the end of the reporting period of US$40,946,000 and agreed a repayment schedule pursuant to which the above bank borrowings plus interest are to be settled by six instalments with the first instalment repayable in November 2019.

As set out in the announcement by the Company dated 20 January 2020, Mr. Li received a writ of summons taken out by OCBC against Mr. Li at the High Court of Hong Kong (the "High Court") for the failing to fulfil his obligation as guarantor to settle the amount of HK$308,758,494 (the "OCBC outstanding amount"). The Group has also breached the repayment obligations under the OCBC Loan, and the Breach will trigger cross-defaults of other borrowings and loans of the Group. On 8 January 2021, the High Court adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

As at 31 December 2025, the carrying amount repayable of the above bank borrowings were of approximately US$36,533,000 (2024: US$36,533,000).

(d) As at 31 December 2019, certain the Group's other borrowing represented a borrowing advanced to the Company with aggregate principal amount of approximately US$18,150,000 (equivalent to HK$141,800,000) and secured by a guarantee provided by Mr. Li. Other borrowing carried fixed interest rate of 3% per month and repayable on 9 July 2019. After that date, it accrued default interest rate of 5% per month.

On 15 June 2020, the lender of other borrowing, the Company and an independent assignee signed a deed of assignment for the borrowing. As that time, the total outstanding principal amount of borrowing of HK$141,800,000 (equivalent to approximately US$18,150,000) with accrued interest and other payables under the loan agreement amounting to HK$62,392,000 (equivalent to approximately US$7,986,000). After the assignment on 15 June 2020, the other borrowing of US$18,150,000 (equivalent to HK$141,800,000) become unsecured, carried a fixed interest rate of 5% per month and repayable on demand.

On 1 September 2021, the Company and the independent lender entered into supplemental agreement, pursuant to which the interest rate was adjusted from 3% per month to 5% per annum starting from 26 September 2019, and the default interest rate was adjusted from 5% per month to 0% per annum starting from 26 September 2019.

On 8 April 2025, the Company entered into an interest waiver agreement with the relevant lender, pursuant to which approximately US$9,881,000 of accrued interest was waived. The agreement was effective as of the date of signing, no further interest will accrue from 8 April 2025 under the terms of the interest waiver agreement. For the year ended 31 December 2025, the Group recognised the amount of waived interest payable of US$9,881,000 as other income and gains in the condensed consolidated statement of profit or loss and comprehensive income.

(e) As at 31 December 2025, bank borrowings of approximately US$36,533,000 and US$59,000 (2024: US$36,533,000 and US$219,000) were denominated in US$ and RMB. As at 31 December 2025, other borrowing of approximately US$18,870,000 (2024: US$18,336,000) was denominated in HK$.

(f) As at 31 December 2025, the accrued interests for the bank borrowings and other borrowing are recorded in interest payables (note 26) was of approximately US$22,784,000 and US$Nil respectively (2024: US$19,288,000 and US$9,736,000 respectively).

30. NOTES

	2025	2024
	US$'000	US$'000
Notes		
– Note 1 (note a)	**74,830**	60,172
– Note 2 (note b)	**18,000**	18,000
	92,830	78,172

	2025	2024
	US$'000	US$'000
Analysed as:		
Current liabilities	**92,830**	78,172

Notes:

(a) On 20 September 2016, the Company entered into a subscription agreement with an independent third party institution (the "Noteholder 1") pursuant to which the Company issued the senior guaranteed notes (the "Note 1") in the principal amount of HK$164,865,750 (equivalent to approximately US$21,270,000) with a final redemption date falling 18 months after the date of issue. The net proceeds amounted to approximately US$20,000,000 as at the issue date. The interest rate for the Note 1 was 12% per annum (the "Original Interest Rate") and shall be payable quarterly.

The terms and conditions of the Note 1 are summarised as follows:

(1) The event of defaults under the Note 1 include, among other things:

- the Company or wholly-owned subsidiaries of the Company does not remain the direct or indirect beneficial owner of not less than 100% of the issued share capital of (a) China Bright HK; and (b) Pacific Mining, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party;

- the ratio of the total liabilities of the Company to the total assets of the Company exceeds a specified ratio;

- Mr. Li fails to remain as the controlling shareholder (as defined in the Listing Rules) of the Company, or Mr. Li ceases to be the chairman of the Company; and

- trading in the Company's shares on the Stock Exchange is suspended for more than five consecutive trading days or twenty trading days in any period of twelve months or the closing price per share of the Company shall be less than a specified price during five consecutive trading days.

Upon the occurrence of the event of defaults, the Noteholder 1 may give notice to the Company that one or more of the Note 1 shall become immediately due and repayable with all accrued interest.

30. NOTES (continued)

Notes: (continued)

(a) (continued)

(2) Redemption option

The Company may not redeem the Note 1 prior to its final redemption date unless the prior written consent is obtained from the holders of the Note 1.

(3) Guarantees

The Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

According to the relevant subscription agreement, the original final redemption date of the Note 1 was 19 March 2018 and on that date, the Company entered into a letter agreement (the "Letter Agreement") with the Noteholder 1 pursuant to which the Noteholder 1 has agreed to extend the final redemption date of the Note 1 from 19 March 2018 to 19 May 2018. Under the terms of the Letter Agreement, interest would accrue on the principal balance of the Note 1 from (and including) 20 March 2018 until the actual date of redemption. According to the Letter Agreement, the Company was required to make a payment of US$2,000,000 to the Noteholder 1 on or before 29 March 2018, with the payment applied first and then to reduce the principal balance of the Note 1.

On 19 May 2018, Noteholder 1 agreed to further extend the final redemption date of the Note 1 from 19 May 2018 to 31 December 2018. The terms included that the Company shall make payment to the Noteholder 1 of an amount of US$500,000 each month, commencing 31 May 2018, and continuing until 31 December 2018. The final payment on 31 December 2018 would cover all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1.

Around and upon maturity, the Company and the Noteholder 1 renegotiated the terms of the Note 1 and entered into the Note 1 another Letter Agreement ("New Letter Agreement") with the Noteholder 1 to further extend the final redemption date from 31 December 2018 to 30 June 2019 on the condition that, among others, the Company shall make payment to the Noteholder 1 of an amount of US$3,000,000 on or before 29 March 2019 and thereafter in an amount of US$500,000 on the last day of each succeeding month commencing on 31 March 2019 save that the amount payable on 30 June 2019 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1. According to the New Letter Agreement, interest shall continue to accrue on the principal balance of the Note 1 at a rate of 10% on top of the Original Interest Rate per annum.

As referred to note (a)(i) above, one of the events of default under the Note 1 is that the ratio of the total liabilities of the Company to the total assets of the Company (the "Debt Ratio") exceeds a specified ratio. As at 31 December 2017, the Debt Ratio had exceeded the specified ratio under the terms of the Note 1. According to the Letter Agreement, the Noteholder 1 had agreed to waive the condition regarding the Debt Ratio with respect to the Company's audited financial statements for the year ended 31 December 2017. On 19 May 2018, the Noteholder 1 further agreed to waive the condition regarding the Debt Ratio with respect to the Group's unaudited interim financial information for the six months ended 30 June 2018.

30. NOTES (continued)

Notes: (continued)

(a) (continued)

During the year ended 31 December 2018, 9.12% of the issued shares of Pacific Mining was issued to an independent third party. According to the New Letter Agreement, the Noteholder 1 had agreed to extend its consent to the covenant with respect to the disposal of the 9.12% the issued shares of Pacific Mining.

(b) On 19 October 2017, the Company entered into a subscription agreement with an independent third party institution (the "Noteholder 2") pursuant to which the Company issued the 7% fixed coupon guaranteed notes (the "Note 2") in the principal amount of US$20,000,000 with a maturity date of two years from the date of issue. The net proceeds amounted to approximately US$19,800,000 as at the issue date. The interest rate shall be payable by semi-annually.

The terms and conditions of the Note 2 are summarised as follows:

(1) The event of defaults under the Note 2 include, among other things:

- Declare, make or pay dividend or other distribution without the prior written consent of the Noteholder 2;
- Any event occurs which has effect of change of control (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Hong Kong Securities and Futures Commission) of the Company, its subsidiaries or Cosmo Field;
- Mr. Li disposes or encumbers any of the Company's shares held by him, ceases to be the single largest shareholder of the Company, or ceases to hold, directly or indirectly, such number of the Company's shares, representing 55% of the entire issued share capital of the Company; and
- There is suspension of trading of the Company's shares on the Stock Exchange is suspended for five consecutive trading days or more for any reason or cessation of trading of the Company's shares on the Stock Exchange for any reason.

Upon the occurrence of the event of defaults, the Noteholder 2 may give notice to the Company that all or any part of the Note 2 shall become immediately due and repayable with all accrued interest.

(2) Redemption option

The Company may not redeem the Note 2 prior to the final redemption date without the prior written consent of the holders of the Note 2.

(3) Guarantees and securities

The Note 2 were guaranteed by Cosmo Field and Mr. Li and secured by an aggregate of 172,352,000 shares of the Company.

As at 31 December 2025, the accrued interests for Note 2 are recorded in interest payables (note 26) was approximately US$8,543,000 (2024: US$7,266,000).

31. PROVISION FOR REHABILITATION

Provision for rehabilitation primarily relate to the mine site rehabilitation.

The following is the provision for rehabilitation recognised by the Group and movement is set out as below:

	2025	2024
	US$'000	US$'000
At 1 January	**694**	602
Unwinding of discount (note 11)	**44**	92
At 31 December	**738**	694

Provision for rehabilitation is calculated at the net present value of estimated future net cash flows of the mine site rehabilitation, amounting to approximately US$738,000 (2024: US$694,000) discounted at 6.4% per annum at 31 December 2025 (2024: 6.4% per annum). The discount rate reflects the current market assessments of the time value of money and the risks specific to the provision.

32. DEFERRED TAX LIABILITIES

The following is the analysis of the deferred tax liabilities, before set off certain deferred tax assets against deferred liabilities of the same taxable entity, for the financial reporting purposes:

	2025	2024
	US$'000	US$'000
Deferred tax liabilities	**2,935**	2,668

32. DEFERRED TAX LIABILITIES (continued)

The following are the major deferred tax liabilities recognised and movements thereon during the year:

	Fair value adjustments arising from acquisition of subsidiaries US$'000
At 1 January 2024	2,888
Exchange alignment	(220)
At 31 December 2024 and 1 January 2025	2,668
Exchange alignment	267
At 31 December 2025	**2,935**

As at 31 December 2025, no deferred tax asset has been recognised in respect of unused tax losses of approximately US$60,610,000 (2024: US$55,730,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

As at 31 December 2025, the Group has deductible temporary difference of approximately US$86,945,000 (2024: US$80,121,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. SHARE CAPITAL

	Number of shares '000	**Share capital** US$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	3,000,000	3,867
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,500,000	1,934

34. COMMITMENT

The Group had the following commitments at the end of the reporting period:

(a) Mining fee

The Group has agreed to pay Gema Impak Sdn. Bhd. ("Gema Impak") a mining fee of MYR40 per tonne of iron ore products extracted from Ibam Mine and sold by Capture Advance.

(b) Subcontracting fee

Pursuant to the mining sub-contract in relation to Ibam Mine entered into between the Group and the mining contractor, a third party, which has been renewed on 28 December 2022 and continues to be effective until the expiry of the mining lease or any renewal thereof, whichever is later unless otherwise determined by mutual consent of the parties to the mining sub contract, the mining contractor shall mine and produce iron ore products at Ibam Mine using the machinery or equipment provided by the Group. If the production volume is equal to or less than 20 thousand tonnes per month, the service fee for the mining contractor is MYR300 per tonne of iron ore produced, if the production volume exceeds 20 thousand tonnes per month, the service fee should be re-negotiated and agreed between the Group and the mining contractor.

35. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure the bank borrowing, granted to the Group:

	2025	2024
	US$'000	US$'000
Trade receivables	**36,533**	36,533

36. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group had following significant transactions and balances with related parties:

(a) Banking facilities

For the years ended 31 December 2025 and 2024, Mr. Li provided guarantee for the grant of banking facilities to the Group.

For the years ended 31 December 2025 and 2024, Mr. Li's family member and Cosmo field, the ultimate holding company provided guarantee for the issued 12% senior guaranteed note of the Group.

For the years ended 31 December 2025 and 2024, Mr. Li and Cosmo field provided guarantee for the issued 7% fixed coupon guaranteed note of the Group.

For the years ended 31 December 2025 and 2024, Cosmo Field has pledged 752,000,000 shares (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the year was as follows:

	2025	2024
	US$'000	US$'000
Short-term benefits	**131**	192
Post-employment benefits	**4**	5
	135	197

37. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 (equivalent to US$192) per month, to the MPF Scheme, in which the contribution is matched by employees.

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

The Group operates the EPF Scheme for all qualifying employees in Malaysia. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 1.25% of relevant payroll costs, capped at MYR4,000 (equivalent to US$938) per month, to the EPF Scheme, in which the contribution is matched by employees.

During the year ended 31 December 2025, the total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately US$104,000 (2024: US$72,000) represents contributions payable to these schemes by the Group in respect of the respective accounting period.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables US$'000 (note 26)	**Bank borrowings** US$'000 (note 29)	**Other borrowing** US$'000 (note 29)	**Notes** US$'000 (note 30)	**Total** US$'000
At 1 January 2024					
Changes from financing cash flows:	30,545	36,533	18,150	66,357	151,585
– New bank borrowing raised	–	288	–	–	288
– Repayment of bank borrowing	–	(69)	–	–	(69)
– Interest paid	(26)	–	–	–	(26)
Non-cash changes:					
– Accrued interests	5,720	–	–	11,815	17,535
– Exchange realignment	98	–	186	–	284
At 31 December 2024 and 1 January 2025	36,337	36,752	18,336	78,172	169,597
Changes from financing cash flows:					
– New other borrowing raised	–	–	653	–	653
– Repayment of bank borrowing	–	(165)	–	–	(165)
– Interest paid	(22)	–	–	–	(22)
Non-cash changes:					
– Accrued interests	5,040	–	–	14,658	19,698
– Exchange realignment	(100)	5	(119)	–	(214)
– Waive of interest payable	(9,881)	–	–	–	(9,881)
At 31 December 2025	31,374	36,592	18,870	92,830	179,666

39. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2025 US$'000**	2024 US$'000
Non-current asset			
Investments in subsidiaries	(a)	**112,691**	112,223
Current assets			
Other receivables		**627**	–
Cash and cash equivalents		**61**	61
Total current assets		**688**	61
Current liabilities			
Other payables and accruals		**8,732**	17,182
Financial guarantee liabilities		**26,340**	26,338
Other borrowing		**18,217**	18,336
Notes		**92,830**	78,172
Amount due to fellow subsidiaries		**1,791**	1,791
Amount due to ultimate holding company		**60,000**	60,000
Total current liabilities		**207,910**	201,819
Net current liabilities		**(207,222)**	(201,758)
Total assets less current liabilities		**(94,531)**	(89,535)
Non-current liability			
Other borrowing		**653**	–
Net liabilities		**(95,184)**	(89,535)
Capital and reserves			
Share capital		**1,934**	1,934
Reserves	(b)	**(97,118)**	(91,469)
Capital deficiencies		**(95,184)**	(89,535)

39. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

(a) Investments in subsidiaries

	2025	2024
	US$'000	US$'000
Investment cost in a subsidiary	**50**	50
Amounts due from subsidiaries	**154,570**	154,761
Less: loss allowance on amounts due from subsidiaries	**(41,929)**	(42,588)
	112,691	112,223

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b) Movements in reserves

	Share premium	**Accumulated losses**	**Total**
	US$'000	US$'000	US$'000
At 1 January 2024	47,541	(109,830)	(62,289)
Loss and total comprehensive expense for the year	–	(29,180)	(29,180)
At 31 December 2024 and 1 January 2025	**47,541**	**(139,010)**	**(91,469)**
Loss and total comprehensive expense for the year	**–**	**(5,649)**	**(5,649)**
At 31 December 2025	**47,541**	**(144,659)**	**(97,118)**

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity interest and voting power attributable to the Company Direct		Indirect		Principal activities
				2025	2024	**2025**	2024	
Capture Advantage Company Limited	BVI	Ordinary	US$50,000	**100%**	100%	**–**	–	Investment holding
Best Sparkle Development Limited	BVI	Ordinary	US$50,000	**–**	–	**100%**	100%	Investment holding
Pacific Mining Resources Sdn. Bhd.	Malaysia	Ordinary	MYR10,000	**–**	–	**100%**	100%	Iron ore mining and production
Capture Advance Sdn. Bhd.	Malaysia	Ordinary	MYR15,000,000	**–**	–	**100%**	100%	Sale of iron ore and trading of commercial products
Capture Bukit Besi Sdn. Bhd. (note iii)	Malaysia	Ordinary	MYR2	**–**	–	**N/A**	100%	Inactive
China Bright Industries Limited	Hong Kong	Ordinary	HK$100	**–**	–	**100%**	100%	Trading of health products
China Bright (Pte.) Limited (note ii)	Singapore	Ordinary	SGD 1	**–**	–	**–**	–	Inactive
3W Development Limited	Hong Kong	Ordinary	HK$10,000	**–**	–	**100%**	100%	Investment holding
Value Source Ventures Limited (note ii)	BVI	Ordinary	–	**–**	–	**–**	–	Inactive
Grace Generation Investment Limited	Hong Kong	Ordinary	HK$100,000	**–**	–	**100%**	100%	Trading of health products and investment holding
Grace Times Holdings (Shenzhen) Group Co., Ltd. * 恩典時代控股（深圳）集團有限公司 (note i)	PRC	Registered capital	RMB10,000,000	**–**	–	**100%**	100%	Investment holding
Shenzhen Grace Times Life Technology Co., Ltd. * 深圳恩典時代生命科技有限公司 (note i)	PRC	Registered capital	RMB10,000,000	**–**	–	**100%**	100%	Trading of health products
Shenzhen Yizhe Glory Life Technology Co., Ltd. * 深圳醫者榮耀生命科技有限公司 (note i)	PRC	Registered capital	RMB1,000,000	**–**	–	**100%**	100%	Trading of health products

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity interest and voting power attributable to the Company Direct		Indirect		Principal activities
				2025	2024	**2025**	2024	
Endian Wanwangsheng (Shenzhen) Technology Holdings Co., Ltd.* 恩典萬物生（深圳）科技控股有限公司 (note i)	PRC	Registered capital	RMB10,000,000	**–**	–	**51%**	51%	Information transmission, software and information technology services and investment holding
Hunan Xinhuang Endian All Things Biotechnology Co., Ltd. * 湖南新晃恩典萬物生命科技有限公司 (notes i & iii)	PRC	Registered capital	RMB20,000,000	**–**	–	**N/A**	51%	Trading of health products
Shenzhen Enze Dadi Life Technology Co., Ltd. * 深圳恩澤大地生命科技有限公司 (notes i)	PRC	Registered capital	RMB1,000,000	**–**	–	**50.1%**	50.1%	Trading of health products
Shenzhen Shangyi Endian Life Technology Co., Ltd. * 深圳上醫恩典生命科技有限公司 (note i)	PRC	Registered capital	RMB1,000,000	**–**	–	**50.1%**	50.1%	Trading of health products
Shenzhen Endian Wansheng Ecological Industry Technology Co., Ltd. * 深圳恩典萬物生生態產業科技有限公司 (note i)	PRC	Registered capital	RMB1,000,000	**–**	–	**48.45%**	48.45%	Scientific research and technical services
Shenzhen Grace Technology Industry Supply Chain Co., Ltd.* 深圳恩典科技產業供應鏈有限公司 (note i)	PRC	Registered capital	RMB5,000,000	**–**	–	**100%**	100%	Trading of health products

Notes:

(i) The nature of the legal entity established in PRC is limited liability company.

(ii) The entity is held by the Group through more than one tier of shareholding structure which leads to effective equity interest attributable to the Group in this entity to be less than 50%.

(iii) The subsidiaries were deregistered by the Group during the year ended 31 December 2025.

None of the subsidiaries has issued any debt securities outstanding at the end of both years or at any time during both years.

* For identification purpose only

FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

Financial results		**For the year ended 31 December**			
(US$'000)	**2025**	2024	2023	2022	2021
Continuing operations					
REVENUE	**13,060**	13,764	27,255	32,347	23,978
Cost of sales	**(11,582)**	(11,598)	(24,406)	(29,808)	(23,814)
Gross profit	**1,478**	2,166	2,849	2,539	164
Other income	**9,883**	92	–	3,509	9,217
Selling and distribution expenses	**(354)**	(578)	(1,039)	(151)	–
Administrative and other expenses	**(1,961)**	(2,648)	(4,116)	(5,917)	(2,970)
Impairment loss on financial assets, net of reversal	**(6,735)**	(29,601)	(21,469)	(42,616)	(51,305)
Finance costs	**(19,742)**	(17,626)	(15,180)	(13,328)	(12,112)
Loss before tax from continuing operations	**(17,431)**	(48,195)	(38,955)	(55,964)	(57,006)
Income tax credit/(expenses)	**1,909**	(27)	(611)	224	–
Loss for the year	**(15,522)**	(48,222)	(39,566)	(55,740)	(57,006)
Other comprehensive income/(expenses) that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements of foreign operations	**1,391**	631	(13)	(306)	(602)
Fair value change in financial assets at fair value through other comprehensive income	**–**	–	–	–	(679)
	1,391	631	(13)	(306)	(1,281)

FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

Financial results		**For the year ended 31 December**			
(US$'000)	**2025**	2024	2023	2022	2021
Other comprehensive income/(expenses) for the year, net of tax	**1,391**	631	(13)	(306)	(1,281)
Total comprehensive expenses for the year, net of tax	**(14,131)**	(47,591)	(39,579)	(56,046)	(58,287)
Loss for the year attributable to:					
Owners of the Company	**(15,437)**	(48,128)	(39,566)	(55,740)	(57,006)
Non-controlling interests	**(85)**	(94)	–	–	–
	(15,522)	(48,222)	(39,566)	(55,740)	(57,006)
Total comprehensive expense for the year attributable to:					
Owners of the Company	**(14,046)**	(47,497)	(39,579)	(56,046)	(58,287)
Non-controlling interests	**(85)**	(94)	–	–	–
	(14,131)	(47,591)	(39,579)	(56,046)	(58,287)

Financial results		**For the year ended 31 December**			
(US$'000)	**2025**	2024	2023	2022	2021
Non-current Assets	**20,147**	18,464	18,015	18,688	19,762
Current Assets	**55,364**	61,339	90,934	114,870	153,370
Total Assets	**75,511**	79,803	108,949	133,558	173,132
Non-current Liabilities	**(4,326)**	(3,419)	(3,490)	(3,277)	(3,498)
Current Liabilities	**(252,806)**	(243,874)	(225,358)	(210,601)	(193,908)
Total Liabilities	**(257,132)**	(247,293)	(228,848)	(213,878)	(197,406)
Equity attributable to:					
Equity Shareholders of the Company	**(181,442)**	(167,396)	(119,899)	(80,320)	(24,274)
Non-controlling interest	**(179)**	(94)	–	–	–
Capital deficiencies	**(181,621)**	(167,490)	(119,899)	(80,320)	(24,274)

GLOSSARY

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	the annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of the Company which is effective from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Best Sparkle"	Best Sparkle Development Ltd., a company incorporated in the BVI with limited liability on 25 August 2010, an indirect subsidiary of the Company
"Board of Directors" or "Board"	the board of Directors of the Company
"business day"	any day (other than Saturday, Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Capture Advance"	Capture Advance Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 15 November 2007 and which is wholly owned by Best Sparkle Development Limited, and an indirect wholly-owned subsidiary of the Company
"Capture Advantage"	Capture Advantage Co., Ltd. a company incorporated in the BVI with limited liability on 23 August 2010, and which is a directly wholly-owned subsidiary of the Company
"Capture Bukit Besi"	Capture Bukit Besi Sdn Bhd., a company incorporated in Malaysia as a private company limited by shares on 30 September 2013, an indirect subsidiary of the Company
"CG Code"	Code on Corporate Governance Practices set out in Appendix C1 of the Listing Rules
"Chengdu Hande"	成都漢德投資管理有限公司 (Chengdu Hande Investment Management Co., Ltd.), a limited liability company established in the PRC on 19 November 2003, which is owned by Mr. Li Dongming, Mr. Li Yang, Mr. Wang Er and Ms. Li Xiaolan and is deemed as a connected person of our Company under the Listing Rules

"Chief Executive Officer"	the chief executive (as defined in the SFO) of the Company
"China" or "PRC"	the People's Republic of China. For the purpose of this report and for geographical reference only and except where the context requires, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman I s lands, as amended and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "we", "us" or "our"	Grace Life-tech Holdings Limited (formerly known as CAA Resources Limited), a company incorporated in the Cayman Islands on 25 April 2012 under the Companies Law CAP. 22 and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules, and in the context of this annual report means the controlling shareholders of our Company, namely Cosmo Field and Mr. Li Yang, and Controlling Shareholder means any one of them
"Cosmo Field"	Cosmo Field Holdings Limited (宇田控股有限公司), a company incorporated in the BVI with limited liability on 26 March 2012, and which is wholly owned by Mr. Li Yang
"COSO"	The Committee of Sponsoring Organizations of the Treadway Commission, a joint initiative dedicated to the development of frameworks and guidance on enterprise risk management, international control and fraud deterrence

GLOSSARY

"Deed of Non-Competition"	a deed of non-competition entered into on 9 June 2013 between the Company and each of Mr. Li Yang and Cosmo Field, as covenantors, each of Mr. Li Yang and Cosmo Field in favour of the Company (for ourselves and for the benefit of each member of our Group) that he/it shall not, and shall procure his/its associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group
"Director(s)"	the director(s) of the Company
"ESG"	Environment, Social and Governance as referred in Appendix 27 of the Listing Rules
"ESG Reporting Guide"	Guide on Environment, Social and Governance Reporting set out in Appendix C2 of the Listing Rules
"Gema Impak"	Gema Impak Sdn. Bhd., a company incorporated in Malaysia on 4 December 2006 with Pacific Mining holding 50% shareholding interest in Gema Impak as nominee, the details of which is set out in our announcement dated 7 November 2014
"Group", "we" or "us"	Our Company and our subsidiaries at the relevant time, or where the context refers to any time prior to our Company becoming the holding company of our current subsidiaries, our current subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and "our" shall be construed accordingly
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hua Heng"	Hua Heng Investments Limited (華恒投資有限公司), a company incorporated in the BVI with limited liability on 23 March 2012, our Shareholder
"Ibam Mine"	the mining site in respect of which the Mining Lease is granted and is located in Lot 27887 (PA 143236), Sungai Cipai, Mukim Keratong, Daerah Rompin, Pahang, Malaysia

GLOSSARY

"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Independent Technical Advisor" or "Geos Mining"	Geos Mining, an Independent Third Party and the Competent Person (which has the meaning ascribed to it under Chapter 18 of the Listing Rules) appointed by our Company in respect of the Listing, and a specialist independent geological and mineral exploration consultants based in Sydney, Australia and operating in accordance with Australian laws and professional codes of ethics
"Independent Third Party(ies)"	persons or companies which are independent of and not connected with (within the meaning of the Listing Rules) any of the Directors, Chief Executive Officers, Substantial Shareholders of the Company or any of its subsidiaries and their respective associates, and "Independent Third Party" means any of them
"inferred resource"	part of the iron ore resource for which tonnage, grade and mineral content can be estimated with a low level of confidence as defined by the JORC Code
"iron ore products"	the products produced from our iron ore crushing and beneficiation facilities in the form of iron ore concentrates and iron ore fines
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kt"	thousand tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on 3 July 2013
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

GLOSSARY

"Malaysian Companies Act 1965"	the Companies Act 1965 of Malaysia and any subsequent amendment(s) thereof
"mining volume"	the aggregate volume of produced ore volume excluding stripping rock volume
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 3C of the Listing Rules
"MOU"	memorandum of understanding
"Mt"	million tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"Nomination Committee"	the nomination committee of the Board
"Pacific Mining"	Pacific Mining Resources Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 31 August 2007, and which is an indirect wholly-owned subsidiary of the Company
"probable reserves"	the economically mineable part of an indicated resource, and in some circumstances, a measured resource, as defined by the JORC Code, which includes diluting materials and allowances for losses which may occur when the material is mined
"Project Ibam"	the mining project carried out at the Ibam Mine pursuant to the Mining Agreement
"Prospectus"	the prospectus dated 30 June 2013 issued by the Company in connection with the Global Offering and the Listing
"Remuneration Committee"	the remuneration committee of the Board
"RM"	Malaysian Ringgit, the lawful currency of Malaysia
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HKD0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

GLOSSARY

"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent
"3W Development"	3W Development Limited, a company incorporated in Hong Kong as a private company Limited by shares on 25 February 2014 and which is an indirect wholly-owned subsidiary of the Company

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Khing Yeu *(Chairman)*
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors

Mr. Dong Jie
Dr. Wang Ling
Mr. Leung Yiu Cho

AUDIT COMMITTEE

Mr. Leung Yiu Cho *(Chairman)*
Dr. Wang Ling
Mr. Dong Jie

REMUNERATION COMMITTEE

Dr. Wang Ling *(Chairman)*
Mr. Dong Jie
Ms. Li Xiaolan

NOMINATION COMMITTEE

Ms. Li Xiaolan *(Chairman)*
Dr. Wang Ling
Mr. Dong Jie

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUTHORISED REPRESENTATIVES

Ms. Li Xiaolan
Mr. Chen Kun

COMPANY SECRETARY

Mr. Chen Kun (Solicitor of HKSAR)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 22, D&E
Level 22, Menara Zenith
Putra Square
MSC Kuantan, 25200
Kuantan, Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1101, Tower 1,
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Lai Chi Kok, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.gracelife.hk

STOCK CODE

02112