



滙力集團
HUILI GROUP

Huili Resources (Group) Limited

滙力資源（集團）有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1303

2026

INTERIM REPORT

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cui Yazhou (*Chairman*)
Mr. Ye Xin
Ms. Wang Qian
Mr. Zhou Jianzhong

Non-Executive Director

Mr. Cao Ye

Independent Non-Executive Directors

Ms. Xiang Siying
Mr. Yuen Koon Tung
Mr. Chan Ping Kuen

AUDIT COMMITTEE

Mr. Yuen Koon Tung (*Chairman*)
Ms. Xiang Siying
Mr. Chan Ping Kuen

REMUNERATION COMMITTEE

Ms. Xiang Siying (*Chairlady*)
Ms. Wang Qian
Mr. Yuen Koon Tung

NOMINATION COMMITTEE

Ms. Xiang Siying (*Chairlady*)
Ms. Wang Qian
Mr. Yuen Koon Tung

AUTHORISED REPRESENTATIVES

Mr. Cui Yazhou
Mr. Sin Lik Man

COMPANY SECRETARY

Mr. Sin Lik Man

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited
23/F., Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

LEGAL ADVISERS

*As to laws of the Hong Kong Special
Administrative Region ("Hong Kong")
of the People's Republic of China (the "PRC")*
CLKW Lawyers LLP

REGISTERED OFFICE

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Corporate Information (Continued)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

In the PRC

Unit 01C, 20/F, Block A
East Pacific International Center
Futian, Shenzhen
China

In Hong Kong

Rooms 36–40, 50/F.
Sun Hung Kai Center
30 Harbour Road
Wan Chai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

In the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

In Hong Kong

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.huili.hk

STOCK CODE

1303

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
	Note	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	6	1,013,231	1,357,566
Cost of sales		(966,694)	(1,304,505)
Gross profit		46,537	53,061
Administrative expenses		(27,274)	(33,649)
(Expected credit losses ("ECLs"))/reversal of ECLs on financial assets		(2,939)	15,874
Other losses – net	7	(3,016)	(8,649)
Fair value changes of derivative financial assets		–	(1,351)
Operating profit		13,308	25,286
Finance income	8	6,482	5,029
Finance costs	8	(3,790)	(4,021)
Finance income – net	8	2,692	1,008
Profit before income tax	9	16,000	26,294
Income tax credit/(expense)	10	4,232	(8,579)
Profit for the period		20,232	17,715
Other comprehensive loss after tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Fair value changes of financial assets (debt instruments) at fair value through other comprehensive income ("FVTOCI")		–	(334)
Other comprehensive loss for the period, net of tax		–	(334)
Total comprehensive income for the period		20,232	17,381
Earnings per share attributable to the equity holders of the Company			
– Basic and diluted (RMB cents)	11	0.96	0.84

Interim Condensed Consolidated Statement of Financial Position

	Note	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	317,459	331,106
Right-of-use assets		8,330	10,994
Goodwill		19,607	19,607
Deferred tax assets		17,133	15,233
Total non-current assets		362,529	376,940
Current assets			
Inventories		280,050	486,431
Trade and bills receivables	14	247,561	324,796
Other receivables and prepayments	15	70,886	51,145
Current tax recoverable		40	–
Cash and cash equivalents		939,363	896,329
Total current assets		1,537,900	1,758,701
Total assets		1,900,429	2,135,641
LIABILITIES			
Current liabilities			
Trade payables	16	560,508	764,115
Other payables and accruals	17	76,417	74,839
Contract liabilities		12,037	49,677
Lease liabilities		3,341	3,846
Current tax liabilities		6,249	11,876
Total current liabilities		658,552	904,353
Net current assets		879,348	854,348

Interim Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current liabilities			
Loan from an ex-shareholder of a subsidiary		94,548	94,182
Loan from a shareholder of the Company		32,903	34,099
Bank loan		1,686	1,686
Lease liabilities		7,072	9,067
Deferred tax liabilities		10,116	16,934
Total non-current liabilities		146,325	155,968
Total liabilities		804,877	1,060,321
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	181,896	181,896
Share premium	18	789,776	789,776
Other reserves		38,112	38,560
Retained earnings		85,768	65,088
Total equity		1,095,552	1,075,320
Total equity and liabilities		1,900,429	2,135,641

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Investment revaluation reserves RMB'000	Statutory reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2026 (audited)	181,896	789,776	(13,036)	(5,976)	57,572	65,088	1,075,320
Total comprehensive income for the period (unaudited)	–	–	–	–	–	20,232	20,232
Appropriations from statutory reserves (unaudited)	–	–	–	–	(448)	448	–
Balance at 30 June 2026 (unaudited)	181,896	789,776	(13,036)	(5,976)	57,124	85,768	1,095,552
At 1 January 2025 (audited)	181,896	789,776	(13,036)	(5,642)	49,398	61,671	1,064,063
Total comprehensive (loss)/income for the period (unaudited)	–	–	–	(334)	–	17,715	17,381
Appropriations to statutory reserves (unaudited)	–	–	–	–	2,841	(2,841)	–
Balance at 30 June 2025 (unaudited)	181,896	789,776	(13,036)	(5,976)	52,239	76,545	1,081,444

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	50,708	266,708
Income tax paid	(10,153)	(18,609)
Net cash generated from operating activities	40,555	248,099
Net cash generated from/(used in) investing activities	5,583	(3,235)
Net cash used in financing activities	(1,836)	(2,586)
Net increase in cash and cash equivalents	44,302	242,278
Cash and cash equivalents at beginning of period	896,329	655,837
Exchange differences on cash and cash equivalents	(1,268)	(1,174)
Cash and cash equivalents at the end of period	939,363	896,941

Notes to the Interim Condensed Consolidated Financial Information

1 General Information

Huili Resources (Group) Limited (the “Company”) was incorporated in the Cayman Islands on 19 February 2010 as an exempted company with limited liability under Companies Law (Cap. 22, as amended and revised) of the Cayman Islands in preparation for a listing of the Company’s shares on the main board of the Stock Exchange of Hong Kong Limited (the “Listing”) under the name of Realty Resources (Group) Limited. On 13 May 2010, the Company changed its name to Huili Resources (Group) Limited. The Company’s shares were listed on the main board of the Stock Exchange of Hong Kong Limited on 12 January 2012. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The registered office and the principal place of business of the Company is Rooms 36–40, 50/F, Sun Hung Kai Center, 30 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together with the Company, the “Group”) were principally engaged in trading of coal, provision of coal processing services and supply chain management services in the People’s Republic of China (the “PRC”) during the six months ended 30 June 2026 (the “Period”).

These interim condensed consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These interim condensed consolidated financial statements, which have not been audited, have been approved and authorised for issue by the board (the “Board”) of directors (the “Director(s)”) of the Company on 27 August 2026.

2 Basis of Preparation

These interim condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). These interim condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2025. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2025 (“2025 Annual Financial Statements”), which have been prepared in accordance with HKFRS Accounting Standards.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

2 Basis of Preparation (Continued)

These interim condensed consolidated financial statements have been prepared on the historical cost basis.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2025 Annual Financial Statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

3 Changes in Accounting Policies

3.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA for the first time for these interim condensed consolidated financial statements.

HKFRS 7 and 9 (Amendments)	Classification and Measurement of Financial Instruments
HKFRS 7 and 9 (Amendments)	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards –
Accounting Standards	Volume 11

The Group concluded that the adoption of this new and revised HKFRS Accounting Standards in the current period has had no material impact on the amounts reported and/or disclosures set out in these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

3 Changes in Accounting Policies (Continued)

3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2026 and not early adopted by the Group

		Effective for accounting period beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKAS 21	Amendments in relation to Translation to Hyperinflationary Presentation Currency	1 January 2027
HKFRS 20	Regulatory Assets and Regulatory Liabilities	1 January 2029
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application is not expected to have material impact on the financial performance and the financial position of the Group except for the adoption of HKFRS 18 as mentioned below.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

3 Changes in Accounting Policies (Continued)

3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2026 and not early adopted by the Group (Continued)

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 and HKFRS 7. 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. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Groups’ consolidated financial statements.

4 Estimates

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, income and expense that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2025 Annual Financial Statements.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and concentration risk.

These interim condensed consolidated financial statements do not include the disclosures of the Group's financial risk management information that were required in the annual financial information, and should be read in conjunction with the Group's 2025 Annual Financial Statements.

There have been no material changes in the risk management policies since 31 December 2025.

6 Segment Information

Management has determined the operating segments based on the reports reviewed by the Group's chief operating decision maker (the "CODM") that are used to make strategic decisions. The CODM has been identified as the Board.

The CODM regard the Group's coal business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under HKFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the interim condensed consolidated financial statements of the Group, no separate segmental analysis is presented in the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

(A) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers are disaggregated by primary geographical markets, major products and service lines and timing on revenue recognition.

For the six months ended 30 June 2026

	Coal business RMB'000 (unaudited)
Primary geographical market	
– The PRC	1,001,860
– Cambodia	11,371
	1,013,231
Major products and services	
– Trading of coal and provision of coal processing services	997,091
– Coal supply chain management services	16,140
	1,013,231
Timing of revenue recognition	
– At a point in time	1,013,231

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

(A) Disaggregation of revenue from contracts with customers (Continued)

For the six months ended 30 June 2025

	Coal business RMB'000 (unaudited)
Primary geographical market	
– The PRC	1,357,566
Major products and services	
– Trading of coal and provision of coal processing services	1,294,494
– Coal supply chain management services	63,072
	1,357,566
Timing of revenue recognition	
– At a point in time	1,357,566

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

(B) Geographic information

The following table provides an analysis of the Group's revenue from customers and non-current assets other than deferred tax assets ("Specified non-current assets"):

	Revenue from external customers (by customer location)		Specified non-current assets (by location of assets)	
	For the six months ended 30 June		As at 30 June	As at 31 December
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)	2026 RMB'000 (unaudited)	2025 RMB'000 (audited)
The PRC	1,001,860	1,357,566	342,760	358,091
Hong Kong	–	–	2,634	3,614
Cambodia	11,371	–	–	–
Singapore	–	–	2	2
	1,013,231	1,357,566	345,396	361,707

Notes to the Interim Condensed Consolidated Financial Information (Continued)

7 Other Losses – Net

	For the six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Foreign exchange losses, net	(4,716)	(10,088)
Government subsidy (Note (i))	333	502
Penalty income from customers	14	1
Income from photovoltaic project	1,283	910
Written off of property, plant and equipment	(7)	–
Others	77	26
	(3,016)	(8,649)

Note:

- (i) Amounts are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to refund of taxes.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

8 Finance Income – Net

	For the six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Finance income		
Interest income	6,482	5,029
Finance costs		
Interest expenses		
– Interest on lease liabilities	(364)	(533)
– Interest on loan from an ex-shareholder of a subsidiary	(2,231)	(2,215)
– Interest on loan from a shareholder of the Company	(1,157)	(1,273)
– Interest on bank loan	(38)	–
	(3,790)	(4,021)
Finance income – net	2,692	1,008

Notes to the Interim Condensed Consolidated Financial Information (Continued)

9 Profit before Income Tax

Profit before income tax is arrived at after charging:

	For the six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Cost of inventories	925,604	1,206,708
Depreciation of right-of-use assets	1,670	2,771
Depreciation of property, plant and equipment	14,539	15,172
Employee costs	37,603	56,521

Notes to the Interim Condensed Consolidated Financial Information (Continued)

10 Income Tax (Credit)/Expense

	For the six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Current tax – PRC Enterprise Income Tax	4,486	4,601
Deferred tax	(8,718)	3,978
Income tax (credit)/expense	(4,232)	8,579

The Company is an exempted company incorporated in the Cayman Islands and, as such, is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

The Group's subsidiaries incorporated in the British Virgin Islands ("BVI") were not liable for taxation in the BVI on their non-BVI income.

The Group's subsidiaries in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% for each of the six months ended 30 June 2026 and 2025.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong dollars ("HK\$") 2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group during the six months ended 30 June 2026 and 30 June 2025.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

10 Income Tax (Credit)/Expense (Continued)

The Group's subsidiaries in the PRC were subject to the corporate income tax at a rate of 25% in accordance with the Law of the PRC on Enterprise Income Tax for each of the six months ended 30 June 2026 and 2025.

Certain subsidiaries of the Group are eligible as Small Low-profit Enterprises and are subject to the relevant preferential tax treatments in the PRC. During the six months ended 30 June 2026, a Small Low-profit Enterprise with annual taxable income of not more than RMB1,000,000 is subject to Enterprise Income Tax calculated at 25% (2025: 25%) of its taxable income at a tax rate of 20%.

During the six months ended 30 June 2026 and 2025, Hainan Runce was entitled to a preferential tax rate of 15% in accordance to the Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for Enterprise Income Tax of Hainan Free Trade Port (Caishui [2025] No. 3) (《財政部稅務總局關於延續海南自由貿易港企業所得稅優惠政策的通知(財稅[2025] 3號)》), which was applied to companies incorporated in Hainan, the PRC from 1 January 2020 to 31 December 2027, and subjected to fulfillment of certain conditions precedent to entitlement of the preferential tax rate. Accordingly, during the six months ended 30 June 2026 and 2025, Hainan Runce was subject to the enterprise income tax at a rate of 15%.

During the six months ended 30 June 2026 and 2025, Shenzhen Runce was entitled to a preferential tax rate of 15% in accordance to Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Preferential Enterprise Income Tax Policies of Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Caishui [2026] No. 3) (《財政部稅務總局關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知(財稅[2026] 3號)》), which was applied to companies incorporated in Qianhai, the PRC from 1 January 2021 to 31 December 2027, and subjected to fulfillment of certain conditions precedent to entitlement of the preferential tax rate. Accordingly, during the six months ended 30 June 2026 and 2025, Shenzhen Runce was subject to the enterprise income tax at a rate of 15%.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

11 Earnings Per Share

The basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025.

	For the six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Profit attributable to equity holders of the Company (RMB'000)	20,232	17,715
Weighted average number of shares in issue (in thousands)	2,103,141	2,103,141
Basic and diluted earnings per share (RMB cents)	0.96	0.84

Diluted earnings per share equals to basic earnings per share as there was no dilutive potential share outstanding for the six months ended 30 June 2026 and 2025.

12 Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

13 Property, Plant and Equipment

For the six months ended 30 June 2026, the Group incurred capital expenditure of approximately RMB899,000 (2025: RMB8,417,000) on property, plant and equipment. The Group wrote off approximately RMB7,000 (2025: Nil) and there were no disposals of property, plant and equipment during the six months ended 30 June 2026 and 2025.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

14 Trade and Bills Receivables

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Trade receivables	294,385	291,192
Less: ECLs of trade receivables	(63,050)	(59,703)
Trade receivables, net	231,335	231,489
Bills receivables	16,226	93,740
Less: ECLs of bills receivables	—	(433)
Bills receivables, net	16,226	93,307
Total trade and bills receivables, net	247,561	324,796

Notes to the Interim Condensed Consolidated Financial Information (Continued)

14 Trade and Bills Receivables (Continued)

As at 30 June 2026 and 31 December 2025, the ageing analysis of trade and bills receivables after ECLs based on invoice date were as follows:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Up to 3 months	183,471	190,369
3 to 6 months	99	67,009
6 to 12 months	6,288	67,418
Over 12 months	57,703	–
	247,561	324,796

The Group's trading terms with its customers are mainly on credit or grant a credit period of 1 to 3 months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. Based on communications with the customers, the trade receivables net of provisions as at the end of the reporting period are expected to be settled within one year.

Bills receivables represent unconditional orders in writing issued by customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks. The bills are non-interest bearing and have a maturity from six months to one year.

The carrying amounts of trade and bills receivables approximated to their fair values. The balances were denominated in RMB.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

14 Trade and Bills Receivables (Continued)

As at 30 June 2026, included in the Group's trade receivables balances are two debtors with aggregate amounts of approximately RMB120,327,000 (31 December 2025: RMB125,327,000) have been past due more than 365 days as at the reporting date. During the year ended 31 December 2025, management requested ultimate controlling parties of the debtors to provide personal guarantees for repayment of debts and reached new repayment schedules with the debtors through the mediation. However, the debtors did not settle the outstanding balances according to the new repayment schedules and therefore the Group considered that the trade receivables were in default. Management had applied property preservations to the PRC courts on assets held by one guarantor and considered to further recover the debts through litigations. Accordingly, expected credit losses of approximately RMB62,624,000 (31 December 2025: RMB57,911,000) was provided for those trade receivables as at 30 June 2026 considering the loss given default and fair value of assets expected to be recovered from the guarantors.

Movement in the loss allowance in respect of trade and bills receivables during the period is as follows:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Balance as at 1 January	60,136	18,848
ECLs/(Reversal of ECLs) recognised during the period	2,914	(10,955)
Balance as at 30 June	63,050	7,893

Notes to the Interim Condensed Consolidated Financial Information (Continued)

15 Other Receivables and Prepayments

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Other receivables	53,030	55,228
Less: Provision of impairment losses on other receivables	(52,699)	(54,483)
	331	745
Deposits paid to suppliers – third parties	9,975	8,198
Prepayments to suppliers – third parties	43,952	20,620
Other tax recoverable	16,628	21,582
Total other receivables and prepayments, net	70,886	51,145

The carrying amounts of other receivables approximated to their fair values.

Movement in the loss allowance in respect of other receivables during the period is as follows:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Balance as at 1 January	54,483	63,310
ECLs/(Reversal of ECLs) recognised during the period	25	(4,919)
Exchange differences	(1,809)	(1,816)
Balance as at 30 June	52,699	56,575

Notes to the Interim Condensed Consolidated Financial Information (Continued)

16 Trade Payables

The ageing analysis of trade payables as the end of reporting period, based on invoice date was as follows:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Up to 3 months	287,908	362,577
3 to 6 months	139,805	296,559
6 to 12 months	130,173	104,784
Over 12 months	2,622	195
	560,508	764,115

The carrying amounts of trade payables approximated their fair values due to their short-term nature. The balances were denominated in RMB.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

17 Other Payables and Accruals

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Other payables (Note)	26,538	36,448
Salary and welfare payables	27,155	26,302
Accrued taxes other than income tax	12,425	4,668
Interest payable on loan from a shareholder of the Company	4,704	3,691
Interest payable on loan from an ex-shareholder of a subsidiary	5,595	3,730
	76,417	74,839

Note: Other payables mainly included security deposits received from customers, payables of equipment purchasing costs, service charges payable and advances from third parties as at 30 June 2026 and 31 December 2025.

The carrying amounts of other payables and accruals approximated their fair values due to their short-term nature.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

18 Share Capital and Share Premium

				Authorised Shares of HK\$0.1 each
As at 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)				5,000,000,000
	Number of Shares Thousands	Share Capital RMB'000	Share Premium RMB'000	Total RMB'000
As at 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	2,103,141	181,896	789,776	971,672

19 Related Party Transactions

- (a) The Group's management is of the view that the following persons are related parties of the Group during the six months ended 30 June 2026 and 2025:

Name of related parties	Relationship with the Group
Sky Circle International Limited	A shareholder of the Company which holds 24.8% (31 December 2025: 24.8%) equity interest in the Company.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

19 Related Party Transactions (Continued)

(b) Key management compensation

Included in staff costs are key management personnel compensation and comprises the following categories:

	For the six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Basic salaries, allowances and other benefits	1,468	2,683
Contributions to retirement benefit scheme	43	102
	1,511	2,785

20 Contingent Liabilities

As at 30 June 2026, the Group did not have any significant contingent liabilities.

Management Discussion and Analysis

BUSINESS REVIEW

Huili Resources (Group) Limited (the “Company”) and its subsidiaries (together with the Company, the “Group”) mainly participate in the coal business, which includes coal processing, supply chain management services, and domestic and overseas coal trading.

Coal business

Macroeconomic environment and policy

The coal industry is cyclical and closely linked to economic growth, industrial production, electricity consumption and construction activity. According to the National Bureau of Statistics of China (the “National Bureau of Statistics”), gross domestic product (“GDP”) of the People’s Republic of China (the “PRC”) amounted to approximately RMB69.57 trillion in the first half of 2026 (the “Period”), representing real year-on-year growth of approximately 4.7%. Growth moderated from approximately 5.0% in the first quarter to approximately 4.3% in the second quarter. The value added of industrial enterprises above designated size increased by approximately 5.4% year-on-year, while the secondary industry grew by approximately 3.9% and the services sector by approximately 5.2%.

The first-half data indicated that overall economic activity remained resilient but uneven. Services and high-technology manufacturing provided support, whereas fixed-asset and property investment remained weak. For coal demand, this divergence meant relatively firmer electricity and advanced-manufacturing consumption but continued pressure on property-related steel, cement and other energy-intensive materials.

Energy policy continued to balance security of supply, safe production, price stability and the low-carbon transition. Coal remained an important source of dispatchable energy and system flexibility. The long-term policy direction also requires cleaner and more efficient use of coal and a gradual increase in the share of non-fossil energy.

Domestic coal supply and imports

From a supply perspective, according to the National Bureau of Statistics, from January to June 2026, raw coal output of industrial enterprises above designated size amounted to approximately 2.365 billion tonnes, representing a year-on-year decrease of approximately 1.7%. In June alone, output was approximately 380 million tonnes, down approximately 9.7% year-on-year.

Management Discussion and Analysis (Continued)

Coal and lignite imports amounted to approximately 225.400 million tonnes in the first half of 2026, up approximately 1.7% year-on-year. June imports rose to approximately 42.779 million tonnes, up approximately 29.5% year-on-year (source: General Administration of Customs, the PRC). The June rebound partly offset reduced domestic output and demonstrated the role of imports as a balancing source.

For the Group, the combined decline in domestic production and rise in imports created both opportunities and risks. A wider sourcing network could improve supply continuity and allow product blending, but overseas procurement introduces longer lead times, larger cargo commitments, foreign-exchange exposure, counterparty risk and greater documentary and quality-control requirements.

Electricity and thermal power demand

According to the National Energy Administration, total electricity consumption in the PRC amounted to approximately 5,099.9 billion kilowatt-hours in the first half of 2026, representing a year-on-year increase of approximately 5.3%. Electricity consumption of the secondary and tertiary industries increased by approximately 5.1% and 8.0% respectively.

Power generation of industrial enterprises above designated size reached approximately 4,750.1 billion kilowatt-hours in the first half of 2026, up approximately 3.5% year-on-year. In June, power generation increased by approximately 2.0% to approximately 827.6 billion kilowatt-hours. Thermal power generation increased by approximately 0.5% year-on-year in June, while the cumulative increase for the first half was approximately 2.9% (source: the National Bureau of Statistics).

The first-half data suggested that electricity demand remained the principal support for thermal coal, but coal consumption per unit of electricity was affected by hydropower, nuclear, wind and solar output, thermal-plant efficiency and dispatch priority. During periods of high temperature, low hydro availability or weak wind output, thermal generation could rise quickly even if cumulative non-fossil capacity continued to expand. Conversely, high renewable output and ample power-plant inventories could weaken spot procurement.

Management Discussion and Analysis (Continued)

Steel, property and other downstream demand

The steel chain remained under pressure from the property downturn. In the first half of 2026, pig iron output amounted to approximately 426.64 million tonnes, representing a year-on-year decrease of approximately 2.8%; crude steel output was approximately 499.95 million tonnes, down approximately 3.0%; and steel products output was approximately 718.78 million tonnes, down approximately 0.9% (source: the National Bureau of Statistics). Steel exports amounted to approximately 54.874 million tonnes, down approximately 5.6% year-on-year, although June exports remained relatively firm at approximately 10.320 million tonnes (source: General Administration of Customs, the PRC).

National real estate development investment decreased by approximately 18.0% year-on-year to approximately RMB3.807 trillion in the first half of 2026. Newly started floor space decreased by approximately 23.4%, floor space under construction decreased by approximately 12.5%, and completed floor space decreased by approximately 23.7% (source: the National Bureau of Statistics). The contraction reduced demand for construction steel, cement and related industrial fuels.

For coking coal and non-power coal demand, the reduction in pig iron and crude steel output suggested a softer volume environment. However, actual trading margins could still improve if procurement prices adjusted faster than selling prices or if the Group increased the proportion of processing, blending and supply-chain services. Conversely, a rapid fall in end-market prices could cause inventory losses and pressure customer payment capacity.

Coal prices and profitability

Thermal coal prices were volatile during the first half of 2026. According to the China coal index 5,500K, a gauge of coal prices in the PRC, the price increased from approximately RMB681 per tonne at the beginning of the Period to about RMB863 per tonne on 22 June 2026, before retreating to approximately RMB816 per tonne by 6 July and approximately RMB801 per tonne by 13 July. The movement illustrated that the tightness caused by reduced domestic output could be offset by high inventories, delayed seasonal demand and stronger imports.

For a coal processor and trader, higher coal prices do not automatically translate into higher profitability. The earnings impact depends on the timing of purchases and sales, contract pricing mechanisms, customer concentration, freight and handling costs, inventory holding periods, quality deductions and credit losses.

Management Discussion and Analysis (Continued)

Group operations

During the Period, the customers of the Company's coal business segment were mainly local coal traders, steel companies and energy companies in the PRC. The Group carried out the coal trading business through two indirectly wholly-owned subsidiaries, Changzhi Runce Trading Company Limited* (長治潤策貿易有限公司) ("Changzhi Runce") and Hainan Runce Energy Co., Ltd.* (海南潤策能源有限公司) ("Hainan Runce") in the PRC. The Group provided coal processing services through an indirectly wholly-owned subsidiary, Shanxi Fanpo Clean Energy Technology Company Limited* (山西反坡清潔能源科技有限公司) ("Shanxi Fanpo"). The Group also provided coal supply chain management service through an indirectly wholly-owned subsidiary, Runce Supply Chain Management (Shenzhen) Co., Ltd (潤策供應鏈管理(深圳)有限公司) ("Shenzhen Runce") in the PRC, and coal storage and coal mixing services, which is part of its coal supply chain management service business, through three indirect wholly-owned subsidiaries, Shanxi Margaux Supply Chain Management Company Limited* (山西瑪高供應鏈管理有限公司) ("Shanxi Margaux"), Changzhishi Desheng Coal Storage and Distribution Company Limited* (長治市德勝煤炭儲配有限公司) ("Changzhishi Desheng"), Shanxi Luyuan Xinneng Technology Company Limited* (山西潞源新能科技有限公司) ("Luyuan Xinneng").

Shanxi Fanpo is principally engaged in the sale of coal and coal washery. The coal washery is to remove impurities in raw coal, and to classify high quality coal and inferior coal to improve coal utilisation efficiency and reduce coal pollutant emission. The coal washery is designed to have a maximum throughput capacity of approximately 14,000 tonnes per day.

Shanxi Margaux is principally engaged in supply chain management services and general cargo storage services. The coal shed that is owned by Shanxi Margaux has the storage capacity of 250,000 tonnes of coal with a construction area of approximately 16,746 sq.m. and is located approximately 7.0 km from the Group's washery plant and approximately 2.5 km to 3.0 km from the key highways in Shanxi province, the PRC, which the Company considers is a prime location from an operational perspective.

Changzhishi Desheng is principally engaged in supply chain management services and general cargo storage services. Changzhishi Desheng owns two coal sheds and the associated machineries of such coal sheds. The expected total storage capacity of the two coal sheds is 1 million tonnes of coal. The coal sheds are located in a logistics park in Shanxi province, the PRC, which has storage and logistics supporting facilities such as cylindrical silos, train dumpers, and coal storage yards. The logistics park is located approximately 1.5 km from a railway station, which is connected to Changzhi South Station of the Central-South Railway, and is also adjunct to the National Highway 228, Erguang Expressway, county and township roads, which the Company considers is a prime location from an operational perspective and would provide a stable source of demand and may potentially provide an additional source of supply to the Group's trading businesses.

* For identification purpose only

Management Discussion and Analysis (Continued)

Luyuan Xinneng is principally engaged in supply chain management services and general cargo storage services. Luyuan Xinneng owns two coal sheds and the associated machineries of such coal sheds in Shanxi province, the PRC. The expected total storage capacity of the two coal sheds is 120,000 tonnes of coal. The coal sheds are located in Shanxi province, the PRC, which is close to the Group's existing coal washery plant. Within around 5 km range, it's connected to several National Highway, Expressway and Railway Lines and Coal Transportation Station, thus has very convenient road and rail transportation. From an operational perspective, this location is a prime location and can provide an additional source of supply for the Group's trading business. The coal shed and the specialised equipment allows the Company to fulfill the storage, loading and coal mixing demand of the customers in Shanxi province, the PRC.

The Group will continue to actively seek opportunities to develop its coal business, either through value-added mergers and acquisitions or strategically re-allocating its internal resources to expand the current coal business or diversify into other business scopes within the coal industry.

Meanwhile, despite that the energy security role of coal will remain stable in the near term, low carbonization and clean and efficient productions are still the main development direction of the coal industry. Thus, the Company has commenced a photovoltaic project, aiming to promote low carbonization, integrate development of coal-based energy and green energy, and expand green transformation channels for the coal business. The Company strives and is committed to the green development of the Company's business, and ultimately achieving balanced operations between coal business development and ecological protection.

RESULTS REVIEW

Revenue and gross profit

Since 2021, the Group has set the coal business as the strategic business segment of the Group and assigned a major portion of the available resources in developing the Group's coal business. During the Period, the trading of coal and provision of coal processing services, together with the coal supply chain management services remained as the only one operating segment of the Group.

Despite the challenging macroeconomy during the Period, the economy in the PRC was still experiencing a steady growth in the first half of 2026. The GDP of the PRC recorded a growth of 4.7% year-on-year. Yet the domestic coal market was experiencing a downward trend due to the recovery of domestic raw coal production and limited domestic demand for coal products. The Group's revenue decreased to approximately RMB1,013.2 million for the Period from approximately RMB1,357.6 million for the Prior Period, representing a decrease of approximately 25.4%.

Management Discussion and Analysis (Continued)

Cost of sales was approximately RMB966.7 million for the Period, as compared with approximately RMB1,304.5 million for the Prior Period, representing a decrease of approximately 25.9%. The decrease was mainly due to the decreased sales of coal products during the Period.

Gross profit decreased by approximately 12.4%, from approximately RMB53.1 million for the Prior Period to approximately RMB46.5 million for the Period. Although the domestic coal market was experiencing a downward trend due to the recovery of domestic raw coal production and limited domestic demand for coal products, the Group has made a remarkable effort to maintain the gross profit margin of 4.6% during the Period (the Prior Period: 3.9%).

Administrative expenses

Administrative expenses for the Period of approximately RMB27.3 million (the Prior Period: RMB33.6 million) mainly included staff costs, depreciation charges, professional fees and office overheads. The decrease in administrative expenses was mainly driven by a decrease in staff costs as a result of the decreased sales of coal products during the Period.

Other losses – net

Other losses – net for the Period of approximately RMB3.0 million (the Prior Period: RMB8.6 million) mainly represented foreign exchange loss, net of approximately RMB4.7 million (the Prior Period: RMB10.1 million), government subsidy of approximately RMB0.3 million (the Prior Period: RMB0.5 million) and income from photovoltaic project of approximately RMB1.3 million (the Prior Period: RMB0.9 million).

The government subsidies are mainly unconditional subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to refund of taxes.

The foreign exchange loss, net mainly arose from the financial assets denominated in USD and HK\$ as the result of the depreciation of USD and HK\$ against RMB, being the Group's functional and presentation currency.

Finance income – net

Finance income – net for the Period of approximately RMB2.7 million (the Prior Period: RMB1.0 million) mainly represented interest income of approximately RMB6.5 million (the Prior Period: RMB5.0 million) earned from the Group's cash at bank, and netted by interest expenses on interest-bearing bank loan and other borrowings and lease liabilities of approximately RMB3.8 million (the Prior Period: RMB4.0 million).

Management Discussion and Analysis (Continued)

Income tax credit/(expense)

Income tax credit for the Period of approximately RMB4.2 million (the Prior Period: income tax expense of approximately RMB8.6 million) mainly represented overprovision/(provision) for PRC Enterprise Income Tax for operations in the PRC. The turnaround from income tax expense for the Prior Period to income tax credit for the Period was driven by the reversal of provision of deferred tax of approximately RMB6.4 million for certain subsidiaries of the Group which are eligible as Small Low-profit Enterprises during the Period and therefore subject to the relevant preferential tax treatments in the PRC.

No provision for profits tax in Hong Kong was made during both periods.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2026, the Group did not hold any significant investment in the equity interest of any other company with a value of 5% or more of the Group's total assets as at that date. Save as disclosed in this interim report, as at the date of this interim report there were no future plans for material investments or divestments authorised by the Board.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals during the Period.

CAPITAL EXPENDITURE

For the Period, the Group incurred capital expenditure of approximately RMB0.9 million (the Prior Period: RMB8.4 million) on property, plant and equipment, and nil on right-of-use assets during both periods. There were no disposals of property, plant and equipment and right-of-use assets during both periods.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2026 increased to RMB1,095.6 million, an increase of approximately 1.9% over that as at 31 December 2025 of RMB1,075.3 million while the Group's total assets employed decreased by 11.0% to RMB1,900.4 million as at 30 June 2026 as compared to RMB2,135.6 million as at 31 December 2025.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, the Group invests surplus cash in low risk fixed deposits to generate additional returns for the Group and the shareholders (the "Shareholders") of the Company.

Management Discussion and Analysis (Continued)

During the Prior Period, the Group's investment in debt securities recorded RMB0.3 million loss in fair value, which was presented as "Fair value change of financial assets (debt instruments) at fair value through other comprehensive income" in the interim condensed consolidated statement of comprehensive income.

The Group financed its day-to-day operations mainly by internally generated cash flows during the Period. Primary use of funds during the Period was mainly the payment of operating expenses.

The total borrowings decreased from approximately RMB130.0 million as of 31 December 2025 to approximately RMB129.1 million as of 30 June 2026, and the balance represented the loan from an ex-shareholder of a subsidiary, the loan from a shareholder of the Company and a bank loan from a local bank in the PRC.

Save as the loans disclosed above, as at 30 June 2026 and 31 December 2025, there was no other outstanding interest-bearing bank loan and other borrowings.

The Company entered into a credit facility with Nanyang Commercial Bank consisting of letters of credit and line of credit in November 2022, and the credit facility limit has been further revised to USD90 million in April 2024. The letter of credit (up to USD30 million) is for issuance of Back-to-Back LCs, and the remaining line of credit limit (up to USD60 million) for issuance of LCs is charged against 100% bank deposits from time to time up to the amount utilised. As at 30 June 2026, the Company did not utilise any letter of credit (31 December 2025: nil) and there are no outstanding borrowings (31 December 2025: nil) on the line of credit.

The Company entered into a credit facility with Agricultural Bank of China consisting of letters of credit and line of credit in November 2024, with total credit facility limit of USD100 million. The letter of credit (up to USD80 million) is for issuance of Back-to-Back LCs, and the remaining line of credit limit (up to USD20 million) for insurance of LCs is charged against 100% bank deposits from time to time up to the amount utilised. As at 30 June 2026, the Company did not utilise any of the facility (31 December 2025: nil).

The Company entered into a credit facility with China CITIC Bank International of line of credit in April 2025, with credit facility limit of USD30 million. The line of credit limit (up to USD30 million) for insurance of LCs is charged against 100% bank deposits from time to time up to the amount utilised. As at 30 June 2026, the Company did not utilise any of the facility (31 December 2025: nil).

Management Discussion and Analysis (Continued)

The Company entered into a credit facility with The Hong Kong and Shanghai Banking Corporation consisting of letters of credit and line of credit in May 2025, with total credit facility limit of USD65 million. The letter of credit (up to USD45 million) is for issuance of Back-to-Back LCs, and the remaining line of credit limit (up to USD20 million) for insurance of LCs is charged against 100% bank deposits from time to time up to the amount utilised. As at 30 June 2026, the Company did not utilise any of the facility (31 December 2025: nil).

As at 30 June 2026, the Group maintained bank and cash balances of approximately RMB939.4 million (31 December 2025: RMB896.3 million).

Treasury policy

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB and USD. Surplus cash is generally placed in fixed deposits denominated in USD and RMB.

Gearing ratio

Gearing ratio of the Group is calculated based on net debt divided by total equity. Net debt is calculated based on total interest-bearing bank loan and other borrowings (including current and non-current borrowings) less cash and cash equivalents. As at 30 June 2026, the Group has recorded a net cash position of RMB810.2 million (31 December 2025: RMB766.4 million).

PRINCIPAL RISKS

The Group's activities are exposed to a variety of risks.

Foreign exchange risk exposure

The Group's businesses are mainly conducted in RMB. The Group has not experienced any material difficulties with its operations or liquidity as a result of fluctuations in currency exchange rates during the Period. The Group has expanded into international coal trading since 2024 which primarily involves transactions in USD. The Group recognises the potential foreign exchange risk exposure between USD and RMB. Although the Group currently does not have a foreign currency hedging policy in respect of its assets and liabilities in foreign currency, the Group will monitor its foreign exchange risk exposure closely and will consider hedging foreign exchange risk exposure if necessary. As at 30 June 2026, no financial instrument was used for hedging purposes, and we did not commit to any financial instruments to hedge our exposure to foreign exchange risk.

Management Discussion and Analysis (Continued)

Credit risk exposure

The Group is exposed to credit risks in its coal business and is primarily attributable to its trade and bills receivables in this business segment. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The carrying amounts of its trade and bills receivables represent the Group's maximum exposure to credit risk in this business segment. The Group applies the simplified approach to provide for ECLs as prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all trade and bills receivables.

As at 30 June 2026, the expected credit loss allowance of approximately RMB63.1 million (31 December 2025: RMB60.1 million) were made against the gross amount of trade and bills receivables.

The Group separately assesses trade and bills receivables that are individually significant for impairment at each reporting date. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience. Trade and bills receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 365 days past due. Impairment losses on trade and bills receivables are presented as net impairment losses within operating results. Subsequent recoveries of amounts previously written off are credited against the same line item. As at the end of the reporting period, none of the trade receivables of the Group was impaired.

To further enhance the recovery of the Group's trade receivables, the Group commenced a legal action in 2025 against one of our coal business customers and its guarantor for the outstanding receivables of approximately RMB115 million, and the relevant court in the PRC handed down a civil mediation statement setting out a repayment schedule to settle the outstanding receivables of approximately RMB115 million by instalments until July 2026. Despite such coal business customer having repaid RMB4.3 million in November 2025 and RMB5.0 million in April 2026, the repayment schedule was not strictly followed by such coal business customer. As at 30 June 2026, the outstanding receivables amounted to approximately RMB106 million. Based on the latest financial statements of such coal business customer obtained by the Group, it is not insolvent. Based on the public information, such business customer is still subsisting and the guarantor is not a discredited person subject to enforcement. The Group has already obtained preservation order against certain assets and real properties of the guarantor and such business customer.

Management Discussion and Analysis (Continued)

The Group will continue to take enforcement actions to recover the outstanding receivables including but not limited to taking steps to realise the relevant assets from the guarantor. It is expected that the overdue status of such outstanding receivables will not have a material impact on the Group's business operations and liquidity.

CHARGES ON COMPANY'S ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no contracted capital expenditure, commitments and charge on the Company's assets as at 30 June 2026 and 31 December 2025.

The Group may be subject to new environmental laws and regulations that may result in contingent liabilities for the Group in the future. The Group may also be subject to the effect of under-insurance on future accidents incurred by the employees. Such (i) new environmental laws and regulations; and (ii) under insurance on the employees may impose costs and liabilities on the Group.

Save as disclosed in note 20 to the interim condensed consolidated financial statements of the Company, the Group had no other material contingent liabilities as at 30 June 2026 and 31 December 2025.

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 30 June 2026, the Group employed 742 employees (30 June 2025: 839). The total staff costs (including Directors' emoluments) for the Period was approximately RMB37.6 million (the Prior Period: RMB56.5 million). The emolument policy for the salaries of employees largely depends on their job nature, performance and length of service with the Group. The Directors' emolument policy for the remuneration is determined with reference to salaries paid by comparable companies, their experience and responsibilities and the performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group. In addition to the basic remuneration, the Group also provides employees with employee benefits, including pension, medical scheme and other applicable social insurance as required by applicable laws and regulations.

Apart from regular on-the-job training, the Group encourages its employees to attend external job-related training and provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the Board. No share option was granted, exercised, lapsed or outstanding during the Period and as at 30 June 2026.

Management Discussion and Analysis (Continued)

FUTURE OUTLOOK AND PROSPECTS

Market outlook

Looking ahead to the second half of 2026, the Group remains cautiously prudent about the coal market. Domestic coal output entered the second half from a lower year-on-year base, while June imports rebounded strongly. Electricity consumption remained robust, but thermal generation growth was slower than total electricity-consumption growth and non-power demand continued to be restrained by lower steel output and weak property construction. The resulting market balance is likely to be sensitive to summer temperatures, rainfall and hydropower availability, mine-safety inspections, import economics, port and power-plant inventories, and the timing of end-user restocking.

The base case is for continued price volatility rather than a one-directional trend. A hotter-than-normal summer, slower domestic supply recovery or import disruption could tighten the market, whereas high inventories, stronger renewable output or a further contraction in property and steel could weaken procurement. Management should therefore use scenario-based purchasing limits and avoid extrapolating short-lived spot-price movements into long-dated commitments.

Strategy, profitability and cash flow

The Group will continue to prioritise profitability, cash flow and risk-adjusted returns over the pursuit of scale. It intends to optimise its product and customer mix, increase the contribution from processing and supply-chain services where margins and cash conversion are satisfactory, and strengthen controls over contracts, credit, inventory and settlement. The Group evaluates performance by reference to gross profit per tonne, facility utilisation, operating cash conversion and risk exposure, in addition to revenue and volume.

The Group maintains adequate liquidity headroom for commodity-price and working-capital swings, and stress-tests new contracts for price, freight, exchange-rate, delay and default scenarios. Where commercially feasible, the Group uses back-to-back procurement and sales, shorter inventory cycles, deposits, credit insurance or other risk-sharing arrangements. Any concentration in a single customer, supplier, port, coal grade or financing source are monitored by management and are subject to internal limits.

Management Discussion and Analysis (Continued)

Overseas expansion

The Group will prudently explore overseas sourcing and trading opportunities to broaden its supplier base and strengthen supply-chain resilience. The Group gives priority should be given to transactions with transparent title, reliable quality specifications, established logistics routes and creditworthy counterparties. Before committing capital, the Group completes legal, tax, sanctions, licensing and counterparty due diligence in each relevant jurisdiction and assesses payment security, foreign-exchange exposure, shipping terms, demurrage, inspection rights and dispute-resolution mechanisms.

Low-carbon development

The Group will continue to monitor commercially viable low-carbon and clean-energy opportunities that complement its existing sites, customers and logistics capabilities. The Group assesses any photovoltaic, energy-efficiency or emissions-reduction project by reference to expected generation or savings, grid connection, land and roof rights, tariff or market-price exposure, capital expenditure, operating responsibility and payback period.

DIVIDEND

The Directors do not recommend the payment of any interim dividend in respect of the Period (the Prior Period: nil). There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of the operations of the Group contained in this interim report are historical in nature, and past performance is no guarantee of the future results of the Group. This interim report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's current expectations, beliefs, assumptions or projections concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements involve inherent risks and uncertainties.

Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those expressed, implied or anticipated in any forward-looking statement or assessment of risk. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Management Discussion and Analysis (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as was known to the Directors of the Company, as at 30 June 2026, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares (the "Shares") of the Company, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Nature of interests	Total interests in shares	Approximate percentage of the Company's issued share capital
Sky Circle International Limited ("Sky Circle")	Beneficial owner (Note 1)	521,000,000 (L)	24.77%
Mr. Cui Yazhou ("Mr. Cui")	Interest in a controlled corporation (Note 1)	521,000,000 (L)	24.77%
Prosper Union Holdings Limited	Beneficial owner (Note 2)	137,792,017 (L)	6.55%
Mr. Ye Xin ("Mr. Ye")	Interest in a controlled corporation (Note 2)	137,792,017 (L)	6.55%

Remarks: (L): Long position

Management Discussion and Analysis (Continued)

Notes:

1. Mr. Cui, the chairman of the Board and an executive Director, is the legal and beneficial owner of the entire issued share capital of Sky Circle which holds 521,000,000 Shares, and thus Mr. Cui is deemed to be interested in such shares of the Company under the SFO.
2. Mr. Ye, an executive Director, is the legal and beneficial owner of the entire issued share capital of Prosper Union Holdings Limited which holds 137,792,017 Shares, and thus Mr. Ye is deemed to be interested in such shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2026, the Directors and the chief executive of the Company were not aware of any other Directors and chief executive of the Company who had, or is deemed to have, interests or short positions in the Shares, and underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors of the Company, as at 30 June 2026, the following persons (not being a Director or chief executive of the Company) had or is deemed to have an interest and short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interests	Total interests in Shares	Approximate percentage of the Company's issued share capital
Mr. Feng Yuantao	Beneficial owner	306,522,040 (L)	14.57%
Mr. Bong Chin Chung	Beneficial owner	242,419,957 (L)	11.53%
China Clean Energy Technology Limited	Beneficial owner (Note 1)	170,000,000 (L)	8.08%

Management Discussion and Analysis (Continued)

Name	Nature of interests	Total interests in Shares	Approximate percentage of the Company's issued share capital
Mr. Lai Long Wai	Interest in a controlled corporation (Note 1)	170,000,000 (L)	8.08%
Pine Success International Holdings Limited	Beneficial owner (Note 2)	147,000,000 (L)	6.99%
Ms. Gao Miaomiao	Interest in a controlled corporation (Note 2)	147,000,000 (L)	6.99%
Mr. Cao Jianwei	Interest in a controlled corporation (Note 2)	147,000,000 (L)	6.99%

Remarks: (L): Long position

Notes:

1. Mr. Lai Long Wai is the legal and beneficial owner of the entire issued share capital of China Clean Energy Technology Limited which holds 170,000,000 Shares and thus Mr. Lai Long Wai is deemed to be interested in such shares of the Company under the SFO.
2. Ms. Gao Miaomiao and Mr. Cao Jianwei hold 85% and 15% of the issued share capital of Pine Success International Holdings Limited, respectively. As such, Ms. Gao Miaomiao and Mr. Cao Jianwei are deemed to be interested in such shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2026, the Directors of the Company were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed to have an interests and/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 under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Management Discussion and Analysis (Continued)

SHARE OPTION SCHEME

The current share option scheme (the “Share Option Scheme”) was adopted by the Shareholders at the annual general meeting of the Company held on 28 May 2021 (the “2021 AGM”). The Share Option Scheme shall continue in force for a period commencing from the date of adoption of the Share Option Scheme (the “Date of Adoption”), which is 28 May 2021, and expire at the close of business on the date which falls ten (10) years after the Date of Adoption (that is from 28 May 2021 to 27 May 2031). As at the date of this interim report, there is approximately 5 years remaining of the life of the Share Option Scheme.

The purpose of the Share Option Scheme is to enable the Company to grant Share Options (as defined below) to select Eligible Participants (as defined below) as incentives and/or rewards for their contribution or potential contribution to and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain high-calibre persons and attract human resources that are valuable to the Group or any associated company in which the Group holds any equity interest (the “Invested Entity”).

The Share Option Scheme intends to cover eligible participants (the “Eligible Participants”) including (i) any directors, whether executive or non-executive and whether independent or not, of the Group or any Invested Entity; (ii) any full time or part time employees of the Group or any Invested Entity; and (iii) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group.

The subscription price for shares of the Company (the “Share(s)”) under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date on which an offer(s) (the “Offer(s)”) of the grant of an option(s) to Eligible Participant(s) to subscribe for Share(s) under the Share Option Scheme (the “Share Option(s)”) is/are made to an Eligible Participant(s) (the “Offer Date”), which must be a day on which the Stock Exchange is open for the business of dealing in securities listed thereon (“Business Day”); (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

Management Discussion and Analysis (Continued)

An Offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such Offer shall be open for acceptance after the earlier of the 10th anniversary of the Date of Adoption or the termination of the Share Option Scheme or the Eligible Participant to whom such Offer is made has ceased to be an Eligible Participant. A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of a Share Option.

The Share Option Scheme does not specify a minimum period for which a Share Option must be held before it can be exercised. The exercise period of the Share Options granted is determinable by the directors of the Company at the time of making an Offer provided that such period shall not exceed the period of 10 years from the date of the grant of the particular Option but subject to the provisions for early termination. The exercise of any Share Option may be subject to any vesting schedule or condition(s) to be determined by the Board.

The total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of the approval of the Share Option Scheme (the "Scheme Mandate Limit"), unless approval from Shareholders has been obtained. Share Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. The Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the total number of Shares in issue as at the date of passing the relevant resolution. Share Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Share Options) will not be counted for the purpose of calculating this limit.

The total number of Shares available for issue under the Share Option Scheme is 162,000,000 Shares, representing approximately 10% of the total number of Shares in issue as at the date of passing of an ordinary resolution by the Shareholders at the 2021 AGM to approve the adoption of the Share Option Scheme. As at 1 January 2026, 30 June 2026 and as at the date of this interim report respectively, 162,000,000 Shares were available for issue under the Share Option Scheme, representing, 7.7% of the Shares in issue as at 1 January 2026, 30 June 2026 and as at the date of this interim report.

Management Discussion and Analysis (Continued)

The total number of Shares issued and to be issued upon exercise of the Share Options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue.

As at 1 January 2026 and 30 June 2026, there were no outstanding Share Options and no Share Options were granted, exercised, cancelled or lapsed during the Period. Further details of the Share Option Scheme are set out in the circular of the Company dated 23 April 2021.

CONTRACT OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Group's business in which the Company or any of its subsidiaries, fellow subsidiaries and parent company was a party and in which a Director and the Director's connected party had a material interest, whether directly or indirectly, subsisted during or at the end of the Period.

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 Period.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

No Director or his associate has engaged in any business which competes or is likely to compete directly or indirectly with that of the Group.

PURCHASE, REDEMPTION OR SALE OF SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities, including the sale of treasury shares (as defined under the Listing Rules), during the Period. As at 30 June 2026, the Company did not hold any treasury shares.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

Save as disclosed in this interim report, the Group had no future plan for material investments or purchase of capital assets during the Period.

Management Discussion and Analysis (Continued)

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public during the Period and up to the date of this interim report.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the Period and up to the date of this interim report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance and has taken appropriate steps to adopt and comply with the provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 of the Listing Rules during the Period, with the following exceptions:

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Period, Mr. Cui was the Chairman. The Company does not maintain the office of chief executive officer and the duties of a chief executive officer has been taken up by other executive Directors and senior management of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code.

The Company will issue a further announcement regarding the appointment of a new chief executive officer at the appropriate time.

DIRECTORS' SECURITIES TRANSACTIONS

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 its own code for dealing in securities of the Company by the Directors. Having made specific enquiry of all of the Directors, the Directors confirm that they have complied with the required standard as set out in the Model Code during the Period.

Management Discussion and Analysis (Continued)

CHANGES TO THE BOARD

During the Period and up to date of this interim report, there are no changes to the information of the members of the Board.

REVIEW BY AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Code and the Listing Rules for the purposes of, among other things, reviewing and providing supervision over the Group’s financial reporting process, internal controls and risk management systems.

The Audit Committee comprises of three independent non-executive Directors and at least one of whom is an independent non-executive Director with appropriate qualifications or accounting or related financial management expertise. The interim results for the Period are unaudited but the interim results for the Period and this interim report have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and this interim report are available for viewing on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.huili.hk>).

By order of the Board
Huili Resources (Group) Limited
Cui Yazhou
Chairman

Hong Kong, 27 August 2026