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Grand Ocean Advanced Resources Company Limited

弘海高新資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- (1) Revenue for the year ended 31 December 2025 amounted to approximately HK\$161,552,000, representing a decrease of approximately HK\$19,382,000 or approximately 10.7% as compared to the revenue of approximately HK\$180,934,000 last year.
- (2) Gross profit for the year ended 31 December 2025 amounted to approximately HK\$64,928,000, representing an decrease of approximately HK\$2,541,000 or approximately 3.8% as compared to the gross profit of approximately HK\$67,469,000 last year. Overall gross profit margin was approximately 40.2% as compared to approximately 37.3% last year.
- (3) Loss for the year ended 31 December 2025 amounted to approximately HK\$69,423,000 as compared to approximately HK\$63,783,000 last year.
- (4) Loss attributable to owners of the Company for the year ended 31 December 2025 amounted to approximately HK\$50,966,000 as compared to approximately HK\$50,768,000 last year.
- (5) The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Grand Ocean Advanced Resources Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the audited consolidated results of the Group for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Revenue	4	161,552	180,934
Cost of sales		<u>(96,624)</u>	<u>(113,465)</u>
Gross profit		64,928	67,469
Other income and gains	5	2,885	3,371
Selling and distribution expenses		(4,091)	(3,909)
Administrative expenses		(85,790)	(103,811)
Share of results of associate		(1,857)	(1,667)
Expected credit loss on loan to an associate		(8,675)	(2,298)
Impairment loss on property, plant and equipment		(31,998)	(19,240)
Impairment loss on intangible asset		(7,734)	(4,470)
Impairment loss on right-of-use assets		<u>(4,105)</u>	<u>(2,250)</u>
Loss from operations		(76,437)	(66,805)
Finance costs	7	<u>(66)</u>	<u>(36)</u>
Loss before tax	8	(76,503)	(66,841)
Income tax credit	9	<u>7,080</u>	<u>3,058</u>
Loss for the year		<u>(69,423)</u>	<u>(63,783)</u>
Attributable to:			
Owners of the Company		(50,966)	(50,768)
Non-controlling interests		<u>(18,457)</u>	<u>(13,015)</u>
		<u>(69,423)</u>	<u>(63,783)</u>
Loss per share	11	HK cents	<i>HK cents</i>
– basic		<u>(23.91)</u>	<u>(25.50)</u>
– diluted		<u>(23.91)</u>	<u>(25.50)</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	<u>(69,423)</u>	<u>(63,783)</u>
Other comprehensive income after tax:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>4,394</u>	<u>(4,556)</u>
Other comprehensive income for the year, net of tax	<u>4,394</u>	<u>(4,556)</u>
Total comprehensive income for the year	<u><u>(65,029)</u></u>	<u><u>(68,339)</u></u>
Attributable to:		
Owners of the Company	(48,137)	(53,536)
Non-controlling interests	<u>(16,892)</u>	<u>(14,803)</u>
	<u><u>(65,029)</u></u>	<u><u>(68,339)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		58,018	97,906
Intangible asset		11,134	19,747
Investment property		1,826	1,863
Right-of-use assets		9,069	11,751
Interest in an associate	13	23,561	24,735
Deferred tax assets		21,966	14,103
		<u>125,574</u>	<u>170,105</u>
Total non-current assets			
Current assets			
Inventories		4,139	3,736
Trade receivables	12	–	–
Deposits, prepayments and other receivables		2,270	1,284
Loan to an associate	13	29,029	35,983
Restricted bank deposits		586	153
Bank and cash balances		71,428	73,412
		<u>107,452</u>	<u>114,568</u>
Total current assets			
Current liabilities			
Accruals and other payables		70,278	71,919
Contract liabilities	4	2,389	2,952
Lease liabilities		1,596	690
		<u>74,263</u>	<u>75,561</u>
Total current liabilities			
Net current assets			
		<u>33,189</u>	<u>39,007</u>
Total assets less current liabilities			
		<u>158,763</u>	<u>209,112</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Provision for environmental rehabilitation and restoration		4,854	4,645
Deferred tax liabilities		15,735	15,119
Lease liabilities		<u>1,459</u>	<u>1,098</u>
Total non-current liabilities		<u>22,048</u>	<u>20,862</u>
NET ASSETS		<u>136,715</u>	<u>188,250</u>
Capital and reserves			
Share capital	15	24,554	20,462
Reserves		<u>84,966</u>	<u>123,701</u>
Equity attributable to owners of the Company		109,520	144,163
Non-controlling interests		<u>27,195</u>	<u>44,087</u>
TOTAL EQUITY		<u>136,715</u>	<u>188,250</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its business office is 8/F, Hip Shing Hong Centre, No. 55 Des Voeux Road Central, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries during the year ended 31 December 2025 was the production and sale of coal (the "**Coal Mining Business**").

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise all Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**"), and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("**HK\$**"), which is the same as the functional currency of the Company.

3. ADOPTION OF NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Adoption of amendments to HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following amendments to HKFRS Accounting Standards as issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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The adoption of these amendments to HKFRS Accounting Standards have no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New or amendments to HKFRS Accounting Standards that have been issued but not yet effective

The following new or amendments to HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability Disclosures 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 No mandating effective date yet determined but available for adoption.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of other new or amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace *HKAS 1 Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 HKAS 1 paragraphs have been moved to *HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* and *HKFRS 7 Financial Instruments: Disclosures*. Minor amendments to *HKAS 7 Statement of Cash Flows* and *HKAS 33 Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 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. It is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group is currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sale of coal	<u>161,552</u>	<u>180,934</u>

The Group recognised sale of coal of approximately HK\$161,552,000 (2024: HK\$180,934,000) during the year ended 31 December 2025 under the Coal Mining Business. Sale of coal is recognised at a point in time and its external customers were located in the People's Republic of China (the "PRC") entirely.

The following table provides information about contract liabilities from contracts with customers:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contract liabilities	<u>2,389</u>	<u>2,952</u>

The contract liabilities mainly relate to the advance consideration received from customers under the Coal Mining Business.

Movement in contract liabilities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Balance as at 1 January	2,952	9,322
Increase in contract liabilities as a result of receipt in advance consideration received from customers	160,871	174,775
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities		
– at the beginning of the year	(2,289)	(2,984)
– during the year	(159,263)	(177,950)
Exchange difference	118	(211)
	<u>2,389</u>	<u>2,952</u>

5. OTHER INCOME AND GAINS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income	291	1,961
Government grants (<i>note (i)</i>)	247	–
Foreign exchange gains, net	1,720	–
Sundry income (<i>note (ii)</i>)	627	1,410
	<u>2,885</u>	<u>3,371</u>

Notes:

- (i) During the year ended 31 December 2025, the Group received grants from the local PRC government for supporting stabilisation of employment amounting to approximately HK\$247,000. There were no unfulfilled conditions or contingencies relating to these grants.
- (ii) It included service income of approximately HK\$513,000 (2024: HK\$1,277,000) generated from outsourcing the coal mine rescue team service.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the business from products/services perspective. For the year ended 31 December 2025 and 2024, the Group has only one reportable operating segment which is Coal Mining Business. Thus, no operating segments have been aggregated to form the above reportable operating segment.

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding deferred tax assets and interest in an associate) by location of assets are detailed below:

	Revenue		Non-current assets	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	–	–	15,112	14,719
The PRC except Hong Kong	161,552	180,934	64,935	116,548
Consolidated total	161,552	180,934	80,047	131,267

Revenue from major customers:

For the year ended 31 December 2025, revenue from two customers (2024: two) have contributed 10% or more of the Group's revenue for the year. Details were as below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Coal Mining Business		
Customer A	102,010	26,310
Customer B	22,262	–
Customer C	N/A¹	65,807

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on lease liabilities	66	36

8. LOSS BEFORE TAX

The Group's loss before tax is stated after (crediting)/charging the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration	720	680
Amortisation of intangible asset	1,563	1,967
Cost of inventories sold (<i>note (i)</i>)	96,624	113,465
Depreciation of		
– Property, plant and equipment	15,034	16,172
– Investment property	118	118
– Right-of-use assets included within		
– Properties	700	369
– Ownership interests in leasehold land and buildings	278	256
Foreign exchange (gain)/loss, net	(1,720)	2,465
Loss on disposal of property, plant and equipment, net	423	396
Short-term leases expenses	129	289
Administrative fines (<i>note (ii)</i>)	291	650
	<u> </u>	<u> </u>

Notes:

- (i) Cost of inventories sold includes staff costs, amortisation of intangible asset and depreciation of property, plant and equipment and right-of-use assets of approximately HK\$43,446,000 (2024: HK\$46,276,000) which are included in the amounts disclosed separately.
- (ii) During the year ended 31 December 2025, the Group's Coal Mining Business incurred several administrative fines in aggregate amount of RMB268,000 (equivalent to approximately HK\$291,000) (2024: RMB600,000 (equivalent to approximately HK\$650,000) paid to the local government authorities in relation to workplace safety matters for the year.

9. INCOME TAX CREDIT

Income tax credit has been recognised in profit or loss as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Deferred tax	<u>(7,080)</u>	<u>(3,058)</u>

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2025 as the Group did not generate any assessable profit arising in Hong Kong during the year (2024: Nil).

Under the law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% (2024: 25%). No provision for PRC Enterprise Income Tax has been made for the year ended 31 December 2025 and 2024 as the PRC subsidiaries did not generate any assessable profits arising in the PRC during the years.

10. DIVIDENDS

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

11. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year ended 31 December 2025 attributable to owners of the Company of approximately HK\$50,966,000 (2024: HK\$50,768,000) and the weighted average number of ordinary shares of approximately 213,137,245 (2024: 199,062,382) in issue during the year.

Diluted loss per share

For the year ended 31 December 2025 and 2024, diluted loss per share was equal to the basic loss per share as there was no dilutive potential ordinary share in issue for both years.

12. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	1,001	1,174
Expected credit loss on trade receivables	<u>(1,001)</u>	<u>(1,174)</u>
	<u>—</u>	<u>—</u>

Payments in advance are required by the Group but credit terms of 90 days are granted to certain key customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management.

13. INTEREST IN AN ASSOCIATE AND LOAN TO AN ASSOCIATE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest in an associate		
Cost of investment in an associate	26,764	26,764
Share of post-acquisition losses and other comprehensive income (<i>note (iii)</i>)	<u>(3,203)</u>	<u>(2,029)</u>
	<u>23,561</u>	<u>24,735</u>
Loan to an associate		
Gross carrying amount	40,002	38,281
Expected credit loss on loan to an associate	<u>(10,973)</u>	<u>(2,298)</u>
	<u>29,029</u>	<u>35,983</u>

Details of the Group's associate as at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ registration and operation	Equity interest attributable to the Group		Principal activities
		2025	2024	
Thaisan Jiujiu Investment Laos Trade Co., Ltd (“Thaisan Jiujiu”) (老撾泰山久久投資貿易有限公司)	Lao People's Democratic Republic (“Laos”)	52%	52%	Copper mining

Notes:

- (i) Thaisan Jiujiu holds 51% equity interests in Lao Taishan Jiujiu Mining Co., Ltd (“**Jiujiu Mining**”), a company incorporated in Laos, which owns a copper mine in Laos.
- (ii) On 26 August 2024, the Group completed the acquisition of 52% equity interests in Thaisan Jiujiu at a cash consideration of RMB24,800,000 (equivalent to approximately HK\$26,764,000). Thaisan Jiujiu and its non wholly-owned subsidiary, Jiujiu Mining, (collectively referred to as the “**Laos Companies**”) are principally engaged in copper mining in Laos.

The directors of the Company assessed whether the Group has control over Thaisan Jiujiu based on the Group’s current practical ability to direct the relevant activities of Thaisan Jiujiu unilaterally. Due to non-cooperation of the sole director and the business partner of the Thaisan Jiujiu since early of 2025, the Group currently cannot exercise its control to direct the relevant activities of Thaisan Jiujiu through convening the shareholders’ meeting unilaterally. Meanwhile, the business partner of Thaisan Jiujiu is also unable to convene the shareholders’ meeting unilaterally without the Group’s consent and participation. After taken into account the advice from the Company’s Laos legal adviser as stated in their legal opinion, the directors of the Company consider the Group still retains significant influence over Thaisan Jiujiu, given its 52% equity interests and the right to attend, vote and participate in the shareholders’ meeting. Any decisions to be made through the shareholders’ meeting shall lawfully require the Group’s consent.

- (iii) The most recent financial information possessed by the Group for the preparation of the Group’s consolidated financial statements for the year ended 31 December 2025 was the unaudited financial information of the Laos Companies for the four months ended 30 April 2025.
- (iv) As at 31 December 2025, the loan to an associate with a principal amount of RMB36,000,000 (equivalent to approximately HK\$40,002,000) (2024: RMB36,000,000 (equivalent to approximately HK\$38,281,000)) is unsecured, interest free and repayable on demand. An addition of expected credit loss of approximately RMB7,714,000 (equivalent to approximately HK\$8,675,000) is recognised during the year ended 31 December 2025 (2024: RMB2,161,000 (equivalent to approximately HK\$2,298,000)).

14. ACQUISITION OF ASSETS

For the year ended 31 December 2024

On 2 August 2024, the Group completed the acquisition of the entire equity interests in FatBoy Limited at a cash consideration of HK\$11,800,000. As at the date of acquisition, FatBoy Limited holds an office premise in Hong Kong for administrative purpose. Given the underlying set of assets acquired were not integrated in forming business to generate revenue, the directors of the Company were of the opinion that the acquisition was purchase of net assets which did not constitute business combinations for accounting purpose.

The identifiable assets and liabilities of FatBoy Limited as at the date of acquisition were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	11,936
Deferred tax liabilities	(136)
	<hr/>
Net assets acquired	11,800
	<hr/> <hr/>
Satisfied by:	
Cash consideration	11,800
	<hr/> <hr/>

15. SHARE CAPITAL

	Authorised	
	<i>Number of ordinary shares</i>	<i>HK\$'000</i>
As at 1 January 2024, at par value of HK\$0.01 each	100,000,000,000	1,000,000
Share consolidation (<i>note (ii)</i>)	(90,000,000,000)	—
	<hr/>	<hr/>
As at 31 December 2024 and 2025, at par value of HK\$0.1 each	10,000,000,000	1,000,000
	<hr/> <hr/>	<hr/> <hr/>
	Issued and fully paid	
	<i>Number of ordinary shares</i>	<i>HK\$'000</i>
As at 1 January 2024, at par value of HK\$0.01 each	1,723,477,166	17,235
Placing of new shares (<i>note (i)</i>)	322,692,000	3,227
Share consolidation (<i>note (ii)</i>)	(1,841,552,250)	—
	<hr/>	<hr/>
As at 31 December 2024 and 1 January 2025, at par value of HK\$0.1 each	204,616,916	20,462
Placing of new shares (<i>note (iii)</i>)	40,920,000	4,092
	<hr/>	<hr/>
As at 31 December 2025, at par value of HK\$0.1 each	245,536,916	24,554
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) On 4 March 2024, the Company completed the placing of 322,692,000 new shares (with a nominal value of HK\$3,226,920) to not less than six placees who and whose ultimate beneficial owners are independent third parties to the Company at the placing price of HK\$0.185 per placing share (the “**2024 Placing**”). The gross proceeds from the 2024 Placing were approximately HK\$59,698,000, and the net proceeds were approximately HK\$59,101,000 after issuance costs of approximately HK\$597,000. These shares rank pari passu in all respects with other shares in issue.

Accordingly, an amount of approximately HK\$3,227,000 were credited to share capital and the remaining proceeds (net of issuance costs) of approximately HK\$55,874,000 were credited to share premium.

- (ii) Pursuant to the ordinary resolution passed by the shareholders of the Company on 23 October 2024, every ten issued and unissued ordinary shares of Company at par value of HK\$0.01 each had been consolidated into one consolidated share at par value of HK\$0.1 each. The share consolidation had become effective since 25 October 2024.

- (iii) On 17 October 2025, the Company completed the placing of 40,920,000 new shares (with a nominal value of HK\$4,092,000) to not less than six placees who and whose ultimate beneficial owners are independent third parties to the Company at the placing price of HK\$0.335 per placing share (the “**2025 Placing**”). The gross proceeds from the 2025 Placing were approximately HK\$13,708,000, and the net proceeds were approximately HK\$13,494,000 after issuance costs of approximately HK\$214,000. These shares rank pari passu in all respects with other shares in issue.

Accordingly, an amount of approximately HK\$4,092,000 were credited to share capital and the remaining proceeds (net of issuance costs) of approximately HK\$9,402,000 were credited to share premium.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Group recorded total revenue of approximately HK\$161,552,000 for the year ended 31 December 2025, representing a decrease of approximately HK\$19,382,000 or approximately 10.7% as compared to the revenue of approximately HK\$180,934,000 for the year ended 31 December 2024. The loss for the year ended 31 December 2025 amounted to approximately HK\$69,423,000 as compared to approximately HK\$63,783,000 for the year ended 31 December 2024. The loss attributable to owners of the Company for the year ended 31 December 2025 amounted to approximately HK\$50,966,000 as compared to approximately HK\$50,768,000 for the year ended 31 December 2024.

The loss for the year ended 31 December 2025 is primarily attributable to the recognition of (i) an impairment loss on the non-financial assets of the Group's coal mining business cash-generating unit of approximately HK\$43,837,000 as detailed below; and (ii) addition of expected credit loss on the loan to an associate of approximately HK\$8,675,000, factored the increasing aging and changes in the market and general economic environment under the expected credit loss model.

The Coal Mining Business

Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited (“**Inner Mongolia Jinyuanli**”), an indirect non wholly-owned subsidiary of the Company, operates the Group's Inner Mongolia Coal Mine 958 (the “**Inner Mongolia Coal Mine 958**”) in the Inner Mongolia region with an allowed annual coal production capacity of 1,200,000 tonnes. During the year ended 31 December 2025, approximately 870,000 tonnes (2024: 902,000 tonnes) of coals were produced and approximately 870,000 tonnes (2024: 908,000 tonnes) of coals were sold.

In September 2020, Inner Mongolia Jinyuanli entered into a Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) with the Huolinguole Natural Resources Bureau (霍林郭勒市自然資源局) and a land premium of RMB11.6 million (equivalent to approximately HK\$13.0 million) was paid in November 2020. Thereafter, Inner Mongolia Jinyuanli had submitted the application for the grant of the real estate ownership certificates (不動產所有權證) pending for the approval. During the year ended 31 December 2025, Inner Mongolia Jinyuanli obtained the real estate ownership certificates granted by the Huolinguole Natural Resources Bureau, with a validity period until November 2070.

In 2023, Inner Mongolia Jinyuanli had successfully renewed its: (i) safety production permit (安全生產許可證) granted by the Energy Administration of Inner Mongolia autonomous region (內蒙古自治區能源局); and (ii) coal mining license (採礦許可證) granted by the Tongliao Natural Resources Bureau (通遼市自然資源局), both of which were extended until 24 September 2026 and 26 October 2034 respectively.

At present, the local government authorities of the Inner Mongolia region visited Inner Mongolia Jinyuanli occasionally to review mainly the workplace safety and coal resources of the Inner Mongolia Coal Mine 958. During the year ended 31 December 2025, administrative fines of RMB268,000 (equivalent to approximately HK\$291,000) (2024: RMB600,000 (equivalent to approximately HK\$650,000)) were paid to the local government authorities for certain minor workplace safety matters.

During the year ended 31 December 2025, the Coal Mining Business segment recorded a decrease in both production output and revenue compared with the year ended 31 December 2024. Based on the ongoing assessment of the remaining coal resources in accordance with “Provisional Measures for Preventing Coal Mine Excavation and Mining Continuity Tension” 《防範煤礦採掘接續緊張暫行辦法》, the coal resources of the Inner Mongolia Coal Mine 958 had been declining following 15 years of extraction. In view of tighter regulatory requirements in the local coal mining industry and the difficulties in the mining activities due to more complex underground geographical conditions, the Inner Mongolia Coal Mine 958 is more prudent in accepting sales orders, resulting in reduced production output and revenue during 2025.

In view of the decrease in remaining coal resources and increasing in capital expenditures and operating costs, the management of Inner Mongolia Coal Mine 958 adjusted the projected annual production output from 900,000 tonnes in 2024 to 850,000 tonnes in 2025. As such, based on the impairment assessment review, an impairment loss of approximately HK\$43,837,000 had been recognised on the carrying amounts of non-financial assets of the Coal Mining Business segment of the Group during the year ended 31 December 2025.

Impairment assessment review on property, plant and equipment, intangible asset and right-of-use assets of the Coal Mining Business segment

The management of the Company has performed an impairment assessment review on the carrying amounts of the property, plant and equipment, intangible asset and right-of-use assets under the non-financial assets of the Coal Mining Business cash-generating unit (the “**Coal Mining CGU**”) at each of the reporting period.

The recoverable amount of the Coal Mining CGU was estimated based on the value in use calculation, determined by discounting the future cash flows to be generated from the continuing use of these assets. The key assumptions of the cash flow projections were made based on the current business and financial conditions of Inner Mongolia Jinyuanli. An independent professional valuer has been engaged by the Company to review the appropriateness and reasonableness of the assumptions applied in the cash flow projections, and conduct a valuation on the Coal Mining CGU.

The key assumptions and parameters adopted in the cash flow projections of the Coal Mining CGU as at 31 December 2024, 30 June 2025 and 31 December 2025 are set out below:

Key assumptions	31 December 2024	30 June 2025	31 December 2025
Projected annual coal production output for the period until the expiry date of the business license (<i>note 1</i>)	900,000 tonnes	900,000 tonnes	850,000 tonnes
Average unit coal selling price per tonne (including value-added tax) (<i>note 2</i>)	2025: RMB191 2026: RMB196 2027 onwards: increase with inflation rate	2025: RMB191 2026: RMB196 2027 onwards: increase with inflation rate	2026: RMB190 2027: RMB195 2028 onwards: increase with inflation rate
Inflation rate	2.5%	2.5%	2.5%
Pre-tax discount rate	16.58%	16.06%	14.39%

Notes:

- (1) Based on the latest coal resources assessment and production plan, the estimated annual coal production output of the Inner Mongolia Coal Mine 958 is expected to be around 850,000 tonnes until the expiry date of the business license.
- (2) The estimated unit selling price of coal (average unit selling price) was determined by referencing to: (i) the current unit selling price of coals; (ii) the prevailing market price of coals in the Inner Mongolia region; and (iii) the historical average unit selling price of coals produced by Inner Mongolia Jinyuanli over past few years.

Selling and distribution expenses

The selling and distribution expenses of the Group for the year ended 31 December 2025 in the amount of approximately HK\$4,091,000 was 100% attributed to the Coal Mining Business, representing an increase of approximately HK\$182,000 as compared to approximately HK\$3,909,000 for the year ended 31 December 2024. The slight increase in selling and distribution expense was mainly caused by the increase in logistics costs during the year.

Administrative expenses

The administrative expenses of the Group for the year ended 31 December 2025 amounted to approximately HK\$85,790,000, representing a decrease of approximately HK\$18,021,000 as compared to approximately HK\$103,811,000 for the year ended 31 December 2024. The decrease in administrative expense was mainly attributable to the decrease in staff costs and the administrative fees, such as the professional fees and laboratory fees incurred for the acquisition in 2024. The management of the Company will continue to adopt cost saving measures to improve the financial performance of the Group.

Finance costs

During the year ended 31 December 2025, the amount of approximately HK\$66,000 (2024: HK\$36,000) represented the interest expense incurred from the lease agreement.

Loss for the year

The loss for the year ended 31 December 2025 amounted to approximately HK\$69,423,000 as compared to approximately HK\$63,783,000 for the year ended 31 December 2024. The loss attributable to owners of the Company for the year ended 31 December 2025 was approximately HK\$50,966,000 as compared to approximately HK\$50,768,000 for the year ended 31 December 2024.

Investment in the Copper Mine located in Laos

On 26 August 2024, Big Wish Global Holdings Limited (“**Big Wish Global**”), an indirect wholly-owned subsidiary of the Company, completed the acquisition of 52% equity interests in Thaisan Jiujiu Investment Laos Trade Co., Ltd (老撾泰山久久投資貿易有限公司) (“**Thaisan Jiujiu**”) at a cash consideration of RMB24,800,000 (equivalent to approximately HK\$26,764,000). Thaisan Jiujiu and its 51% non wholly-owned subsidiary, Lao Taishan Jiujiu Mining Co., Ltd (老撾泰山久久礦業有限公司) (collectively referred to as the “**Laos Companies**”), are principally engaged in copper mining in Laos.

On 4 October 2024, Big Wish Global, as lender, and Thaisan Jiujiu, as borrower, entered into a shareholder’s loan agreement, pursuant to which Big Wish Global, being the 52% shareholder of Thaisan Jiujiu, had agreed to provide a shareholder’s loan in the principal amount of RMB36,000,000 (equivalent to approximately HK\$40,002,000) to Thaisan Jiujiu for the repayment of funds advanced by the then shareholders to Thaisan Jiujiu for the addition of machineries and construction of infrastructures of the copper mine.

Since early 2025, the legal representative and business partner of Thaisan Jiujiu (the “**Recipients**”) have been delayed in providing the books and records required for audit purpose, and also refused to provide, satisfactory response to the Company’s requests. In view of such circumstances, the Company issued two demand letters to the Recipients through its Hong Kong legal advisers in March 2025 and Laos legal advisers in April 2025 respectively, demanding for, inter alia, the provision of requested financial information and documents and the full cooperation with the auditor of the Company. After prolonged coordination, the Recipients ultimately responded to the Company and provided certain books and records of the Laos Companies in May 2025.

In light of the non-cooperation of the Recipients and the legal opinion provided by the Laos legal adviser, the management of the Company is of the view that notwithstanding that the Group cannot exercise control over Thaisan Jiujiu, it nevertheless retains significant influence over Thaisan Jiujiu by virtue of the relevant legal rights attached to its majority shareholding and is able to meet the requirements as associate as set out in *HKAS 28 Investments in Associates and Joint Venturers* (“**HKAS 28**”). Therefore, the Group classified the investment in Thaisan Jiujiu as associate and accounted for it using the equity method of accounting in accordance with HKAS 28.

During the year ended 31 December 2025, the Group has continuously used its best endeavors to obtain the financial information of the Laos Companies and made multiple requests to the Recipients. The most recent financial information possessed by the Group for the preparation of the Group's consolidated financial statements for the year ended 31 December 2025 was the unaudited financial information of the Laos Companies for the four months ended 30 April 2025.

In 2025, the Group engaged a Laos legal firm to commence the legal proceedings in Laos and the Group had prepared, through its Laos legal adviser, an application and relevant documents for the local village committee to initiate mediation as prerequisite procedures for legal proceedings in Laos pursuant to the Laos laws.

As part of the mediation process, Big Wish Global requested a shareholders' meeting be convened to change the legal representative of Thaisan Jiujiu. On 14 November 2025, the shareholders' meeting of Thaisan Jiujiu was held with sufficient quorum and the resolutions regarding the change of legal representative were duly passed by more than half of the votes. However, despite the involvement of the local village committee, the minority shareholder refused to cooperate with any subsequent procedures regarding the change of legal representative.

Following the mediation process through the local village committee, the Laos legal adviser submitted a petition to the court on 15 December 2025, requesting the court to confirm the validity of the shareholders' meeting resolution and to approve the transfer of all the management right to the new legal representative nominated by the Group. After a preliminary review of the materials, the court advised that the Group should first submit an application to the Ministry of Industry and Commerce of Laos (the "**Ministry of Industry and Commerce**") for an official reply on the validity of the shareholders' meeting resolution regarding the change of legal representative. As at the date of this announcement, the Group had received the official reply from the Ministry of Industry and Commerce which confirmed the validity of the shareholders' meeting resolution and is in the process of obtaining new corporate documents.

The Group will continue to take appropriate action(s), based on ongoing discussions with and the advice from its Laos legal adviser and in accordance with the latest progress of the legal proceedings in Laos, to exercise and protect its rights as the majority shareholder of Thaisan Jiujiu, with the aim of obtaining sufficient management control and oversight of Thaisan Jiujiu and all books and records pertaining to the Laos Companies.

Placing of new shares

On 5 September 2025, the Company entered into a placing agreement with Imperium International Securities Limited (the "**Placing Agent**") pursuant to which the Company had conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum number of 40,920,000 placing shares at the placing price of HK\$0.40 per placing share to not less than six placees who and whose ultimate beneficial owners should be independent third parties not connected to the Company and its connected person(s) within the meaning of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). On 26 September 2025, the Company entered into a supplemental placing agreement with the Placing Agent, pursuant to which the placing price was adjusted to HK\$0.335 per placing share (the "**Placing**").

The adjusted placing price of HK\$0.335 per placing share represented: (i) a discount of approximately 15.19% to the closing price of HK\$0.395 per share as quoted on the Stock Exchange as at the date of the supplemental placing agreement; and (ii) a discount of approximately 18.89% to the average closing price per share of approximately HK\$0.413 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the supplemental placing agreement.

The Directors consider that the net proceeds from the Placing will raise additional funds for the Group's operation and future development and strengthen its financial position, and also broaden the shareholders and capital base of the Company, providing working capital to the Group to meet any financial needs of the Group without any interest burden.

The Placing was completed on 17 October 2025 and 40,920,000 new shares (with a nominal value of HK\$4,092,000) were issued and allotted at the adjusted placing price of HK\$0.335 per placing share. The gross proceeds from the Placing were approximately HK\$13,708,000, and the net proceeds were approximately HK\$13,494,000 after issuance costs of approximately HK\$214,000. The net issue price was approximately HK\$0.329 per placing share. These shares rank pari passu in all respects with other shares in issue.

USE OF PROCEEDS FROM PAST FUND RAISING ACTIVITIES

Set forth below are the detailed breakdown of the utilisation of net proceeds from the Placing:

	Original intended use of net proceeds	Accumulated amount of net proceeds utilised as at 31 December 2025	Unutilised net proceeds as at 31 December 2025	Expected timeline for use of unutilised proceeds
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(i) Exploration fees, technician fees, professional fees, and other related expenses incurred for several identified potential investment opportunities in mining sector	3,000	–	3,000	By end of June 2026
(ii) General working capital	10,494	4,936	5,558	By end of December 2026
	<u>13,494</u>	<u>4,936</u>	<u>8,558</u>	

Liquidity and financial resources

As at 31 December 2025,

- (a) the aggregate amount of the Group's: (i) restricted bank deposits; and (ii) bank and cash balances was approximately HK\$72,014,000 (2024: HK\$73,565,000);
- (b) the Group had no borrowing (2024: Nil);
- (c) the Group's gearing ratio was zero (2024: zero). The gearing ratio was calculated as the Group's total borrowings divided by total equity; and
- (d) the Group's current ratio was approximately 1.45 (2024: 1.52). The current ratio was calculated as total current assets divided by total current liabilities.

The Board will continue to closely monitor the consolidated financial position of the Group to maintain its financial capacity for future operations and new business developments.

Pledge of assets

As at 31 December 2025, the Group did not have any pledge of assets (2024: Nil).

Foreign currency risk

The Group's sales and purchases are mainly transacted in Renminbi and the books are recorded in Hong Kong dollar. The management of the Company noted the recent fluctuation in the exchange rate between Renminbi and Hong Kong dollar, and is of the opinion that it does not have any material adverse impact to the Group's consolidated financial position at present. The Group currently does not have a foreign currency hedging policy. The management of the Company will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Acquisition and disposal of material subsidiaries, associates and joint ventures

The Group did not acquire nor dispose of any material subsidiaries, associates and joint ventures during the year ended 31 December 2025.

Significant investment

The Group did not purchase, sell or hold any significant investments during the year ended 31 December 2025.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2025.

Capital commitment

As at 31 December 2025, the Group's capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment amounted to approximately HK\$7,157,000 (2024: HK\$1,213,000).

Employees

The Group employed 454 full-time employees as at 31 December 2025 (2024: 425) in Hong Kong and the PRC. Remuneration of the staff comprises monthly salaries, provident fund contributions, medical benefits, training programs, housing allowances and discretionary bonus based on their qualifications, job nature, performance and working experiences referencing to the prevailing market rate and contributions to the Group. Staff costs including Directors' emoluments for the year ended 31 December 2025 were approximately HK\$86,396,000 (2024: HK\$95,812,000).

Prospects

The Group's Coal Mining Business continues to face challenges from stringent regulatory policies in local coal mining industry and the profitability of the Coal Mining Business has been further affected by the depletion of coal resources and the increase of operational complexities associated with aging machines after years of production. To diversify and strengthen business portfolio, the Group is actively seeking suitable investment opportunities in both domestic and international mining and energy markets.

The incident we encountered in Laos' copper mining sector during our initial venture in 2024 provided us with valuable experience, prompting the Group to enhance its risk assessment and operational supervision in the future. The Group is actively pursuing all necessary actions to resolve these outstanding issues, safeguard its rights and interests, and will maintain close oversight of the progress of the legal proceedings in Laos. By leveraging our accumulated experience in the mining sector, we will continue to apply our expertise to pursue new investment opportunities as an integral part of our business development strategy, driving the long-term growth and success of the Group while further developing our mining business.

Looking ahead, the Group will continue to implement cost control measures and enhance its funding management to improve its financial position for future business opportunities. The Group aims to build a more robust and diversified portfolio, ultimately delivering sustainable value and enhanced returns to our shareholders.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. The Company has complied with the applicable code provisions as set out in the CG Code during the year ended 31 December 2025 except for the following deviations:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the passing away of the former chairman and executive Director of the Company, and the resignation of the chief executive officer of the Company, the Board does not have any chairman and chief executive officer. The duties and responsibilities of the Company's business are handled by the existing Directors and senior management of the Company so as to achieve the overall commercial objectives of the Company. The Company is looking for suitable person to fill the vacancy of the chairman and chief executive officer.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the required standard governing securities transactions by the Directors. The Company had made specific enquires to all the Directors and all the Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on a date to be fixed by the Board. Further announcement(s) will be made in respect of date of the annual general meeting of the Company and book closure date in due course.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) has been established for the purpose of reviewing the financial information of the Group and overseeing the financial reporting system, risk management and internal control systems to ensure the integrity of the financial statements of the Group and the effectiveness of internal control and risk management systems of the Group. The Audit Committee, comprising three independent non-executive Directors, namely Mr. Lee Wai Ming (Chairman), Mr. Chang Xuejun and Mr. Li Juhui, have reviewed the Group’s annual results for the year ended 31 December 2025 and are satisfied that the preparation of the results is in compliance with appropriate accounting policies and practices.

SCOPE OF WORK OF SUYA WWC CPA LIMITED

The figures in respect of this announcement of the Group’s annual results for the year ended 31 December 2025 have been agreed by the Group’s independent auditor, Suya WWC CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements and the related notes thereto for the year ended 31 December 2025. The work performed by Suya WWC CPA Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Suya WWC CPA Limited on this annual results announcement.

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025.

QUALIFIED OPINION

*In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section below, 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 HKFRSs Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.*

BASIS FOR QUALIFIED OPINION

As disclosed in Notes 4 and 18 to the consolidated financial statements, the Group acquired 52% unquoted equity interest in the issued shares of Thaisan Jiujiu Investment Laos Trade Co., Ltd (the “Investee”) on 26 August 2024 at a consideration of RMB24,800,000 (equivalent to approximately HK\$26,764,000). On 4 October 2024, the Group provided a shareholder’s loan to the Investee in the principal amount of RMB36,000,000 (equivalent to approximately HK\$40,002,000) to cover the amount owned to the vendor for the building of infrastructure and purchase of machinery. The Investee is a limited liability company incorporated in the Lao People’s Democratic Republic (“Laos”), which is an investment holding company and holds 51% equity interest in Lao Taishan Jiujiu Mining Co., Ltd in Laos.

The Group recorded the investment as interest in an associate in the consolidated financial statements. The investment has carrying amount of approximately HK\$23,561,000 (2024: HK\$24,735,000) as at 31 December 2025 and a share of results of associate amounting to approximately HK\$1,857,000 (2024: HK\$1,667,000) is recognised in the profit or loss for the year ended 31 December 2025. The carrying amount of loan to an associate was approximately HK\$29,029,000 (2024: approximately HK\$35,983,000) as at 31 December 2025. We were unable to obtain sufficient audit evidence to determine the appropriateness of the accounting impact regarding the classification, valuation, and related disclosures of the loan to an associate and 52% equity interest in the Investee as an interest in an associate and accounted for in accordance with HKAS 28 Investments in Associates and Joint Ventures, due to the lack of sufficient audit evidence to demonstrate the existence of significant influence of the Company on the Investee. There were no alternative procedures that are available for us to satisfy ourselves in respect of this investment.

Any adjustments to the figures as described above might have a consequential effect on the Group’s consolidated financial performance and consolidated cash flows for the year ended 31 December 2025, the Group’s consolidated financial position as at 31 December 2025, and the corresponding disclosures in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the 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 HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have 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 qualified opinion.

Management’s view on the qualified opinion

Based on the legal opinion issued by the Group’s current Laos legal adviser (the “**Legal Opinion**”), it is noticeable that the Group cannot exercise its control over Thaisan Jiujiu unilaterally current due to the non-cooperation of the Recipients. From the audit perspectives, the Management of the Company (the “**Management**”) is of the view that notwithstanding the Group cannot exercise its control over Thaisan Jiujiu, the Group nevertheless is able to meet the definition of significant influence as set out in HKAS 28 and it is appropriate to classify the investment in Thaisan Jiujiu as an associate and account for using equity method in accordance with HKAS 28.

The Management has given careful consideration to the qualified opinion of the independent auditor’s report (the “**Qualified Opinion**”) and the basis of the qualification and has had ongoing discussion with the auditor of the Company when preparing the Group’s consolidated financial statements for the year ended 31 December 2025. The Management understood that the Qualified Opinion expressed by the auditor of the Company was due to the fact that the auditor of the Company considered that there is a lack of sufficient audit evidence to demonstrate the existence of significant influence of the Group over Thaisan Jiujiu. As a result, the auditor of the Company was unable to obtain sufficient audit evidence to determine the appropriateness of the accounting impact regarding the classification, valuation, and related disclosures of the loan to an associate and 52% equity interest in Thaisan Jiujiu as an interest in an associate and accounted for in accordance with HKAS 28 in the consolidated financial statements of the Group for the year ended 31 December 2025.

The Management considered the rights of the Group under the current circumstances are clearly described in the Legal Opinion and the assessment of “control” and “significant influence” shall be evaluated under two different accounting standards. For “control”, the assessment shall be made in accordance with *HKFRS 10 Consolidated Financial Statements*, which requires the Group to demonstrate its current unilateral ability to direct the relevant activities of the investment. Despite holding majority voting rights, the non-cooperation of the Recipients materially impairs the Group’s ability to exercise the control. On the other hand, for “significant influence”, the assessment shall be made in accordance with HKAS 28, which requires the Group to demonstrate its significant influence on the investment. As advised by the Legal Opinion, the Group, being the majority shareholder of Thaisan Jiujiu, retains the legally enforceable rights under applicable Laos laws to direct the outcome of any matters requiring shareholders’ approval at shareholders’ meeting, which included important matters such as the appointment of directors, material assets transactions, mergers and dissolutions, given that at least more than half of the votes of those attending the meeting would be required. Any matters requiring shareholders’ resolution will be subject to the consent of the Group, which is demonstrated by the confirmation from the Ministry of Industry and Commerce regarding the validity of the recent shareholders’ meeting of Thaisan Jiujiu held in November 2025.

After taking into account the current circumstances as well as interpretations of relevant Laos Laws, the Management maintained its point of view that, in a nutshell, the Group cannot exercise control in the circumstances of the non-cooperation of the Recipients; and the Group's significant influence in Thaisan Jiujiu is construed by relevant legal rights attached to its majority shareholding. Otherwise, the presumption of significant influence when an investor holds 20% or more of the voting power of the investee under HKAS 28 will generally be rebutted by default, and no minority shareholding in any investee can properly qualify as an associate. In light of the above, the Management considers it appropriate to classify the 52% equity interest in Thaisan Jiujiu, which confers upon the Company rights and influence substantially better than any investor holding 20% or more voting power as is the case under the presumption of significant influence, as an associate in accordance with HKAS 28.

Audit Committee's view on the Qualified Opinion

The Audit Committee has reviewed both the Legal Opinion and the Qualified Opinion and has held discussions with the Management and the Directors. The Audit Committee acknowledged that whilst the Group cannot currently exercise its control over Thaisan Jiujiu due to the non-cooperation of the Recipients, the rights and interests of the Group as a 52% shareholder of Thaisan Jiujiu are governed and protected by the relevant Laos laws. Based on the Legal Opinion and after careful consideration of the substantive voting power held by the Group, the statutory rights and interests conferred by the applicable Laos laws and the ability to influence policymaking processes, the Audit Committee has concluded that these factors collectively satisfy the criteria for "significant influence" as set out in HKAS 28. The Audit Committee, therefore, agreed the Management's position, and the basis (including the matters involving substantial judgements) thereof, regarding the classification of the investment in Thaisan Jiujiu.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grandocean65.com) respectively. The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the above websites as soon as possible in due course.

By Order of the Board
Grand Ocean Advanced Resources Company Limited
Ng Ying Kit
Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Ng Ying Kit; one non-executive Director, namely Ms. Kwong Pui Yin; and three independent non-executive Directors, namely Mr. Lee Wai Ming, Mr. Chang Xuejun and Mr. Li Juhui.