



FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code : 1738



2025 Annual Report

CONTENTS

2	Corporate Information	66	Consolidated Statement of Comprehensive Income
6	Chairman's Statement	67	Consolidated Statement of Financial Position
10	Management Discussion and Analysis	69	Consolidated Statement of Changes in Equity
26	Profiles of Directors and Senior Management	70	Consolidated Statement of Cash Flows
29	Report of the Directors	72	Notes to Financial Statements
41	Corporate Governance Report	158	Summary of Mine Properties
62	Independent Auditor's Report	160	Financial Summary
65	Consolidated Statement of Profit or Loss		



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. LI Zongyang (*Chairman*)

Independent Non-executive Directors

Ms. LIANG Ying

Mr. LUI Tin Shun

Mr. WANG Xiufeng

AUTHORISED REPRESENTATIVES

Mr. LI Zongyang

Ms. LIANG Ying

COMPANY SECRETARY

Ms. LAM Hoi Ki

AUDIT COMMITTEE

Mr. LUI Tin Shun (*Chairman*)

Ms. LIANG Ying

Mr. WANG Xiufeng

NOMINATION COMMITTEE

Mr. LI Zongyang (*Chairman*)

Mr. LUI Tin Shun

Ms. LIANG Ying

Mr. WANG Xiufeng

REMUNERATION COMMITTEE

Mr. WANG Xiufeng (*Chairman*)

Mr. LI Zongyang

Ms. LIANG Ying

Mr. LUI Tin Shun

ESG COMMITTEE

Mr. LI Zongyang (*Chairman*)

Mr. LIN Quanlong

Ms. QIN Lu

Mr. WANG Xiufeng

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

REGISTERED OFFICE

Maples Corporate Services (BVI) Limited

Kingston Chambers, P.O. Box 173

Road Town, Tortola

British Virgin Islands

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room M07, 7/F, Valiant Industrial Building

2-12 Au Pui Wan Street

Fo Tan

Hong Kong SAR

Telephone: +852 28589860

Facsimile: +852 28106963

COMPANY'S WEBSITE

<http://www.fsanthracite.com>

STOCK CODE

1738. HK

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

(As to Hong Kong Law)
Loeb & Loeb LLP

(As to PRC Law)
Commerce & Finance Law Offices

(As to British Virgin Islands Law)
Maples and Calder

PRINCIPAL BANKERS

Bank of Guizhou Co., Ltd.
China Minsheng Banking Corp., Ltd.
Bank of Guiyang

WE ARE COMMITTED TO
BECOMING ONE OF THE

MOST COMPETITIVE ANTHRACITE RESOURCE ENTERPRISES

IN SOUTHWEST CHINA





CHAIRMAN'S STATEMENT

On behalf of the board (the “Board”) of directors (the “Directors”) of Feishang Anthracite Resources Limited (“Feishang Anthracite” or the “Company”), I present the results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 to the shareholders of the Company (the “Shareholders”).

REVIEW

In 2025, China's economy displayed notable resilience as it continued to advance despite mounting pressures. The external environment remained complex and volatile, with significant adjustments in the global trade and economic landscape. Sino-US relations went through another turbulent year, marked by heightened tariff tensions and intensified technological competition. Against this backdrop, the central government pursued a moderately accommodative monetary policy and recorded the largest fiscal deficit in recent years to support stable economic performance. Guided by policies aimed at stabilising the property market and preventing further downturn, the real estate sector remained in a phase of deep adjustment. Although leading cities showed emerging signs of structural recovery, overall market performance continued to lag. Throughout the year, the central government focused on nurturing new quality productive forces and accelerating the development of a modern industrial system, while the digital economy and high-tech manufacturing sectors continued to expand rapidly. In 2025, China's gross domestic product (“GDP”) grew by 5.0% year on year (“YOY”), with total economic output surpassing CNY140 trillion for the first time, successfully achieving the annual target.

In 2025, coal supply within the industry was fairly sufficient relative to demand. By the end of the year, national coal enterprise inventories stood at 79 million tonnes, up 4.6% YOY. As a major downstream sector, coal stockpiles at thermal power plants remained at historically high levels throughout the year, reflecting strong assurance of supply for power generation. Coal prices in 2025 followed a V-shaped recovery trend, first falling in the early part of the year and then rising towards the end. The annual average price declined notably compared with previous years, and market volatility was considerable. Industry operations faced pressure with declining profitability. According to the National Bureau of Statistics, the total profit of the coal mining industry in 2025 was CNY352 billion, a decrease of 42% compared to the prior year.

On the supply side, coal supply continued to lack elasticity due to the deepening of supply-side reform, capacity replacement policies, and the normalisation of safety and environmental supervision. Nevertheless, premium production capacity in major producing regions such as Shanxi, Shaanxi, Inner Mongolia and Xinjiang continued to be released, becoming the core driver of output growth. Together, these four provinces accounted for over 80% of the nation's total raw coal production. Under this support, domestic raw coal production reached 4.85 billion tonnes in 2025, representing a 1.4% YOY increase. In contrast, coal imports recorded the largest decline in a decade, mainly due to abundant domestic supply of cheaper substitutes and an unusual contraction in thermal power generation, which significantly weakened import demand. By source, coal imports remained highly concentrated in Indonesia, Russia, Mongolia and Australia, which together accounted for as much as 95% of total imports, with Indonesia maintaining its leading position.

CHAIRMAN'S STATEMENT

On the demand side, total electricity consumption in China reached 10.37 trillion kWh in 2025, representing a YOY increase of 5.0%. With the country's energy mix continuing to optimise, coal consumption accounted for 51.4% of total energy consumption, down 1.8 percentage points from the prior year, while the share of clean energy consumption rose to 30.4%, up 1.8 percentage points. Clean energy power generation grew strongly during the year, with solar power generation surging by 39.8% and wind power up by 13.1%. The rapid growth of clean energy power generation squeezed the space for thermal power, and total thermal power generation by large-scale industrial enterprises reached approximately 6.3 trillion kWh, down 1.0% YOY – marking the first annual decline since 2016. Meanwhile, traditional energy-intensive industries remained sluggish, as the deep correction in the real estate sector continued to weigh on steel and cement demand, keeping coal consumption in these sectors weak. In contrast, the coal chemical industry emerged as one of the few stable growth areas, providing some support to overall coal demand.

In 2025, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY626.0 million. As disclosed in previous announcements and periodic reports, the Group's operations continued to be severely affected by the geological complexities of current mining faces, the streamlining of mining teams, and the suspension of coal mining caused by delays in excavation work. Externally, the market price of coal declined year by year due to overall loose supply and weak demand. This, coupled with a significant proportion of coal products being sold to power plants at regulated prices, and the stringent safety and environmental regulatory environment, further exacerbated the pressure on the Group's operations. These internal and external challenges led to insufficient production and sales volume of the Group's coal products, an increase in unit production cost, continued downward pressure on average selling prices, and deteriorating cash flows and operating results. Although production showed a slight recovery in 2025, it remained well below the level of previous years, and economies of scale were yet to be achieved. In addition, interest expenses arising from interest-bearing loans carried forward from previous years further eroded profitability. The Group has been striving to enhance coal quality management, cost control and process optimisation to cope with the current challenges and improve its operational performance, while actively exploring opportunities for asset restructuring to enhance liquidity and ease financial pressure. The Group will also negotiate favourable repayment arrangements for its loans and, where appropriate, consider fund-raising activities or divestiture of assets in response to funding needs, with a view to optimising its capital structure.

CHAIRMAN'S STATEMENT

OUTLOOK

The supply-side reform in the coal industry has continued to deepen, with further enhancement in production capacity concentration and intelligent mining. Raw coal output has grown moderately, while the establishment of the production capacity reserve system has reserved a certain scale of emergency capacity beyond regular capacity, effectively enhancing supply flexibility. Breakthroughs have been made in intelligent mining, with nearly one-fourth of coal mines achieving intelligent operations and over half of total capacity now coming from intelligent production, significantly improving production efficiency and safety standards. However, under the constraints of China's carbon peak and carbon neutrality targets, capacity expansion remains moderately restricted. Major coal-producing provinces have continued to concentrate capacity in resource-rich regions, while Xinjiang, leveraging its coal chemical industry, has become the main source of capacity increase. The shift in the role of coal from a fuel to an industrial feedstock has become increasingly pronounced. The coal import pattern has also changed, with import volumes declining for the first time in recent years, mainly due to the shrinking international price advantage and relatively weak domestic demand. At the same time, the "anti-involution" policies have brought greater order to production activities in major mining regions, facilitating stable and orderly supply. Overall, coal supply in the near future is expected to remain stable and sufficient. With the establishment of the capacity reserve system, cyclical fluctuations in the industry will weaken. Under the dual drives of energy security and low-carbon transition, the industry will continue to promote intelligent, clean and efficient utilisation.

On the demand side, coal demand exhibited a clear pattern of structural divergence among major coal-consuming industries. In the power sector, due to the substitution effect brought about by the rapid expansion of new energy generation, thermal power generation by large-scale enterprises nationwide recorded its first negative growth since 2016. Thermal power has been gradually shifting to the role of providing peak shaving support for new energy sources. The coal chemical industry stood out as the key growth driver, with major chemical products such as caustic soda and fertilisers recording output growth. The trend of coal transforming from a single fuel source to a "fuel + feedstock" dual role continued to strengthen, meaning that coal not only provides heat energy through combustion but also serves as a raw material in production processes, with its chemical components directly participating in reactions and eventually being converted into chemical products such as fertilisers and plastics. This development enhances the value of coal and promotes its clean and efficient utilisation. In contrast, coal consumption in metallurgy and building materials remained under pressure. A slowdown in infrastructure investment contributed to declines in national cement, pig iron and crude steel output, thereby dampening coal demand in these sectors. Overall, total coal consumption maintained modest growth, though at a slower pace than before, and coal's share in total energy consumption continued its downward trend. Looking ahead, under the overarching trend of green and low-carbon energy transition, coal consumption is expected to further evolve towards feedstock-oriented, peak-shaving and high-quality applications. The total consumption volume may enter a plateau phase with moderate fluctuations at a high level.

The Group anticipates continued operational challenges in the near future, and production is expected to remain below previous years' levels due to the following factors: (i) persistent geological complexities affecting production volume and coal quality; (ii) the streamlining of mining teams and delays in excavation work adversely affecting mining efficiency; and (iii) escalating compliance costs arising from safety and environmental regulations. Also, average selling prices continue to stay at a low level, and although production volume has slightly rebounded, it has yet to reach the levels of previous years, and economies of scale have not

CHAIRMAN'S STATEMENT

been achieved. Production and sales volume as well as cash flows have yet to break out of the negative cycle. The Group will continue to adopt an integrated approach to addressing the current operational difficulties, including expanding production output, managing coal quality, enhancing mining intelligence, implementing rigorous cost controls, carrying out preparatory work for the development of high-quality coal seams, negotiating favourable loan repayment schedules, and considering capital raising exercises and divestiture plans. Despite these efforts, the Group's profitability continues to face pressure, driven by unachieved economies of scale, compressed profit margins, increased interest expenses, and deteriorating cash flows. The Group's recovery hinges on restoring production volume, addressing liquidity challenges, improving operational efficiency, and diversifying into premium coal markets to mitigate cyclical risks. However, whether the Group will be able to obtain favourable repayment terms from its lenders/plaintiffs and when the decline in coal prices will reverse are external risks beyond the Group's control. Should these factors fail to improve substantially, they will pose a serious threat to the Group's going concern, cash flows, profitability and stability.

Energy security and stable power supply are essential to economic and social development, and coal, as the primary source of energy in China, remains the cornerstone of energy security. New energy is playing an increasingly important role in achieving long-term climate goals and ensuring long-term energy security, and its development has become the leading force in the current energy structure transformation. Against this backdrop, the present focus is on promoting the clean and efficient utilisation of coal and advancing its deep integration and coordinated development with new energy. This is reflected in the gradual expansion of coal's role from providing a basic guarantee of stable supply to contributing to flexible adjustment for new energy, participating in the construction of multi-energy complementary systems, and jointly building a more resilient and reliable modern energy system. Therefore, the Company remains cautiously optimistic about the coal industry in the medium to long term. When suitable opportunities arise, the Company will also consider other potential business projects that can provide its shareholders with desirable returns and benefit the Group as a whole. In particular, against the backdrop of the carbon peak and carbon neutrality targets, the Company will actively leverage the resources and experience of its major shareholder in the new energy sector to accelerate the exploration of investment opportunities in the new energy field.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their hard work and dedication during the year. I would also like to express my sincere gratitude to the Shareholders for their continuous support.

LI Zongyang

Chairman

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2025, the global economic landscape remained volatile, with persistent geopolitical tensions and ongoing trade frictions among major economies. Although interest rates in developed markets began to ease, they stayed relatively high, weighing on global momentum and posing continued challenges to China's recovery. Domestically, China's structural economic transformation deepened further. The real estate sector continued its consolidation phase, while local government debt pressures persisted as a major constraint. The "three economic engines" – consumption, investment and exports – displayed uneven dynamics. The consumer market expanded on an overall scale; investment, however, weakened due to reduced property development spending, while external trade pursued new growth opportunities amid a complex global environment, with exports remaining broadly resilient. In response, the central government tightened the precision of its macroeconomic management, implementing an active fiscal policy alongside a moderately accommodative monetary stance to stabilise growth and nurture new sources of momentum. On the fiscal side, objectives focused on advancing the "Two Major" – implementing major national strategies and building up security capacities in key areas – as well as the "Two New" – promoting large-scale equipment upgrades and consumer goods trade-in. Specific measures included issuing CNY1.3 trillion in ultra-long special treasury bonds to be invested in relevant fields and allocating CNY4.4 trillion in local government special-purpose bonds to support the construction of major plans. On the monetary side, policy efforts centred on optimising structural tools to guide financial institutions in expanding credit support for key areas such as technological innovation, boosting consumption, and small, medium and micro enterprises.

The coal market in 2025 saw a significant decline in import volumes, while national coal inventories remained at relatively high levels. Coal prices exhibited a trend of early decline followed by stabilisation, with the overall market characterised by ample supply and weak demand. The industry continued to face structural changes in energy consumption, with the growth of overall coal consumption slowing down. Nevertheless, the coal chemical sector maintained robust growth momentum, consuming a cumulative 360 million tonnes of coal in the first ten months, up 10.9% year on year, and remained the main driver of demand. The substitution effect of new energy power generation further strengthened, leading to the first decline in a decade in thermal power generation, while demand from the metallurgy and building materials sectors stayed subdued. Looking ahead, the coal market is expected to remain generally balanced, with prices operating steadily within a reasonable range. Over the next five years, coal consumption is likely to plateau at a high level.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the Group continued to face severe operational challenges arising from both internal and external factors. Internally, the geological conditions of current mining faces remained complex and are expected to persist in the short term, adversely affecting both production volume and coal quality. At the same time, uncertainties associated with the streamlining and adjustment of mining teams, coupled with continued delays in excavation work, disrupted production stability and severely constrained the Group's production capacity. Externally, coal consumption recorded slower growth and coal prices declined year by year, plus a significant portion of the Group's coal products were sold to power plants at regulated prices, which further compressed profit margins. In the context of increasingly stringent safety and environmental supervision, production and output remained under considerable pressure, leading to additional operating costs. In addition, interest expenses arising from legacy loans carried forward from prior years continued to weaken profitability. These combined pressures resulted in only a slight recovery in the Group's coal production volume, which still fell well below previous years' levels, undermining economies of scale. Unit production costs rose, and average selling prices remained subdued, triggering a cycle of production constraints and deteriorating cash flows. The above factors significantly weakened the Group's profitability and liquidity, underscoring the compounded risks of production instability, market fluctuations and regulatory constraints in an increasingly challenging industry environment.

Faced with numerous challenges in 2025, the Group has remained committed to managing coal quality, controlling costs and optimising processes to improve its operational performance and profitability. The Group has also been actively exploring fundraising opportunities, negotiating repayment arrangements with lenders/plaintiffs, and considering the possible divestiture of interests in coal mines to enhance liquidity and alleviate financial pressure. The Group believes that the difficulties are temporary, and with continued efforts to restore production levels, its profitability and financial position will gradually improve.

The Group recognises that product quality is essential for building sustainable competitive advantages in future market competition. Accordingly, the Group is committed to expanding high-quality production capacity, strengthening coal quality management, and optimising its product mix. To this end, the Group has established a coal quality control team to formulate comprehensive quality management measures covering the entire process of coal mining, transportation, screening, washing and sales. Through clarifying responsibilities and implementing performance evaluation mechanisms at each stage, the Group continues to enhance the effectiveness of its coal quality management. Meanwhile, the sales department formulates and adjusts sales strategies on a regular basis in response to market changes to optimise the product mix and improve overall efficiency. The Group believes that sound production management will enable it to release production capacity and further improve product quality and competitiveness when geological conditions improve. The coal processing systems and washing plants will facilitate efficient coal blending, allowing the Group to provide customers with customised and quality-controlled products. Against the backdrop of carbon peaking and carbon neutrality targets, the Group will actively explore opportunities for clean and efficient utilisation of coal, as well as investment prospects in the new energy sector. The Group will continue to enhance the brand recognition of Feishang Anthracite to consolidate and expand its presence in the high-end market.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group, as always, attached great importance to coal mine safety and adopted multiple safety measures to ensure safe production and proactive compliance with all safety regulations. Safety management, being the core of production management, was implemented throughout the entire production process. The safety measures included consulting safety inspection personnel for constructive opinions, continuously updating various production safety and gas control policies to strengthen the safety management system, increasing the frequency of safety inspections, engaging professional gas control teams, continuously upgrading relevant production facilities, and enhancing safety-related training.

The Group also continued to explore and optimise coal mine design and actively apply new technologies and equipment in mine construction and excavation to improve operational efficiency, enhance production safety and intelligence, and reduce capital commitment and production cost. To further strengthen cost control, the Group promoted the use of gob-side entry retaining (GSER) technology to reduce roadway driving costs, optimised roadway driving plans to reduce roadway driving metres per ton of coal produced, and executed directional pre-splitting at upper and lower ribs in Yongsheng Coal Mine and other mines as appropriate, in order to lower maintenance costs. The Group also continued to actively promote refined management to ensure that all investments and expenses were appropriate, reusable materials were recycled, and all production and marketing activities were cost-effective.

For the year ended 31 December 2025, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY626.0 million, representing an increase of approximately 16.1%.

Compliance

The Group and its activities are subject to requirements under various laws. These include, among others, the laws of the People's Republic of China (the "PRC") relating to the coal industry, environmental protection, safety production, mining resource consolidation, taxation, and labour and the applicable rules, regulations, guidelines, notices and policies issued or promulgated under or in connection with these statutes. On the listed company level, the Group is also subject to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Codes on Takeovers and Mergers and Share Buy-backs, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and/or the laws, rules and regulations of the jurisdictions where the Group companies are incorporated. The Company seeks to ensure compliance with these requirements through various measures such as internal controls, trainings and oversight of various business units at different levels of the Group. The Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements.

During the year, as far as the Company is aware, there was no material breach of and/or non-compliance with applicable laws and regulations by the Group that had a significant impact on the business and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Customer and Supplier Relationship

In 2024 and 2025, sales to the Group's largest customer accounted for approximately 24.6% and 40.6% of the Group's total sales, respectively and sales to the Group's five largest customers accounted for approximately 57.5% and 70.8% of the Group's total sales, respectively.

The major suppliers for the Group's mining operations include third party contractors, suppliers of machinery and equipment and suppliers of ancillary materials used in the mining operations. In 2024 and 2025, purchases from the largest supplier accounted for approximately 17.2% and 15.2% of the total purchases, respectively, and the total purchases (including those from coal mine construction contractors) from the five largest suppliers accounted for approximately 45.6% and 49.1% of the total purchases, respectively.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had an interest in any of the Group's five largest customers and suppliers.

In 2024 and 2025, the Group's top five customers were primarily coal trading companies (for onward sales to power plants, cement plants, chemical plants and steel manufacturers). The trading terms with the major customers mainly included payment in advance or payment with a credit period of one month. For most of new non-power plant customers, the Group adhered to the term of "advance payment before delivery" to minimise potential credit risk. The Group has established relationship with its major customers for 2 to 7 years. In 2025, the Group was involved in litigation with one of its five largest customers, Guizhou Province Development Investment Company Limited. For details in connection with the legal proceedings, please refer to the announcement of the Company dated 1 December 2025. Except as disclosed above, as of the date of this report, the Group has maintained fair business relationships with its major customers.

The payment terms offered by the major suppliers (other than construction related contractors) are usually deposit and cash on delivery followed by a balance payment with credit term up to one year. The Group is not dependent on any single supplier. The Group typically selects suppliers based on various factors, including the quality and safety standard of the products, the ability to reliably meet the product requirements, the credit terms and the after-sales service. The Group has established relationship with its major suppliers for over 1 year.

The average accounts payable turnover days (which is calculated by dividing the arithmetic mean of opening and ending balance of accounts payable (excluding amounts due to construction related contractors) for the year by cost of sales in the year and then multiplying by 360 days) in year 2025 was approximately 367 days, compared to approximately 384 days in 2024. As of the date of this report, there were outstanding litigations commenced by several suppliers against certain subsidiaries of the Group due to overdue accounts payable. The Group has been actively managing the risks that may arise from these litigations through measures including seeking advice from legal advisers and settlement negotiations.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policy

The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme. Employees of the Group are encouraged to attend training and development courses to acquire the right knowledge and skills, and the training expenses are charged to the Group. The emolument policy of the employees of the Group is based on their merit, qualifications and competence. The emoluments of the Directors are determined by taking into account the Group's operating results, individual performance and comparable market statistics. No Director (or any of his associates) is involved in determining his own remuneration.

As at 31 December 2025, the Group had employed 1,675 full time employees (not including 659 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) from continuing operations amounted to approximately CNY179.9 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2025 (2024: CNY205.9 million).

The Company has adopted a share option scheme as an incentive to Directors and eligible employees of the Group, details of which are set out in note 30 to the consolidated financial statements and under the paragraph headed "Share Option Scheme of the Company" in the section headed "Report of the Directors" of this report.

The Group has assembled a management team consisting of key employees with many years of experience in various aspects of the coal mining industry, particularly in coal mine operations management, coal safety production, mining-related engineering and technologies, and coal sales and marketing. Most of the key employees have served the Group for over 5 years. As at 31 December 2025 and the date of this report, the management team and employees have been unstable, as the Group's working relationship with its employees has become challenging due to the financial difficulties faced by the Group.

For more information about the employee relations, please refer to the environmental, social and governance ("ESG") report for the year of 2025 to be published by the Company.

Community Relationship

The Group understands the importance of relationships with its surrounding communities. The Group has made community donations in Jinsha county and Liupanshui city from time to time. The Group did not run into any material disputes or conflicts with its surrounding communities for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Environmental Policy and Measure

The Group believes that the establishment of corporate social responsibility is essential for improving environmental and occupational health and safety, building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group.

The Group is also committed to environmental protection in its operations and has made financial commitments towards the construction of environmental protection facilities and the establishment of an environmental protection management and monitoring system. In 2025, the cost of compliance with environmental obligations was approximately CNY2.1 million, of which CNY0.6 million was related to the construction of environmental protection facilities. The Group has set aside restricted cash and placed cash with the relevant government authorities for the purpose of future environmental rehabilitation obligations as well as the settlement of asset retirement obligations. As at 31 December 2025, the rehabilitation fund was approximately CNY11.3 million.

For details of the Group's performance on environmental, social and governance, please refer to the Group's separate ESG report for the year of 2025 published by the Company.

Safety Measure

The Group is committed to maintaining high safety standards at the coal mines, such as providing a safe working environment at coal mines, conducting regular safety training sessions for employees, including mine managers, methane inspectors, blasters, electricians, coal miners and other workers, to improve their safety awareness and knowledge, and arranging periodic health checks for employees. The Group has implemented a six-part safety system at operating coal mines which consists of the following components: an electronic safety monitoring system; a wireless tracking system that tracks the location of underground workers; emergency exits; emergency water supplies; emergency underground communication equipment; and compressed air stations that provide emergency underground oxygen supplies.

DISCLAIMER OF OPINION ISSUED BY THE AUDITORS

Ernst & Young, the auditors of the Company, issued disclaimer of opinion on the going concern basis ("Disclaimer of Opinion") for the consolidated financial statements of the Group for the year ended 31 December 2025.

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:

Disclaimer of opinion

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Basis for disclaimer of opinion

As set out in note 2.1 to the consolidated financial statements, the Group recorded a loss attributable to the owners of the Company of CNY626.0 million for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million and shareholders' deficit of CNY2,353.7 million. In addition, as at 31 December 2025, the Group had cash and cash equivalents of CNY4.3 million and the Group's total principal amounts of bank and other borrowings amounted to CNY1,622.1 million, out of which CNY1,562.6 million will be due for repayment within the next twelve months, including (1) borrowings of approximately CNY781.3 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of approximately CNY10.4 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations, which was remained unsettled as at 31 December 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, including whether the Group can: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd.; (vii) consider divestiture plan of certain mining assets for lowering the debt and gearing ratio; and (viii) consider various forms of capital raising exercise by discussing with potential investors in view of prevailing market conditions.

The execution of the plans and measures by the Group is still in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks and other creditors that are available as at the approval date of the consolidated financial statements. In addition, certain coal mines of the Group are still suspending their operations at the date of our report. Accordingly, we were unable to obtain sufficient appropriate audit evidence we considered necessary to assess the assumptions underlying the cash flow forecasts and the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could perform to satisfy ourselves with the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

THE COMPANY'S VIEW ON THE AUDIT QUALIFICATION

In order to address the uncertainties which may cast doubt on the Group's ability to continue as a going concern, and with a view to removing the Disclaimer of Opinion in the audit report, the Group has taken and intends to continue to implement the measures as follows:

- (a) The Company has been taking a number of measures to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, namely: (i) obtain the continual support from the existing lenders of the Group such that they will not demand immediate repayment of the relevant borrowings, and negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings, and renew the borrowings with the lenders as and when needed; (ii) negotiate and agree with the plaintiffs on the settlement plans/revised settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of the Group's coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilise and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; and (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise").
- (b) Regarding the Group's bank and other borrowings, the Group continues to line up meetings with its lenders for the negotiation of repayment proposals. With regard to the other lenders, the Group would continue to meet up with them to understand their stance for carrying out negotiations.

The Group has entered into negotiations with each of the plaintiffs about settling the litigation/arbitrations initiated by them or determined in their favour. The Group would continue to carry out such negotiations. For details in connection with the legal proceedings with Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司), please refer to the announcement of the Company dated 1 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

(c) Regarding production level, the Group will continue to stabilise and expand production output in pursuit of economies of scale and opportunities for better product diversification. Certain coal mines of the Group were shutdown intermittently in 2025. Annual production was scaled down to around 1,160,000 tonnes in 2025. The Group expects its production will be increased in 2026, resulting in improved gross profit margin and operating cashflow.

Overall, the Company considers the material uncertainties in relation to going concern to be temporary. The Company also considers that, after taking into account the measures above, which are expected to be implemented in the next 12 months, and the expected rebound in production level, the Group's profitability, operating cashflow, liquidity and financial position will improve. Meanwhile, the Group will consider any form of capital raising exercise when market condition permits. The Group will also consider any divestiture plan to lower its debt and gearing ratio. In this regard, preliminary discussions with potential purchasers of interests in Dayun Coal Mine and Liujiaba Coal Mine have been carried out although no firm commitment or arrangement is reached.

FINANCIAL REVIEW

Key Performance

Items	For the year ended 31 December 2025 CNY'000	For the year ended 31 December 2024 CNY'000	Change (%) Increase/ (decrease)
Continuing Operations			
Revenue	356,774	308,308	15.7%
Cost of sales	(429,035)	(307,986)	39.3%
Gross (loss)/profit	(72,261)	322	n/a
Selling and distribution expenses	(26,752)	(24,065)	11.2%
Administrative expenses	(109,970)	(136,049)	(19.2%)
Impairment losses on financial assets, net	(771)	(5,637)	(86.3%)
Impairment losses on property, plant and equipment and right-of-use assets	(204,799)	(160,098)	27.9%
Other operating expenses, net	(103,948)	(65,892)	57.8%
Finance costs	(154,602)	(153,137)	1.0%
Income tax	(52,788)	(24,774)	113.1%
Loss for the year from continuing operations	(725,880)	(568,703)	27.6%
Loss attributable to owners of the parent from continuing operations	(625,636)	(538,626)	16.2%
Discontinued Operation			
Loss for the year from a discontinued operation	(394)	(408)	(3.4%)
Loss attributable to owners of the parent from a discontinued operation	(390)	(404)	(3.5%)
Loss for the year	(726,274)	(569,111)	27.6%
Loss attributable to owners of the parent	(626,026)	(539,030)	16.1%

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING OPERATIONS

Revenue

The Group's total revenue from continuing operations increased by approximately 15.7% from approximately CNY308.3 million in 2024 to approximately CNY356.8 million in 2025. The approximately CNY48.5 million increase in revenue in 2025 was mainly due to the increase in sales volume of self-produced anthracite coal, notwithstanding the drop in the average selling price. The sales volume of self-produced anthracite coal increased from approximately 0.88 million tonnes in 2024 to approximately 1.04 million tonnes in 2025, representing an increase of approximately 18.9%. The main reason for this increase in sales volume was the resumption of production of Yongsheng Coal Mine and Baiping Coal Mine after the temporary suspension. The average selling price (net of value-added tax) of self-produced anthracite coal fell from CNY352.5 per tonne in 2024 to CNY343.1 per tonne in 2025, representing a decrease of approximately 2.7%, mainly as a result of the drop in the overall price of coal market in Chinese Mainland.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending) increased from approximately CNY159.7 million (approximately 0.26 million tonnes sales volume) in 2024 to approximately CNY165.3 million (approximately 0.30 million tonnes sales volume) in 2025. The increase in revenue from sales of processed coal was mainly due to the increase of 0.04 million tonnes in sales volume. The reason for the increase has been discussed above.

In 2024 and 2025, the Group respectively derived approximately 57.5% and 70.8% of its revenue from anthracite coal sales to its five largest customers. The management of the Group believes that by further expanding the product mix through coal washing and coal blending, the dependency on a limited number of large customers will decrease gradually and the Group's profit margin will increase.

Cost of Sales

The Group's cost of sales from continuing operations increased by approximately 39.3% from approximately CNY308.0 million in 2024 to approximately CNY429.0 million in 2025. The increase in cost of sales was mainly due to the increase of approximately 18.9% in sales volume of self-produced anthracite coal and an increase in the unit of production cost.

Cost of Sales for Coal Mining

Labour costs in 2025 were approximately CNY120.2 million, representing an increase of approximately CNY18.4 million, or approximately 18.1%, as compared with approximately CNY101.8 million in 2024. The increase in labour costs was generally in line with the increase in sales volume of self-produced anthracite coal in 2025.

Material, fuel and energy costs in 2025 were approximately CNY89.6 million, representing an increase of approximately CNY13.2 million or approximately 17.2%, as compared with approximately CNY76.4 million in 2024. The increase in material, fuel and energy costs was proportionally lower than the increase in sales volume of self-produced anthracite coal in 2025 because the Group reduced the repair and maintenance works resulting from the resumption of production of certain coal mines.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and amortisation in 2025 were approximately CNY132.9 million, representing an increase of approximately CNY62.2 million, or approximately 87.9%, as compared with approximately CNY70.7 million in 2024. The increase in depreciation and amortisation in 2025 was mainly caused by the increase in production volume, certain mining structure of Yongsheng Coal Mine put into use in 2025 and the unit construction costs of certain mine faces depreciated in 2025 higher than those of the prior year.

Taxes and levies in 2025 were approximately CNY18.5 million, representing an increase of approximately CNY4.7 million or approximately 34.3% as compared with approximately CNY13.8 million in 2024. The increase in the sales tax and levies, which mainly consisted of ad valorem resource tax imposed on coal mines, was mainly due to the increase in the revenue of anthracite coal in 2025.

Cost of Sales for Coal Processing

Coal processing costs, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY27.2 million in 2024 to approximately CNY40.0 million in 2025. This was mainly due to the increase in coal processing volume and the repair and maintenance of equipment and transport belts of the coal beneficiation plant.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	2025	2024
	CNY/tonne	CNY/tonne
Labour costs	115.6	116.4
Raw materials, fuel and energy	86.2	87.4
Depreciation and amortisation	127.8	80.9
Taxes & levies payable to governments	17.8	15.8
Other production-related costs	26.7	20.7
Total unit cost of sales for coal mining	374.1	321.2

Cost Items for Coal Processing Activities	2025	2024
	CNY/tonne	CNY/tonne
Labour costs	19.7	18.0
Materials, fuel and energy	51.2	34.4
Depreciation	59.9	49.6
Taxes & levies payable to governments	1.0	2.4
Transportation fee	–	0.1
Other coal processing related costs	2.3	2.0
Total unit cost of sales for coal processing	134.1	106.5

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross loss from continuing operations was approximately CNY72.3 million in 2025 compared to the overall gross profit of approximately CNY0.3 million and the overall gross margin (equal to gross profit divided by revenue) was approximately 0.1% in 2024. The decrease in overall gross profit and gross margin was primarily caused by an increase in unit cost of sales and the slight drop in the average selling price as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

The selling and distribution expenses from continuing operations, primarily consisting of transportation fee in connection with the sales of thermal coal and salaries and benefits, increased by approximately 11.2% from approximately CNY24.1 million in 2024 to approximately CNY26.8 million in 2025. The increase was mainly due to the increase in transportation fee for delivery of thermal coal.

Administrative Expenses

The administrative expenses from continuing operations decreased by approximately 19.2% from approximately CNY136.0 million in 2024 to approximately CNY110.0 million in 2025. The decrease was mainly due to the decrease in staff cost resulting from stringent cost and expense control measures.

Impairment Losses on Financial Assets

The Group made the provision for impairment of financial assets from continuing operations of approximately CNY0.8 million in 2025 compared to approximately CNY5.6 million in 2024. The decrease in impairment was mainly due to the decrease in impairment of trade receivables resulting from the change in expected credit losses.

Impairment Losses on Property, Plant and Equipment and Right-of-use Assets

The Group had impairment losses on property, plant and equipment from continuing operations of approximately CNY204.8 million in Liujiaba Coal Mine and Baiping Coal Mine in 2025, and impairment losses on property, plant and equipment and right-of-use assets with an aggregate amount of approximately CNY160.1 million in Liujiaba Coal Mine and Baiping Coal Mine in 2024, in connection with the decline in coal quality.

Other Operating Expenses, Net

Other operating expenses primarily consist of the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group, the accrual of tax surcharges, safety security fines, loss arising from temporary suspension of production, service fees for other operating business and expenses accrued in respect of litigations and arbitrations. Other operating income primarily consists of government grants related to the price subsidy for supply of thermal coal to power plants and intelligent mechanization transformation. The net other operating expenses from continuing operations increased to approximately CNY103.9 million in 2025 from approximately CNY65.9 million in 2024. This was mainly caused by the expenses accrued in respect of litigations and arbitrations in 2025.

Finance Costs

The finance costs from continuing operations, which primarily consist of interest expenses on interest-bearing bank and other borrowings and lease liabilities, increased by approximately 1.0% from approximately CNY153.1 million in 2024 to approximately CNY154.6 million in 2025. The increase in finance costs was mainly due to the accrual of penalty interest expense on overdue loans.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax

The Group's income tax from continuing operations increased to approximately CNY52.8 million in 2025 from approximately CNY24.8 million in 2024. The increase in income tax in 2025 was mainly attributable to the reversal of the deferred income tax benefits recognised in prior years, resulting from a reduction in forecast pre-tax profit.

Loss for the year from Continuing Operations

The loss from continuing operations increased from approximately CNY568.7 million in 2024 to approximately CNY725.9 million in 2025. The increase in loss from continuing operations in 2025 was mainly caused by (i) the decrease of approximately CNY72.6 million in gross profit resulting from the increase in unit cost of sales and the slight drop in average selling price; (ii) the increase of approximately CNY70.6 million in impairment losses on property, plant and equipment, coupled with the decrease of approximately CNY25.9 million in impairment losses on right-of-use assets; (iii) the increase of approximately CNY38.1 million in the net other operating expenses mainly due to the expenses accrued in respect of litigations and arbitrations; and (iv) the increase of approximately CNY28.0 million in income tax mainly due to the reversal of the deferred income tax benefits recognised in prior years, resulting from a reduction in forecast pre-tax profit. The increase in loss was partially offset by the decrease of approximately CNY26.1 million in administrative expenses mainly due to the decrease in staff cost resulting from stringent cost and expense control measures.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations increased from approximately CNY538.6 million in 2024 to approximately CNY625.6 million in 2025. The reasons for the increase in the loss attributable to owners of the parent from continuing operations in 2025 have been discussed above.

DISCONTINUED OPERATION

Discontinued operation of Gouchang Coal Mine

Since March 2013, the operations of Gouchang Coal Mine had been suspended pending the acquisition of a nearby coal mine and achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group closed down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation on 5 January 2016.

In 2025, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as a discontinued operation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024 and 31 December 2025, the Group had net current liabilities of approximately CNY3,888.9 million and approximately CNY4,215.4 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the year ended 31 December 2025. As at 31 December 2025, the Group had cash and cash equivalents of approximately CNY4.3 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 2025, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY1,562.6 million. As at 31 December 2025, the Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY59.5 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him, and some of the Group's bank borrowings are secured by pledges of the mining rights of the Group, equity interests in Guizhou Puxin Energy Co., Ltd. ("Guizhou Puxin"), Guizhou Yongfu Mining Co., Limited ("Guizhou Yongfu"), Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun"), Liuzhi Xinsong Coal Mining Co., Ltd. ("Xinsong Coal") and Jinsha Baiping Mining Co., Ltd. ("Baiping Mining"), certain trade receivables in Guizhou Dayun, and certain mining structure, machinery and equipment in Guizhou Dayun, Baiping Mining and Xinsong Coal. As at 31 December 2025, the Group had loans amounting to approximately CNY1,141.2 million with effective fixed interest rates ranging from 3.38% to 12.2% per annum. The remaining loans held by the Group as at 31 December 2025 had effective floating interest rates ranging from 6.05% to 12.2% per annum.

As at 31 December 2025, the Group had an aggregate of overdue principal amounts of interest-bearing bank and other borrowings amounting to approximately CNY781.3 million. This might also trigger breaches of certain terms and conditions of other bank and other borrowings. The Group is, as at the date of this report, in the process of negotiating with the relevant banks and other creditors for loan extensions and waivers. In addition, the Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations. The Group is in the process of negotiating and reaching settlement agreements/revised settlement agreements with counter-parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets of the Group

As at 31 December 2024 and 31 December 2025, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,506.7 million and approximately CNY1,432.0 million, respectively, and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,527.2 million and approximately CNY1,423.6 million, respectively.

As at 31 December 2024 and 31 December 2025, certain mining rights of the Group with carrying amounts of approximately CNY383.0 million and approximately CNY306.2 million, respectively, were pledged to secure bank loans with carrying amounts of approximately CNY1,362.8 million and approximately CNY1,299.7 million, respectively.

As at 31 December 2024 and 31 December 2025, the Company's equity interest in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining were pledged to secure bank loans with a carrying amount of approximately CNY570.7 million and approximately CNY494.3 million, respectively.

As at 31 December 2024 and 31 December 2025, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY21.5 million and CNY25.4 million, respectively, were pledged to secure the loan with carrying amounts of approximately CNY92.9 million and CNY94.1 million, respectively.

As at 31 December 2024 and 31 December 2025, certain trade receivables (including inter-company trade receivables) owned by the Group with carrying amounts of approximately CNY52.0 million and approximately CNY52.0 million, respectively, were pledged to secure loans with carrying amounts of CNY48.2 million and CNY48.2 million, respectively.

Pledge of Shares by the Controlling Shareholder

As at 31 December 2023, working capital facilities of up to CNY200.0 million advanced by Guizhou Province Development Investment Company Limited ("GPDIC") from time to time to Guizhou Puxin have been made available by the pledging of 600,000,000 ordinary shares of the Company's issued share capital held by Feishang Group Limited (a controlling shareholder of the Company) in favour of GPDIC. For details of the pledge of shares, please refer to the announcement of the Company dated 19 May 2023. In addition, the above-mentioned advances by GPDIC have been guaranteed by the Company and its four subsidiary companies, Mr. LI Feilie and his associates, and an independent third party.

Legal Proceedings in relation to the Pledge of Shares by the Controlling Shareholder

For details in connection with the legal proceedings with GPDIC, please refer to the announcement of the Company dated 1 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments and Expected Source of Funding

As at 31 December 2025, the Group had contractual capital commitments mainly in respect of machinery and equipment and materials purchased by coal mines for operations amounting to approximately CNY8.5 million. The Group plans to finance the capital commitments by internal resources, additional short-term and long-term bank and other borrowings, and/or possible equity financing.

Gearing Ratio

As at 31 December 2024 and 31 December 2025, the gearing ratio (which is calculated by dividing total interest-bearing debt by total equity plus total interest-bearing debt at the end of the year and multiplying by 100%) was approximately 798.3% and negative 297.4%, respectively. The gearing ratio increased in 2025 as the Group recorded a significant loss for the year.

Contingent Liabilities

As at 31 December 2025, except for interest-bearing bank and other borrowings and finance lease arrangements disclosed above, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Except as disclosed above, there were outstanding litigations commenced by several suppliers, banks, other creditors and employees against certain subsidiaries of the Group claiming machinery and equipment payments, debts and employee benefits. The directors of the Company have estimated that the Group will likely be liable to pay the payments and contractual penalty, which had been provided and included in “trade and bill payables”, “other payables and accruals” and “interest-bearing bank and other borrowings” as at 31 December 2025 and 2024. In the opinion of the Company’s directors, no further provision for litigation was required to be made for the year ended 31 December 2025.

Except as disclosed above, during the year and up to 31 December 2025, the Group was not involved in any other material litigation, arbitration or administrative proceedings, claims or disputes. As far as the directors of the Company were aware, the Group had no other material litigation or claim which was pending or threatened against the Group.

Currency Exposure and Management

Since the majority of the Group’s business activities are transacted in CNY, the Directors consider that the Group’s risk in foreign exchange is insignificant.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. LI Zongyang (李宗洋), aged 28, was appointed as an executive Director and the chairman of the Board in October 2025. He is also the chairman of the ESG committee and the nomination committee and a member of the remuneration committee of the Company. Mr. Li graduated from University College London with a Bachelor of Arts degree in History, Politics and Economics in July 2018. He was selected as one of the “Hurun China U30 Entrepreneurial Leaders” in 2020. He has approximately six years of investment experience in the coal industry. Mr. Li is a shareholder of the Company and indirectly holds 9.63% of the Company’s shares through Shenzhen Feishang Industry Investment Holding Co., Ltd.* (深圳市飛尚產業投資控股有限公司) (“Shenzhen Feishang Industry Investment”). He has served as the legal representative, director and general manager of Shenzhen Feishang Industry Investment since September 2018, and as the legal representative, director and general manager of Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd.* (深圳市前海飛尚產業投資控股有限公司) since July 2020. Since December 2022, Mr. Li has served as a director and vice president of marketing at a technology company in Hangzhou specialising in the Internet of Things, responsible for expanding and maintaining overseas customers and participating in the company’s financing activities. From February 2022 to August 2023, Mr. Li served as the chief representative and business director of MTS WEB SERVICE AI in the Greater China region, responsible for developing business in China. From August 2017 to December 2020, Mr. Li served as a director of Sino-British Summit, responsible for the operation of this non-governmental exchange platform between China and the UK. Save as disclosed above, Mr. Li did not hold any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. LIANG Ying (梁穎), aged 36, was elected as an independent non-executive Director in June 2024. She is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Save as disclosed above, Ms. Liang does not hold any other position with the Company or any member of the Group. Ms. Liang has around 10 years of experience in finance and investment. She has been working at Shanghai Kangzheng Investment Management Co., Ltd. (上海康正投資管理有限公司) since October 2015, where she served as an accountant from October 2015 to May 2017, as a financial manager from May 2017 to March 2019, and as an investment director since March 2019. She is responsible for the selection of the company’s investment projects and the formulation and implementation of investment plans and has accumulated rich investment experience. From October 2013 to October 2015, she was engaged in treasury management in Feishang Enterprise. Ms. Liang graduated from Guangdong University of Finance (廣東金融學院) in June 2013, majoring in accounting. Save as disclosed above, Ms. Liang did not hold any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LUI Tin Shun (呂天舜), aged 44, was appointed as an independent non-executive Director in December 2025. He is also the chairman of the audit committee of the Company, and a member of the remuneration committee and the nomination committee of the Company. Save as disclosed above, Mr. Lui does not hold any other position with the Company or any member of the Group. Mr. Lui graduated from Queen's University in Ontario, Canada with a Bachelor of Arts degree in Economics in May 2004. He was accredited as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in January 2009. Mr. Lui has over 20 years of experience in accounting and corporate finance. From September 2004 to August 2007, he worked at Ernst & Young as senior accountant. From August 2007 to February 2009, Mr. Lui served as an executive at Guotai Junan Capital Limited. From March 2009 to February 2012, he served as a vice president at Biocarbon Capital Limited. From February 2012 to July 2015, Mr. Lui worked at Celestial Capital Limited with his last position as a senior vice president. From September 2015 to August 2019, he served as a director at South China Capital Limited. Mr. Lui is currently a director of Delight City Management Limited and a senior consultant of Merrytime Capital Limited. He has been an executive director of Link Holdings Limited (a company listed on GEM of the Stock Exchange) (stock code: 8237) since May 2023. He has been an independent non-executive director of Plutus Financial Group Limited (a company listed on the Nasdaq Capital Market) (stock code: PLUT) since February 2025. Save as disclosed above, Mr. Lui did not hold any directorship in other listed public companies in the past three years.

Mr. WANG Xiufeng (王秀峰), aged 68, was appointed as an independent non-executive Director in March 2019. He is also the chairman of the remuneration committee of the Company, and a member of the audit committee, the nomination committee and the ESG committee of the Company. Save as disclosed above, Mr. Wang does not hold any other position with the Company or any member of the Group. Mr. Wang has over 40 years' experience in the coal industry. He has been appointed as an independent non-executive director of Perennial Energy Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 2798) since September 2019. He has been appointed as director of Yunnan An Run Chuang Zhan Science and Technology Company (雲南安潤創展科技有限公司) since November 2015. He was the chairman of the board of directors of Guizhou Coal Mine Design and Geological Engineering Company (貴州煤設地質工程有限責任公司) from December 2013 to September 2018. From September 1986 to December 2017, he worked in Guizhou Coal Mine Design and Research Institute (貴州省煤礦設計研究院). He served in the coal mining department of that institute as its staff member and principal engineer from September 1986 to February 1997, as head of coal mining and processing department from February 1997 to March 2003 and as deputy head of institute primarily responsible for production management from March 2003 to December 2017 and was also in charge of discipline inspection and supervision from August 2009 to December 2017. From August 1982 to September 1986, he worked as a technician in the comprehensive mechanized mining team and mechanized driving team at Yaoqiao Mine (姚橋煤礦) and Zhangshuanglou Mine (張雙樓煤礦) of Jiangsu Datun Coal and Electricity Co., Ltd. (江蘇大屯煤電公司). Mr. Wang graduated from Chongqing University (重慶大學) with a bachelor's degree in mining engineering in 1982. He was accredited as a senior engineer by the Professional Titles Reform Work Leading Group of State Administration of Coal Industry (國家煤炭工業局職稱改革工作領導小組) and the Senior Professional Technical Service and Appraisal Committee for Engineering Technology of Coal Industry Administration Bureau of Guizhou Province (貴州省煤炭工業管理局工程技術高級專業技術服務評審委員會) in April 1997 and a Registered Mining/Mineral Exploration & Design Engineer by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the Ministry of Construction of the PRC (中華人民共和國建設部) in April 2008. He has received a number of awards in recognition of his contribution to the coal mining industry over the years. Save as disclosed above, Mr. Wang did not hold any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. WU Yuqing (吳裕慶), aged 56, was appointed as General Manager (Operation and Finance) of the Company in March 2025. He has over 30 years of experience in strategic development and operational and finance management. Mr. Wu joined Feishang Enterprise in 2007 and has held various positions, including director of the president's office, general manager of the operations management centre, assistant to the president, and vice president. From 1999 to 2006, Mr. Wu worked at Infore Group Co., Ltd. (盈峰集團有限公司) ("Infore Group"), where he held the positions of director of strategic development, general manager of Guangzhou Dongze Electric Appliance Co., Ltd. (廣州東澤電器有限公司), a subsidiary of Infore Group, and general manager of Infore Environment Technology Group Co. Ltd. (盈峰環境科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 000967. From 1992 to 1999, Mr. Wu worked at Midea Group Co., Ltd. ("Midea Group"), a company listed on the main board of the Stock Exchange (stock code: 0300), where he held several roles, including technician, supervisor, section chief, department head, and assistant to the chairman of a subsidiary of Midea Group. Mr. Wu graduated from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong University of Technology (華中理工大學)) in July 1992, majoring in Refrigeration Equipment and Cryogenic Technology within the Department of Power Engineering, and was awarded a Bachelor of Engineering degree. Save as disclosed above, Mr. Wu did not hold any directorship in other listed public companies in the past three years.

Ms. LAM Hoi Ki (林海琪), aged 39, was appointed as the company secretary of the Company in December 2025. She has accumulated over 15 years of auditing, accounting, corporate governance and company secretarial experience. Ms. Lam has been engaged in various accounting and company secretarial tasks since August 2015. Early in her career, Ms. Lam was employed by Ernst & Young, and thereafter she joined Hysan Development Company Limited (stock code: 0014) as a financial analyst. Since 2015, she has been engaged in handling corporate governance matters regarding Hong Kong listed companies. Currently she is also the company secretary and authorised representative of MBV International Limited (stock code: 1957), Link Holdings Limited (stock code: 8237), LVGEM (China) Real Estate Investment Company Limited (stock code: 0095) and Huajin International Holdings Limited (stock code: 2738).

REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2025.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the British Virgin Islands (“BVI”) as a company with limited liability on 6 January 2010. Pursuant to the group reorganisation as set out in the listing document of the Company dated 31 December 2013 (the “Listing Document”), the Company became the holding company of the Group.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in notes 1 and 34 to the consolidated financial statements of this annual report. There were no significant changes in the nature of the Group’s principal activities during the year of 2025.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group’s performance during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group’s business, can be found in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” and “Corporate Governance Report – Risk management and internal control” of this report. These discussions form part of this report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the Group’s financial position as at that date are set out in the consolidated financial statements on pages 65 to 68 of the annual report.

No interim dividend was paid to the Shareholders during the year ended 31 December 2025 (2024: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 69 of this annual report.

The Company had no reserves available for distribution to Shareholders as at 31 December 2025 (31 December 2024: Nil). As at 31 December 2025, the Company had shareholders’ deficit of CNY22.6 million (31 December 2024: CNY20.4 million).

REPORT OF THE DIRECTORS

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years as extracted from the audited financial statements and restated/reclassified as appropriate is set out on page 160 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements of this annual report.

DIRECTORS

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

Executive Directors:

LI Zongyang (*Chairman*) (*appointed on 27 October 2025*)

WANG Xinhua (*Chairman*) (*resigned on 27 October 2025*)

HE Jianhu (*resigned on 10 March 2026*)

TAM Cheuk Ho (*resigned on 10 March 2026*)

WONG Wah On Edward (*resigned on 10 March 2026*)

Independent Non-executive Directors:

CHAN Him Alfred (*resigned on 2 December 2025*)

LIANG Ying

LUI Tin Shun (*appointed on 23 December 2025*)

WANG Xiufeng

In accordance with Article 14.19 of the Articles of Association, Mr. WANG Xiufeng and Ms. LIANG Ying shall retire by rotation from office at the forthcoming Annual General Meeting (the “AGM”) and, being eligible, have offered themselves for re-election. In addition, Mr. LI Zongyang and Mr. LUI Tin Shun who were appointed by the Board on 27 October 2025 and 23 December 2025 respectively shall hold office until the Annual General Meeting and, being eligible, have offered themselves for re-election in accordance with Article 14.2 of the Articles of Association.

The Company has received from each of the independent non-executive Directors an annual confirmation that each of them and his immediate family members (as defined under Rule 14A.12(1)(a) of the Listing Rules) are independent from the Group as required under Rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent from the Company.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as the Directors were aware, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial owner	15,000,000		
	Long position	Interest held by his controlled corporation	699,029,650	1,3	
			714,029,650		51.72
Laitan Investments Limited	Long position	Interest held by its controlled corporation	699,029,650	1,3	50.63
Feishang Group Limited	Long position	Beneficial owner	699,029,650	1,3	50.63
Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司)	Long position	Person having a security interest in shares	600,000,000	3	43.46
Mr. LI Zongyang	Long position	Interest held by his controlled corporation	133,000,000	2	9.63
Shenzhen Feishang Industry Investment Holding Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Shenzhen Qianhai Feishang Investment Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Feishang Heyuan Investment Limited	Long position	Beneficial owner	133,000,000	2	9.63

REPORT OF THE DIRECTORS

Notes:

1. The 699,029,650 ordinary shares are directly held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie. According to the SFO, both Mr. LI Feilie and Laitan Investments Limited are deemed to have interests in the 699,029,650 ordinary shares held by Feishang Group Limited.
2. Mr. LI Zongyang is Mr. LI Feilie's son. The 133,000,000 ordinary shares are directly held by Feishang Heyuan Investment Limited, which is wholly owned by Shenzhen Qianhai Feishang Investment Co., Ltd., which is in turn wholly owned by Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd., which is in turn wholly owned by Shenzhen Feishang Industry Investment Holding Co., Ltd., which is 99% owned by Mr. LI Zongyang. According to the SFO, Mr. LI Zongyang, Shenzhen Feishang Industry Investment Holding Co., Ltd., Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd. and Shenzhen Qianhai Feishang Investment Co., Ltd. are deemed to have interests in the 133,000,000 ordinary shares held by Feishang Heyuan Investment Limited.
3. Feishang Group Limited has entered into a share charge agreement dated 19 May 2023 whereby it has agreed to pledge 600,000,000 shares of the Company held by it in favour of Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司) ("GPDIC") as security for working capital facilities of up to CNY200,000,000 to be advanced by GPDIC from time to time to Guizhou Puxin, an indirect wholly-owned subsidiary of the Company. With regard to GPDIC, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) GPDIC is owned by three state-owned enterprises, namely, Central Enterprise Rural Industry Investment Fund Co., Ltd.* (中央企業鄉村產業投資基金股份有限公司), Guizhou Modern Logistics Industry (Group) Co., Ltd.* (貴州現代物流產業(集團)有限責任公司) and Guizhou Qiansheng State-owned Capital Operation Co., Ltd.* (貴州省黔晟國有資本運營有限公司); (b) the ultimate beneficial owner of Central Enterprise Rural Industry Investment Fund Co., Ltd.* (中央企業鄉村產業投資基金股份有限公司) is State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會); (c) the ultimate beneficial owner of Guizhou Modern Logistics Industry (Group) Co., Ltd.* (貴州現代物流產業(集團)有限責任公司) and Guizhou Qiansheng State-owned Capital Operation Co., Ltd.* (貴州省黔晟國有資本運營有限公司) is State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou (貴州省人民政府國有資產監督管理委員會); and (d) the above mentioned ultimate beneficial owners are independent of and not connected with any of the connected persons of the Company and any of its subsidiaries or any of their respective associates within the meaning of the Listing Rules.

* For identification purposes only

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) 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 and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"), were set out below:

REPORT OF THE DIRECTORS

(I) The Company

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. LI Zongyang	Long position	Interest held by his controlled corporation	133,000,000	9.63
Mr. WONG Wah On Edward	Long position	Beneficial owner	20,000,000	1.45
	Long position	Interest held by his controlled corporation [#]	7,500,000	0.54
			27,500,000	1.99
Mr. TAM Cheuk Ho	Long position	Beneficial owner	14,096,300	1.02
	Long position	Interest held by his controlled corporation [#]	7,500,000	0.54
			21,596,300	1.56

[#] Anka Capital Limited is 50% owned by Mr. WONG Wah On Edward and 50% owned by Mr. TAM Cheuk Ho. According to the SFO, both Mr WONG Wah On Edward and Mr. TAM Cheuk Ho are deemed to have interests in the 7,500,000 ordinary shares held by Anka Capital Limited.

(II) Associated Corporations (within the meaning of the SFO)

China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. WONG Wah On Edward	Long position	Beneficial owner	10,000	0.80
Mr. TAM Cheuk Ho	Long position	Beneficial owner	7,049	0.56

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are 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 provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Mr. WANG Xinhua and Mr. CHAN Him Alfred resigned as an executive director and an independent non-executive director on 27 October 2025 and 2 December 2025 respectively. Mr. LI Zongyang and Mr. LUI Tin Shun were appointed as an executive director and independent non-executive director on 27 October 2025 and 23 December 2025 respectively.

Other than the above, the Directors are not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the interim report of the Company for the six months ended 30 June 2025.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND OTHER CORPORATION

Other than the share option as disclosed under the paragraph headed "Share Option Scheme of the Company" below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 28 June 2022 (the "Date of Adoption") (the "Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for shares in the Company (the "Shares") subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and for an effective period of 10 years from the Date of Adoption. The Share Option Scheme is an incentive scheme and is established to enable the Group to recognise the contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Company's business and that of its subsidiaries. The Eligible Persons include (a) any employee, executive director, non-executive director (excluding independent non-executive director) or consultant of the Company or any subsidiary; or (b) any other person who has contributed to the success of the listing of the Company on the Stock Exchange, in each case, as determined by the Board. The eligibility of an Eligible Person will be determined by the Board with reference to his or her past and expected commitment and contribution to the Company and/or the subsidiaries.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the offer date. The minimum period for which a share option must be held before it can be exercised would be determined by the Board having regard to the applicable requirements in relation to vesting period and other matters in the Listing Rules.

REPORT OF THE DIRECTORS

The total number of Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580 Shares, representing 10% of the Shares in issue as at the date of approval of the Share Option Scheme. The listing approval in respect of the Shares which may be issued on exercise of the options under the Share Option Scheme was granted by the Listing Committee of the Stock Exchange on 5 July 2022. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, unless approved by the Company's shareholders. In addition, the number of Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of Shares in issue and HK\$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, unless approved by the Company's shareholders. As at the beginning of the year and the end of the year ended 31 December 2025, the total number of Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580 Shares.

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) and shall be the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date, and (iii) the nominal value of a Share.

Consideration of HK\$1 is payable by each Eligible Person for the grant of option.

As at 31 December 2025, no options were granted or agreed to be granted since the Date of Adoption. The Company had a total of 138,054,580 Shares available for issue under the Share Option Scheme (representing 10% of the existing issued Shares of the Company as at the date of this report) and the remaining life of the Share Option Scheme was approximately 6 years and 3 months.

Additional information in relation to the Share Option Scheme is set out in note 30 to the consolidated financial statements of this report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year without payment of compensation, other than statutory compensation, of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are determined by the Board with reference to Directors' duties, responsibilities and subject to review from time to time.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year are as follows:

(a) Connected transactions

During the year, the Group did not enter into any transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

During the year, the Group did not enter into any transactions which need to be disclosed as continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Details of the related party transactions are set out in note 33 to the consolidated financial statements of this report. These related party transactions, except for the transactions relating to share of office rental with Anka Consultants Limited and Feishang Enterprise, respectively, did not constitute any connected transactions/continuing connected transactions under the Listing Rules.

CONSOLIDATION OF COAL MINES IN GUIZHOU AND RESTRUCTURING PROPOSAL

With the view to facilitating the consolidation of the coal mining industry, the Guizhou Government has implemented a number of measures to encourage the consolidation of the coal mine industry and to eliminate small-scaled coal mines in Guizhou province with an annual production capacity of below 300,000 tonnes for each single mine, to reduce the total number of coal mining enterprise groups in Guizhou province to below 100, and to reduce the total number of coal mines in Guizhou to approximately 1,000.

Under the Guizhou Government's coal mine consolidation policy, Guizhou Feishang Energy Co., Ltd. ("Feishang Energy") (an associate of Mr. LI Feilie, the controlling shareholder of the Company) and the Company were designated as a coal mine consolidator in Guizhou province on 6 June 2014.

Feishang Energy (as agreed by the Company) has adopted and implemented the following restructuring proposal ("Restructuring Proposal"):

- Feishang Energy closed down Sanjiazhai Coal Mine (三家寨煤礦);
- Feishang Energy acquired and operated three coal mines, namely Pingqiao Coal Mine (平橋煤礦), Xingwang Coal Mine (興旺煤礦), and Aohe Coal Mine (凹河煤礦); and
- Feishang Energy acquired five coal mines, namely, Guojiawuji Coal Mine (國家屋基煤礦), Qiwen Coal Mine (啟文煤礦), Hengfeng Coal Mine (恒豐煤礦), Xinhe Coal Mine (新禾煤礦), and Shangmaying Coal Mine (上馬營煤礦) and has submitted the mining right permits of these coal mines in stage to the relevant authority for cancellation. All of the mining right permits of the five coal mines have been cancelled.

On 26 January 2015, the first batch of the Restructuring Proposal of Feishang Energy together with Guizhou Puxin has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the first batch of the Restructuring Proposal, the Group will integrate Zhulinzhai Coal Mine and Liujiaba Coal Mine, both located in Xinhua, Liuzhi Special District, Zhina Coal District, Guizhou province, into a single coal mine under the name of Liujiaba Coal Mine; and retain Dayun Coal Mine and Baiping Coal Mine, both located in Jinsha county, Guizhou province. On 5 January 2016, the second batch of the Restructuring Proposal of Feishang Energy together with Guizhou Puxin has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the second batch of the Restructuring Proposal, the Group has closed down Gouchang Coal Mine and retained Yongsheng Coal Mine. On 24 May 2019, Guizhou Puxin entered into an equity transfer agreement with Baoshun, to dispose of its entire equity interest in Guizhou Dayuan. Up to 31 December 2021, the transaction was not yet completed. On 28 March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed. On 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaba Coal Mine. According to the new mining right permit, the mining area of Liujiaba Coal Mine has been adjusted to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020.

REPORT OF THE DIRECTORS

Upon the full completion of the implementation of the Restructuring Proposal, the Group will own and operate four coal mines in Guizhou province, namely, Baiping Coal Mine, Yongsheng Coal Mine, Dayun Coal Mine and Liujiaba Coal Mine.

DEED OF NON-COMPETITION

Feishang Group Limited, Laitan Investments Limited and Mr. LI Feilie (collectively, the “Controlling Shareholders”), Feishang Energy and Feishang Enterprise executed the Deed of Non-Competition in favour of the Company, details of which are set out in the Listing Document, principally to the effect that so long as the Deed of Non-Competition remains in force, each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has undertaken to, among other things:

- (a) not, and procure that their respective subsidiaries or parties controlled by them either solely or jointly with another Controlling Shareholders or any other party will not be interested or engaged in any business which directly or indirectly competes or may so compete with the Core Businesses;
- (b) notify the Company of any business opportunity which directly or indirectly competes or may so compete with the Core Businesses (“New Business Opportunity”), if any of them becomes aware of such business opportunity; and
- (c) use its best endeavours to procure that the New Business Opportunity is first offered to the Company on terms and conditions that are fair and reasonable.

For the purpose of the Deed of Non-Competition, “Core Businesses” shall include the acquisition and exploitation of coal mining rights (including the exploration, construction, development and operation of coal mines) located in Guizhou province in the PRC.

The Company has been granted, under the Deed of Non-Competition, the Rights of First Refusal and First Offer if such New Business Opportunity arises.

Each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has reviewed its business and businesses of their respective subsidiaries and advised that there is generally insignificant competition between the operations of the Sanjiazhai Coal Mine and the Core Businesses. Save as disclosed above, each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has confirmed that during the year there was no New Business Opportunity made available to each of them. Each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has given a written confirmation to the Company that it had fully complied with the terms of the Deed of Non-Competition. The independent non-executive Directors have reviewed the confirmations and relevant information provided by the Controlling Shareholders, Feishang Energy and Feishang Enterprise and concluded that each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise complied with the relevant terms of the Deed of Non-Competition for the year ended 31 December 2025.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or their close associates has any interest in a business that competes or may compete with the business of the Group.

DONATIONS

During the year, the Group has made donations of approximately CNY53,000 in cash.

PERMITTED INDEMNITY

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Board has determined that the Company will no longer maintain a directors' liability insurance for its Board members from March 2025 onwards. The Board believes that the current risk management practices and internal controls in place are effective and sufficient to mitigate potential liabilities. Additionally, the Company has not encountered significant legal claims against its Directors or officers arising out of corporate activities in the past. After evaluating premium expenses relative to coverage, the Board has determined that the cost of such insurance is disproportionate to the perceived benefits and that the financial resources previously allocated to such insurance could be more effectively deployed elsewhere in the Group. The Board remains committed to upholding the highest standards of corporate governance and ensuring that directors and officers can perform their duties with confidence. This decision reflects the Company's proactive approach to risk management and fiscal responsibility. The Board will continue to review this decision periodically to ensure it remains in the best interest of the Company and its stakeholders.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract concerning the management and administration of the whole or any substantial part of any business of the Company during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued Shares as required under the Listing Rules during the year and up to the date of this report.

EQUITY-LINKED AGREEMENT

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees of the Group, details of the Share Option Scheme are set out in note 30 to the consolidated financial statements and under the paragraph headed "Share Option Scheme of the Company" above. No share options were granted during the year ended 31 December 2025.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association although there are no restrictions against such rights under the laws of BVI.

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's Shares by the Company or any of its subsidiaries for the year ended 31 December 2025.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to discuss the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

During the year ended 31 December 2025, the Audit Committee was chaired by Mr. LUI Tin Shun and the members comprised Mr. LUI Tin Shun, Ms. LIANG Ying and Mr. WANG Xiufeng. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Company for the year ended 31 December 2025.

AUDITOR

Ernst & Young will retire as auditor of the Company at the forthcoming AGM.

On behalf of the Board

Feishang Anthracite Resources Limited

LI Zongyang

Chairman

Hong Kong, 31 March 2026

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing Shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the Listing Rules as its own corporate governance code. Throughout the year ended 31 December 2025, the Company has complied with the code provisions as set out in part 2 of the CG Code, save and except for code provision C.2.1, as set out below.

Chairman and Chief Executive

Mr. WANG Xinhua resigned as the Chairman of the Company with effect from 27 October 2025 and was succeeded by Mr. LI Zongyang on the same date. The position of chief executive officer of the Company has remained vacant since 12 January 2024.

BOARD OF DIRECTORS

Composition

As at 31 December 2025, the Board comprised seven members, consisting of four executive Directors namely Mr. LI Zongyang (chairman of the Board) (appointed on 27 October 2025), Mr. HE Jianhu, Mr. TAM Cheuk Ho and Mr. WONG Wah On Edward and three independent non-executive Directors, namely, Ms. LIANG Ying, Mr. LUI Tin Shun (appointed on 23 December 2025) and Mr. WANG Xiufeng.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed in the section headed "Profiles of Directors, Senior Management and Company Secretary" of this report.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

The Board has at least one-third of its membership comprising independent non-executive Directors and is in compliance with Rule 3.10A of the Listing Rules. One of the three independent non-executive Directors possesses appropriate professional experience and related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation that each of them and his/her immediate family members (as defined under Rule 14A.12(1)(a) of the Listing Rules) are independent from the Group as required under Rule 3.13 of the Listing Rules and the Company also considers that they are independent. The Board members have no financial, business, family or other material/relevant relationship with each other.

Directors' Re-election

Pursuant to the Articles of Association, the Directors shall hold office subject to retirement by rotation at the AGM of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following AGM of the Company and shall then be eligible for re-election in that meeting. Mr. WANG Xiufeng and Ms. LIANG Ying shall retire by rotation from office at the AGM and, being eligible, have offered themselves for re-election. In addition, Mr. LI Zongyang and Mr. LUI Tin Shun who were appointed by the Board on 27 October 2025 and 23 December 2025 respectively shall hold office until the AGM and, being eligible, have offered themselves for re-election in accordance with Article 14.2 of the Articles of Association.

Term of Appointment of Independent Non-executive Directors

Each of the independent non-executive Director has entered into a service agreement with the Company for a term of three years and is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles of Association.

Responsibilities of the Board and Management

The Board, headed by the chairman, is responsible for providing high-level guidance and overseeing the management of the Company, formulating and approving the Group's development, business strategies, policies, annual budgets and business plans, recommending any dividend in accordance with the dividend policy adopted in 2018 which requires the Board to take into account a variety of factors before making such recommendation, and ensuring compliance with relevant statutory requirements and other rules and regulations.

The other executive Directors are responsible for the day-to-day management and operations of the Group. They conduct regular meetings with the management of the Group, at which operational issues and financial performance are evaluated and dealt with.

The Company considers that risk management and internal control systems are essential and that the Board is responsible for ensuring the Group establishes and maintains effective risk management and internal control.

CORPORATE GOVERNANCE REPORT

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. Their responsibilities include the following:

- attending regular Board meetings and focusing on business strategy, operational issues and financial performance;
- active participation in the respective board of directors of the subsidiaries of the Company;
- approval of annual budgets covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of senior management, the Board and Shareholders;
- consideration of misuse of corporate assets and abuse of related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfil their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

There are procedures in place to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses.

The Articles of Association state the responsibilities and operational procedures of the Board. The Board meets at least four times a year at regular intervals to consider operational reports and financial results of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, nine Board meetings and one general meeting were held and the attendance record of each Director is set out below:

	Attendance/ No. of Board Meeting	Attendance/ No. of General Meeting
Executive Directors		
LI Zongyang (<i>Chairman</i>) (<i>appointed on 27 October 2025</i>)	4/4	0/0
WANG Xinhua (<i>Chairman</i>) (<i>resigned on 27 October 2025</i>)	6/6	1/1
HE Jianhu (<i>resigned on 10 March 2026</i>)	7/9	1/1
TAM Cheuk Ho (<i>resigned on 10 March 2026</i>)	7/9	1/1
WONG Wah On Edward (<i>resigned on 10 March 2026</i>)	7/9	1/1
Independent Non-executive Directors		
CHAN Him Alfred (<i>resigned on 2 December 2025</i>)	7/8	1/1
LIANG Ying	9/9	1/1
LUI Tin Shun (<i>appointed on 23 December 2025</i>)	0/0	0/0
WANG Xiufeng	9/9	1/1

Directors' Continuous Professional Development

The Company understands that the Directors should participate in appropriate continuous professional development programs to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses appropriate to their roles, functions and duties within the Company.

During the year ended 31 December 2025, all the Directors attended the e-training provided by the Stock Exchange. Topics of the e-training included INED's Role in Corporate Governance, Creating Value with Board Diversity, Preparing ISSB Sustainability Disclosures, Exchange's New Climate Requirements, and Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework, aiming at providing the Directors with an understanding of the definitions of relevant activities and the specific Listing Rule requirements. The Directors were also provided with training materials from the Stock Exchange, namely Updated Corporate Governance Guide for Boards and Directors, as well as a comprehensive training package prepared by the Company's legal adviser Loeb & Loeb LLP, covering a variety of topics in relation to the responsibilities and liabilities of Directors.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2025, the Board had performed the following corporate governance duties:

- approval of Ernst & Young as the auditor of the Group and the corresponding audit plan;
- approval of announcements of business update and quarterly updates;
- review of the compliance with the CG Code; and
- review of the effectiveness of the risk management and internal control systems of the Company through the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee, Remuneration Committee and Corporate Social Responsibility Committee, were established by the Company on 23 December 2013, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise. The Corporate Social Responsibility Committee was restructured to a new ESG committee on 6 December 2021.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee comprises three independent non-executive Directors. As of 31 December 2025, the Audit Committee was chaired by Mr. LUI Tin Shun, and its members comprised Mr. LUI Tin Shun, Ms. LIANG Ying and Mr. WANG Xiufeng.

The Audit Committee reports directly to the Board and reviews financial statements, risk management and internal control in order to protect the interests of the Shareholders.

The Audit Committee meets at least twice a year with the Company's independent auditor to discuss accounting issues, and review effectiveness of internal controls and risk management. Written terms of reference, which describe the authority and duties of the Audit Committee, are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee have complied with the CG Code and are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

During the year ended 31 December 2025, the Audit Committee held two meetings, at which it:

- approved Ernst & Young as the auditor of the Group and the corresponding audit plan;
- reviewed the financial statements for the year ended 31 December 2024;
- reviewed the financial statements for the six months ended 30 June 2025;
- reviewed the effectiveness of the risk management and internal control systems;
- reviewed the effectiveness of the internal audit function of the Group;
- reviewed the external auditor's findings; and
- reviewed and approved remuneration of auditor and recommended the re-appointment of external auditor.

The attendance record of the meetings is set out below:

Members of Audit Committee	Attendance/ No. of meeting(s)
LUI Tin Shun (<i>Chairman</i>) (<i>appointed on 23 December 2025</i>)	0/0
CHAN Him Alfred (<i>Chairman</i>) (<i>resigned on 2 December 2025</i>)	2/2
LIANG Ying	2/2
WANG Xiufeng	2/2

CORPORATE GOVERNANCE REPORT

Nomination Committee

As of 31 December 2025, the Nomination Committee was chaired by Mr. LI Zongyang, an executive Director, and its members comprised Mr. LI Zongyang, an executive Director, and three independent non-executive Directors, namely, Ms. LIANG Ying, Mr. LUI Tin Shun and Mr. WANG Xiufeng.

The terms of reference of the Nomination Committee have complied with the CG Code which are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

The Nomination Committee's responsibilities include reviewing and recommending the structure, size, composition and diversity of the Board and recommending any change thereon; assessing the independence of independent non-executive Directors and recommending the re-election of Directors, etc.

During the year ended 31 December 2025, the Nomination Committee held three meetings, at which it:

- reviewed the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board;
- recommended the appointment of directors having regard to the pool of available talent and the benefits that diversity would bring to the Board;
- assessed the independence of the independent non-executive Directors; and
- reviewed and made recommendations to the Board on re-election of retiring Directors at the AGM.

The attendance record of the meetings is set out below:

Members of Nomination Committee	Attendance/ No. of meeting(s)
LI Zongyang (<i>Chairman</i>) (<i>appointed on 2 December 2025</i>)	1/1
TAM Cheuk Ho (<i>resigned on 2 December 2025</i>)	2/2
CHAN Him Alfred (<i>resigned on 2 December 2025</i>)	2/2
LIANG Ying	3/3
WANG Xiufeng	3/3

The Board has adopted the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach towards achieving diversity on the Board.

CORPORATE GOVERNANCE REPORT

In assessing the Board composition, the Nomination Committee would consider a number of perspectives as set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service, when making recommendations to the Board on the appointment and re-appointment of Directors and Directors' succession planning.

The Company considers that the current composition of the Board is well balanced and of a diverse mix appropriate for the business of the Company.

Remuneration Committee

As of 31 December 2025, the Remuneration Committee was chaired by Mr. WANG Xiufeng, an independent non-executive Director, and its members comprised Mr. LI Zongyang, an executive Director, and three independent non-executive Directors, namely, Ms. LIANG Ying, Mr. LUI Tin Shun and Mr. WANG Xiufeng.

The Remuneration Committee's responsibilities include reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of independent non-executive Directors, etc.

The terms of reference of the Remuneration Committee have complied with the CG Code and are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

During the year ended 31 December 2025, the Remuneration Committee held three meetings, at which it made recommendation to the Board on the forthcoming remuneration policy and the remuneration of the executive Directors and the independent non-executive Directors.

The attendance record of the meetings is set out below:

Members of Remuneration Committee	Attendance/ No. of meeting(s)
WANG Xiufeng (<i>Chairman</i>) (<i>appointed on 2 December 2025</i>)	3/3
WONG Wah On Edward (<i>resigned on 2 December 2025</i>)	2/2
WANG Xinhua (<i>resigned on 27 October 2025</i>)	2/2
CHAN Him Alfred (<i>resigned on 2 December 2025</i>)	2/2
LIANG Ying	3/3
LI Zongyang	1/1
LUI Tin Shun	0/0

The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the Share Option Scheme.

CORPORATE GOVERNANCE REPORT

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands (HK\$)	Number of person(s)
0 to 1,000,000	8

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 10 and 11 to the consolidated financial statements of this report.

ESG Committee

As of 31 December 2025, the ESG Committee was chaired by Mr. LI Zongyang, an executive Director, and its members comprised one executive Director Mr. LI Zongyang, one independent non-executive Director Mr. WANG Xiufeng and two staff members Mr. LIN Quanlong and Ms. QIN Lu.

The primary purpose of the ESG Committee is to assist the Board in reviewing and overseeing the environmental and social policies and issues (including employment and labour practices, operating practices and community) of the Group.

During the year ended 31 December 2025, the ESG Committee held one meeting, at which it discussed the policies and issues with respect to corporate social responsibility, including workplace quality, occupational health and safety, environmental protection, operating practices and community involvement.

The attendance record of the meeting is set out below:

Members of ESG Committee	Attendance/ No. of meeting(s)
LI Zongyang (<i>Chairman</i>) (<i>appointed on 27 October 2025</i>)	0/0
WANG Xinhua (<i>Chairman</i>) (<i>resigned on 27 October 2025</i>)	1/1
WANG Xiufeng	1/1
LIN Quanlong	1/1
QIN Lu	1/1

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025 and up to the date of this report.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for senior management and any individuals who may have access to inside information in relation to the securities of the Company.

INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Directors and company secretary are authorised to communicate with parties outside the Group.

AUDITOR’S REMUNERATION

The services provided by Ernst & Young and the associated fees thereof for the year ended 31 December 2025 were as follows:

Description of services performed	Fee (CNY)
Audit	
– statutory and regulatory filings	2,950,000

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Philosophy

Risk is inherent in the Group's business and the markets in which it operates. The goal of the Group is to identify and manage these risks so that the risks can be reduced, mitigated, transferred or avoided. To this end, the Group adopts a proactive risk management approach and implements an effective group-wide risk management framework.

The Board oversees the Group's overall risk management process through the Audit Committee, and it forms an important part of the corporate governance regime of the Group. The Group understands that risk management is the responsibility of everyone within the Group. Rather than being a separate and standalone process, risk management is integrated into business and decision-making processes including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control and daily operations.

Group Risk Management and Internal Control Framework

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, while management is responsible for designing and implementing an internal control system to manage risks.



The Audit Committee assists the Board in monitoring the risk exposures, the design and operating effectiveness of the relevant risk management and internal control systems. The Audit Committee oversees the following procedures on behalf of the Board:

- (i) Periodic assessment of key operational risks and control measures aimed at mitigating, reducing or transferring such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process;
- (ii) Regularly review the business processes and operational reports, including the action plan to address the identified weaknesses in control, and the latest status and monitor results in the implementation of the recommendations; and
- (iii) The external auditor regularly reports on the control issues identified in the course of their work and meet with the Audit Committee to discuss the scope and results of the review.

The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Group does not maintain its own internal audit team due to cost-saving reason but the internal audit team of the Group's related party is shared with the Group to assist the Audit Committee to review the effectiveness of the Group's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of the systems.

<p>“Top-down” Overseeing, identification, assessment and mitigation of risk at corporate level.</p> 	The Board of Directors			
	Responsible for the Group’s risk management and internal control systems.	Sets strategic objectives and reviews the effectiveness of the Group’s risk management and internal control systems.	Monitors the nature and extent of the Group’s major risks.	Provides guidance on the importance of risk management and risk management culture.
	Management	Audit Committee		Internal Audit
 <p>“Bottom-up” Identification, assessment and mitigation of risk at business unit level and across functional areas.</p>	Designs, implements, and monitors risk management and internal control systems.	Assists the Board in monitoring risk exposure, design and operating effectiveness of the underlying risk management and internal control systems.		Assists the Audit Committee to review the effectiveness of the Group’s risk management and internal control systems.
	Operational level			
	Risk identification, assessment and mitigation performed across the business.		Risk management process and internal control practised across business operations and functional areas.	

Risk Management Procedures

This “top-down” approach is complemented by the “bottom-up” aspects, which require the head of the operating unit to participate in the identification of operational risks to determine the Group’s major risks.

The Group’s risk management and integrated internal control framework are closely intertwined, and major control measures are tested to assess performance.

CORPORATE GOVERNANCE REPORT

Major Risk Management and Internal Control Initiatives in 2025

- The Group has adopted a number of policies and procedures to assess and prudently improve the effectiveness of risk management and internal control systems, including requiring the management of the Group to assess the relevant matters every year on a regular basis. The Group believes that this will help enhancing the Group's future corporate governance and business operations.
- The Group has embraced its risk management system into its core business operations. The operating units of the Company will continue to review and assess the potential risks that may have an impact on the ability of operational units and/or the Company to reach their business objectives. The review process includes assessing whether the existing internal control system continues to meet business demand, whether it responds to potential risks sufficiently and/or whether it needs to be supplemented. The results of the relevant review are recorded in the risk register of each operating unit for control and loading into the Group's comprehensive risk register for analysis of potential policy implications and for regular reporting to senior management and Directors.
- The Audit Committee has developed and supervises a reporting policy and a comprehensive set of procedures. Employees, customers, suppliers and other interested parties are able to report any actual or suspected misconduct involving the Company so that the matter may be investigated and effectively dealt with in an appropriate and transparent manner.
- The Group regulates the handling and issuance of inside information contained in the corporate responsibility policy and the subsidiary procedures to ensure that inside information is kept confidential until properly approved for disclosure and to ensure the effective and consistent publication of the relevant information.
- Other initiatives include: increasing the number of training courses and risk workshops when necessary; further standardising risk reporting terms, categories and quantifications; making the assessment of internal controls more closely linked to their potential risks; and increasing the frequency and depth of interaction with designated Directors on the Company's risk management system design, operation and findings.
- During 2025, selective reviews of the effectiveness of the systems of risk management and internal control of the Group over financial, operational and compliance controls with emphasis on coal mining, procurement, sales and business continuity management have been conducted by the internal audit team of the Group's related party. In addition, the heads of major business and corporate functions of the Group were required to undertake self-assessments of their key controls. These results were assessed by the same internal audit team and reported to the Audit Committee and the Board.

Employees are expected to observe the highest standard of ethical, integrity and professional conduct. The Group has adopted a whistle-blowing policy. The Audit Committee meets regularly with the Company's senior management to consider the effectiveness of risk management and internal control of the Company. As far as the Group is aware, there were no fraudulent practices brought to the Group's attention during the year.

CORPORATE GOVERNANCE REPORT

Risk Profile

As a basis for the risk management approach, the Group's current risk profile is evaluated as to how these risks change over time. In 2025, the Group's significant risks were identified through the risk identification process as follows:

Introduction to risk	Risk changes in 2025	Major risk mitigation measures
<p><i>Market risk</i></p> <p>The Group's business continued to depend on the demand for anthracite from the downstream industries and the business growth of downstream customers, especially in the chemical, metallurgy and building materials industries. A significant downturn in these industries or a significant decline in customer demand may have adverse effects on the Group's business, operating results and financial results. During 2025, the coal chemical industry maintained robust growth momentum, while the metallurgy and building materials industry stayed subdued due to the ongoing slump in the real estate sector. Overall, the price of coal declined notably compared to 2024.</p>	Increase	The Group remained committed to managing coal quality, controlling costs and optimising processes to improve its operational performance and profitability, and sales strategies are being adjusted on a regular basis in response to market changes to optimise the product mix and improve overall efficiency.

CORPORATE GOVERNANCE REPORT

Introduction to risk	Risk changes in 2025	Major risk mitigation measures
<p><i>Going concern risk</i></p> <p>The Group's business is capital intensive and requires sufficient cash flows to construct and develop coal mines, to purchase machinery and equipment, and to meet daily working capital demands. As at 31 December 2025, the Group had net current liabilities of approximately CNY4,215.4 million and shareholders' deficit of approximately CNY2,353.7 million. If the Group failed to obtain funds in a timely manner, it would have an adverse impact on the Group's financial condition, operations and prospects.</p>	<p>Increase</p>	<p>In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings, and renew the borrowings with the lenders as and when needed; (ii) negotiate and agree with the plaintiffs on the settlement plans/ revised settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilise and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; and (vi) obtain continual financial support and funding from Feishang Enterprise. Considering the above measures, the Group will meet the working capital requirements in the next 12 months.</p>

CORPORATE GOVERNANCE REPORT

Introduction to risk	Risk changes in 2025	Major risk mitigation measures
<p><i>Production safety risk</i></p> <p>Safety risks are inherent in the Group's mining operation. Gas explosion, coal and gas outburst, caving, coal mine floods and secondary geological disasters might lead to injury, death or serious property loss, or disruption to or even suspension of the Group's mine operations.</p>	<p>Unchanged</p>	<p>To improve the safety of coal mines, the Group has implemented a variety of measures to strengthen safety standards, such as establishing safety management committees and safety supervision departments to check the safety of coal mines, installing new safety equipment and facilities, establishing additional operational safety guidelines, and implementing production safety system and strengthening training.</p> <p>In 2025, the Group did not have any major accidents leading to casualty.</p>
<p><i>Supervision risk</i></p> <p>Coal mining is a highly regulated industry in China. The Group's coal mining operations are subject to supervision under extensive Chinese laws, regulations, policies, and standards for production safety, environmental protection, taxation, and labour and foreign exchange control, and China's coal mine safety and environmental protection supervision are increasingly stringent.</p> <p>Any irregularities or non-compliance may lead to fines and administrative penalties, including suspension of operation or revocation of business licenses.</p>	<p>Increase</p>	<p>The Group's ESG Committee and the management, with the support of external professional advisers, will review and supervise the compliance of the Group with relevant laws, regulations, codes and related policies and practices, and the Listing Rules on a regular basis.</p>

CORPORATE GOVERNANCE REPORT

2025 Annual Risk Management and Internal Control Effectiveness

The Board conducts review of the Group's risk management and internal control systems at least once a year.

For the year ended 31 December 2025, the Board has conducted a review on the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified.

During the course of the review, the Board believed that the resources, qualification/experience of staff of the Group's accounting and financial reporting function, the internal audit function of the Group's related party, and their training and budget were adequate.

GOING CONCERN

The Group recorded a loss attributable to the owners of the Company of CNY626.0 million for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million and shareholders' deficit of CNY2,353.7 million. In addition, as at 31 December 2025, the Group had cash and cash equivalents of CNY4.3 million and the Group's total principal amounts of bank and other borrowings amounted to CNY1,622.1 million, out of which CNY1,562.6 million will be due for repayment within the next twelve months, including (1) borrowings of approximately CNY781.3 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of approximately CNY10.4 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations, which was remained unsettled as at 31 December 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. The above conditions indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; (vi) obtain continual financial support and funding from Feishang Enterprise; (vii) consider divestiture plan of certain mining assets for lowering the debt and gearing ratio; and (viii) consider various forms of capital raising exercise by discussing with potential investors in view of prevailing market conditions.

CORPORATE GOVERNANCE REPORT

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

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following: (i) successfully obtaining the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiating and agreeing with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renewing the borrowings with the lenders as and when needed; (ii) successfully negotiating and agreeing with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) successfully carrying out the Group's business plan to expand the coal washing capacity, set up coal quality control teams and formulate the coal quality control policies in order to improve the coal quality and average selling price of its coal products; (iv) successfully implementing measures to stabilize and expand production output in order to realise the economies of scale and opportunities for better product diversification; (v) effectively control the various production costs and expenses; (vi) successfully obtaining the continual financial support and funding from Feishang Enterprise; and (vii) successfully disposing of the Group's certain mining assets including equity interests and realising other forms of capital raising exercise when suitable.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

COMPANY SECRETARY

The company secretary of the Company is Ms. LAM Hiu Ki.

The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

The Company amended its existing Memorandum and Articles of Association during the year ended 31 December 2022 by way of adoption of the new Memorandum and Articles of Association (a) to bring the Memorandum and Articles of Association to be in line with the relevant requirements of the applicable laws of the British Virgin Islands and the Listing Rules; and (b) to allow the Company to hold shareholders' meetings by electronic means. Other minor amendments to the existing Memorandum and Articles of Association were also made to introduce the corresponding and housekeeping changes.

A copy of the new Memorandum and Articles of Association of the Company is posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning an extraordinary general meeting

Shareholders may put forward proposals at general meetings by requisitioning an extraordinary general meeting. Pursuant to Article 10.3 of the Articles of Association, extraordinary general meetings may be convened by the Board on the written requisition of any two or more shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company or any one shareholder which is a recognised clearing house (or its nominee(s)) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The requisition shall be deposited at the principal office of the Company in Hong Kong (Room M07, 7/F, Valiant Industrial Building, 2-12 Au Pui Wan Street, Fo Tan, New Territories, Hong Kong) or, in the event the Company ceases to have such a principal office, the registered office (Kingston Chambers, P.O. Box 173, Road Town, Tortola, BVI) specifying the objects of the meeting and signed by the requisitioner(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(b) Communication with Shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the AGM, the annual report, interim report, various notices, announcements and circulars, to ensure its Shareholders are kept well informed of key business imperatives.

CORPORATE GOVERNANCE REPORT

General meetings of the Company provide a direct forum of communication between its Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the chairman of the Board, or in his absence, an executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquiries.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.fsanthracite.com, where updates on the Company's business developments and operations, financial information and news can be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows: -

Room M07, 7/F, Valiant Industrial Building, 2-12 Au Pui Wan Street, Fo Tan, New Territories, Hong Kong
Fax: (852) 2810 6963
Email: info@fsanthracite.com

In addition, procedure for Shareholders to propose a person for election as a Director is available on the Company's website at www.fsanthracite.com.

The above procedures are subject to the Articles of Association and applicable laws and regulations.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the financial position of the Group and of the financial performance and cash flows of the Group for the year and which are in compliance with International Financial Reporting Standards, statutory requirements and other regulatory requirements. As at 31 December 2025, the Group had net current liabilities of approximately CNY4,215.4 million and shareholders' deficit of approximately CNY2,353.7 million. However, the Board has given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting. The statement of the auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 62 to 64 of this report. Save as disclosed in the paragraph headed "Going Concern" above, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

DISCLAIMER OF OPINION ISSUED BY THE AUDITORS

Pursuant to the Corporate Governance Code, the Board would like to provide more details on the Disclaimer of Opinion regarding the Company's ability to continue as a going concern.

As mentioned in the section headed "Management Discussion and Analysis", Ernst & Young has issued Disclaimer of Opinion on the Group's consolidated financial statements for the year ended 31 December 2025, which arose from going concern issue of the Group.

Management's Position on the Disclaimer of Opinion

The Company's management considers that the material uncertainties in relation to going concern are temporary. The management also considers that, after taking into account the measures as mentioned in "Management Discussion and Analysis", which are expected to be implemented in the next 12 months, and the expected rebound in production level, the Group's profitability, operating cashflow, liquidity and financial position will improve. Meanwhile, the Group will consider any form of capital raising exercise when market condition permits. The Group will also consider any divestiture plan to lower its debt and gearing ratio.

To the extent the view of the auditors is different from that of the management set out above, such difference is due to the auditor's view on the certainties to do with the implementation of the measures as mentioned in "Management Discussion and Analysis". Other than this, the management's view is not materially different from that of the auditors.

Audit Committee's View to the Disclaimer of Opinion

- (a) The Audit Committee noted that the Group has obtained continual financial support and funding from Feishang Enterprise.
- (b) While the Audit Committee has opined that the going concern issue might not be resolved in short run, it agreed with the management's position and basis that the coal mines in Guizhou are well developed and production output has started to stabilise since April 2025, and that when output is stabilised, the profitability and the cash flow of the Group can be greatly enhanced. Accordingly, the view of the Board (including the Audit Committee) is that the measures mentioned in "Management Discussion and Analysis" are effective to resolve the Disclaimer Opinion.
- (c) The Audit Committee has urged the management to report periodically on the progress of any negotiations with lenders, potential capital raising plan and divestiture plan.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰗魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Feishang Anthracite Resources Limited

(Incorporated in the British Virgin Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Feishang Anthracite Resources Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 157, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As set out in note 2.1 to the consolidated financial statements, the Group recorded a loss attributable to the owners of the Company of CNY626.0 million for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million and shareholders' deficit of CNY2,353.7 million. In addition, as at 31 December 2025, the Group had cash and cash equivalents of CNY4.3 million and the Group's total principal amounts of bank and other borrowings amounted to CNY1,622.1 million, out of which CNY1,562.6 million will be due for repayment within the next twelve months, including (1) borrowings of approximately CNY781.3 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of approximately CNY10.4 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations, which was remained unsettled as at 31 December 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, cast significant doubt on the Group's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION (continued)

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, including whether the Group can: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd.; (vii) consider divestiture plan of certain mining assets for lowering the debt and gearing ratio; and (viii) consider various forms of capital raising exercise by discussing with potential investors in view of prevailing market conditions.

The execution of the plans and measures by the Group is still in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks and other creditors that are available as at the approval date of the consolidated financial statements. In addition, certain coal mines of the Group are still suspending their operations at the date of our report. Accordingly, we were unable to obtain sufficient appropriate audit evidence we considered necessary to assess the assumptions underlying the cash flow forecasts and the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could perform to satisfy ourselves with the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky (practicing certificate number: P05575).

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 CNY'000	2024 CNY'000
CONTINUING OPERATIONS			
Revenue	5	356,774	308,308
Cost of sales	6	(429,035)	(307,986)
Gross (loss)/profit		(72,261)	322
Selling and distribution expenses		(26,752)	(24,065)
Administrative expenses		(109,970)	(136,049)
Impairment losses on financial assets, net	8	(771)	(5,637)
Impairment losses on property, plant and equipment	8	(204,799)	(134,193)
Impairment losses on right-of-use assets	8	–	(25,905)
Other operating expenses, net		(103,948)	(65,892)
Finance costs	7	(154,602)	(153,137)
Interest income	8	11	627
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	8	(673,092)	(543,929)
Income tax	12	(52,788)	(24,774)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(725,880)	(568,703)
DISCONTINUED OPERATION			
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	4	(394)	(408)
LOSS FOR THE YEAR		(726,274)	(569,111)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		(625,636)	(538,626)
From a discontinued operation		(390)	(404)
		(626,026)	(539,030)
Non-controlling interests			
From continuing operations		(100,244)	(30,077)
From a discontinued operation		(4)	(4)
		(100,248)	(30,081)
		(726,274)	(569,111)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For loss from continuing operations	13	(0.45)	(0.39)
– For loss from a discontinued operation	13	*	*
– Net loss per share	13	(0.45)	(0.39)

* Insignificant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 CNY'000	2024 CNY'000
LOSS FOR THE YEAR	(726,274)	(569,111)
Other comprehensive income:		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(3)	(2,476)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	831	1,819
Total other comprehensive income/(loss) for the year, net of tax	828	(657)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(725,446)	(569,768)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	(624,808)	(539,283)
From a discontinued operation	(390)	(404)
	(625,198)	(539,687)
Non-controlling interests		
From continuing operations	(100,244)	(30,077)
From a discontinued operation	(4)	(4)
	(100,248)	(30,081)
	(725,446)	(569,768)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 CNY'000	2024 CNY'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,279,521	2,493,690
Right-of-use assets	16(a)	194,635	198,819
Rehabilitation fund	17	11,333	14,072
Prepayments and other receivables	18	14,900	22,764
Investments in associates	19	—	—
Deferred tax assets	12	1,693	1,813
TOTAL NON-CURRENT ASSETS		2,502,082	2,731,158
CURRENT ASSETS			
Inventories	20	37,157	44,527
Trade and bills receivables	21	4,663	5,322
Prepayments and other receivables	18	72,095	78,055
Pledged deposits	22	2,000	1,390
Cash and cash equivalents	22	4,329	4,142
TOTAL CURRENT ASSETS		120,244	133,436
TOTAL ASSETS		2,622,326	2,864,594
LIABILITIES AND DEFICIT			
CURRENT LIABILITIES			
Trade and bills payables	23	993,694	872,442
Other payables and accruals	24	1,488,563	1,278,383
Interest-bearing bank and other borrowings	25	1,562,633	1,686,588
Lease liabilities	16(b)	63,046	16,990
Interest payable		131,927	67,758
Income tax payable		51,991	56,430
Mining right payables	26	43,783	43,783
TOTAL CURRENT LIABILITIES		4,335,637	4,022,374

continued/...

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2025

	Notes	2025 CNY'000	2024 CNY'000
NON-CURRENT LIABILITIES			
Due to the Shareholder	33(c)	10,920	11,791
Due to related companies	33(c)	373,134	231,387
Interest-bearing bank and other borrowings	25	59,482	33,908
Lease liabilities	16(b)	32,443	80,201
Deferred tax liabilities	12	138,562	86,016
Deferred income	27	7,820	10,318
Asset retirement obligations	28	18,064	16,889
TOTAL NON-CURRENT LIABILITIES		640,425	470,510
TOTAL LIABILITIES		4,976,062	4,492,884
DEFICIT			
Share capital	29	1,081	1,081
Reserves	31	(2,448,590)	(1,823,392)
DEFICIT ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,447,509)	(1,822,311)
NON-CONTROLLING INTERESTS		93,773	194,021
TOTAL DEFICIT		(2,353,736)	(1,628,290)
TOTAL LIABILITIES AND DEFICIT		2,622,326	2,864,594

Li Zongyang

Chairman and Executive Director

Liang Ying

Independent Non-executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent														
	Share capital	Share premium account*	Safety fund and production maintenance fund*	Special reserve*	Accumulated losses*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total deficit						
			CNY'000							CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
			Note 29								Note 31 (a)	Note 31 (b)			
At 1 January 2024	1,081	204,524	284,440	38,741	(1,815,797)	4,387	(1,282,624)	224,102	(1,058,522)						
Loss for the year	-	-	-	-	(539,030)	-	(539,030)	(30,081)	(569,111)						
Exchange differences on translation of foreign operations	-	-	-	-	-	(657)	(657)	-	(657)						
Total comprehensive loss for the year	-	-	-	-	(539,030)	(657)	(539,687)	(30,081)	(569,768)						
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	(21,675)	-	21,675	-	-	-	-						
At 31 December 2024 and at 1 January 2025	1,081	204,524	262,765	38,741	(2,333,152)	3,730	(1,822,311)	194,021	(1,628,290)						
Loss for the year	-	-	-	-	(626,026)	-	(626,026)	(100,248)	(726,274)						
Exchange differences on translation of foreign operations	-	-	-	-	-	828	828	-	828						
Total comprehensive loss for the year	-	-	-	-	(626,026)	828	(625,198)	(100,248)	(725,446)						
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	(5,608)	-	5,608	-	-	-	-						
At 31 December 2025	1,081	204,524	257,157	38,741	(2,953,570)	4,558	(2,447,509)	93,773	(2,353,736)						

* These reserve accounts comprise the consolidated reserves of deficit of CNY2,448.6 million (31 December 2024: deficit of CNY1,823.4 million) in the consolidated statement of financial position as at 31 December 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 CNY'000	2024 CNY'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax:			
From continuing operations		(673,092)	(543,929)
From a discontinued operation	4	(394)	(408)
Adjustments for:			
Interest income	8	(11)	(627)
Finance costs	7	154,288	150,838
Loss on disposal of items of property, plant and equipment	8	6	440
Depreciation of property, plant and equipment	8	147,974	92,510
Depreciation of right-of-use assets	8	5,137	7,850
Impairment losses on financial assets, net	8	771	5,637
Impairment losses on property, plant and equipment	8	204,799	134,193
Impairment losses on right-of-use assets	8	–	25,905
Sub-total		(160,522)	(127,591)
Increase in rehabilitation fund		2,739	3,213
(Increase)/decrease in trade and bills receivables		(112)	1,826
Decrease in inventories		7,370	16,028
Increase in prepayments and other receivables		(7,793)	(24,787)
(Increase)/decrease in pledged deposits		(610)	2,544
Increase/(decrease) in trade and bills payables		71,732	(83,152)
Increase in other payables and accruals		260,505	454,806
Decrease in deferred income		(2,498)	(2,585)
Cash from operations		170,811	240,302
Interest received		11	627
Interest paid		(60,641)	(123,534)
Net cash flows from operating activities		110,181	117,395

continued/...

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2025

	Notes	2025 CNY'000	2024 CNY'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(91,667)	(168,767)
Net cash flows used in investing activities		(91,667)	(168,767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings	40(b)	52,210	495,159
Repayments of interest-bearing bank and other borrowings	40(b)	(58,800)	(543,848)
Decrease in pledged deposits	22	–	43,000
Prepayment to the Shareholder		(871)	(2,672)
Advances from related companies		5,899	504,492
Repayments to related companies		(11,137)	(413,886)
Principal portion of lease payments		(5,623)	(36,844)
Net cash flows (used in)/from financing activities		(18,322)	45,401
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		192	(5,971)
Effect of foreign exchange rate changes, net		(5)	6
Cash and cash equivalents at the beginning of the year		4,142	10,107
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,329	4,142

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the British Virgin Islands (“BVI”) on 6 January 2010. The registered address of the Company is Kingston Chambers, P.O. Box 173, Road Town, Tortola, BVI.

China Natural Resources, Inc. (“CHNR”) is a BVI holding company incorporated in 1993 with its shares listed on the NASDAQ Capital Market in the United States of America. The Company was a wholly-owned subsidiary of CHNR until CHNR completed the spin-off (the “Spin-off”) of its shareholding in the Company and the shares of the Company were listed by introduction on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 January 2014. After the Spin-off, CHNR’s shareholders hold the shares of the Company directly.

The Company’s principal shareholder is Feishang Group Limited (“Feishang Group” or the “Shareholder”), a company incorporated in the BVI. Mr. Li Feilie is the beneficial owner of Feishang Group. In the opinion of the directors of the Company (the “Directors”), the ultimate holding company of the Company is Laitan Investments Limited, a company incorporated in the BVI.

The Company is an investment holding company. During the year, the Company’s subsidiaries were engaged in the extraction and sale of anthracite coal and trading of anthracite coal in the People’s Republic of China (the “PRC”).

As at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million (31 December 2024: CNY3,888.9 million) and total assets less current liabilities of negative CNY1,713.3 million (31 December 2024: negative CNY1,157.8 million).

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Chinese Yuan (“CNY”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern

The Group recorded a loss attributable to the owners of the Company of CNY626.0 million for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million and shareholders' deficit of CNY2,353.7 million. In addition, as at 31 December 2025, the Group had cash and cash equivalents of CNY4.3 million and the Group's total principal amounts of bank and other borrowings amounted to CNY1,622.1 million, out of which CNY1,562.6 million will be due for repayment within the next twelve months, including (1) borrowings of approximately CNY781.3 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of approximately CNY10.4 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations, which was remained unsettled as at 31 December 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. The above conditions indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise"); (vii) consider divestiture plan of certain mining assets for lowering the debt and gearing ratio; and (viii) consider various forms of capital raising exercise by discussing with potential investors in view of prevailing market conditions.

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

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

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following: (i) successfully obtaining the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiating and agreeing with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renewing the borrowings with the lenders as and when needed; (ii) successfully negotiating and agreeing with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) successfully carrying out the Group's business plan to expand the coal washing capacity, set up coal quality control teams and formulate the coal quality control policies in order to improve the coal quality and average selling price of its coal products; (iv) successfully implementing measures to stabilize and expand production output in order to realise the economies of scale and opportunities for better product diversification; (v) effectively control the various production costs and expenses; (vi) successfully obtaining the continual financial support and funding from Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise"); and (vii) successfully disposing of the Group's certain mining assets including equity interests and realising other forms of capital raising exercise when suitable.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

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

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows: (continued)

- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies

(a) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owner of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(a) *Business combinations and goodwill (continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in the consolidated statement of profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(b) Related parties

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

- (1) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (2) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (1);
 - (vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(c) *Property, plant and equipment*

Property, plant and equipment comprise buildings, mining structures, mining rights, machinery and equipment, motor vehicles and construction in progress.

Exploration rights are capitalised and amortised over the term of the licence granted to the Group by the authorities.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures.

Buildings, mining structures, machinery and equipment, and motor vehicles are stated at cost less accumulated depreciation and any impairment losses. Expenditures for routine repairs and maintenance are expensed as incurred.

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The costs of mining rights are initially capitalised when purchased. If proved and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs are capitalised and are amortised upon production based on actual units of production over the estimated proved and probable reserves of the mines. For mining rights in which proved and probable reserves have not yet been established, the Group assesses the carrying value for impairment at the end of each reporting period. The Group's rights to extract minerals are contractually limited by time. However, the Group believes that it will be able to extend its licences.

Mining related buildings, mining structures and mining related machinery and equipment are stated at cost less accumulated depreciation and any impairment losses. Those mining related assets for which proved and probable reserves have been established are depreciated upon production based on actual units of production over the estimated proved and probable reserves of the mines.

Reserve estimates are reviewed when information becomes available that indicates a reserve change is needed. Any material effect from changes in estimates is considered in the period the change occurs.

Depreciation for the following items is calculated on the straight-line basis over each asset's estimated useful life down to the estimated residual value of each asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(c) Property, plant and equipment (continued)

Estimated useful lives are as follows:

Non-mining related buildings	15-35 years
Non-mining related machinery and equipment	5-15 years
Motor vehicles	5-8 years

Residual values, useful lives and the depreciation method are reviewed and, adjusted if appropriate, at each reporting date.

When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognised in the consolidated statement of profit or loss.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

One or more items of property, plant and equipment may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an item of property, plant and equipment is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired item is measured in this way even if an entity cannot immediately derecognise the asset given up. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(c) *Property, plant and equipment (continued)*

The Group determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if: (a) the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or (b) the entity specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange; and (c) the difference in (a) or (b) is significant relative to the fair value of the assets exchanged.

The fair value of an asset is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value. If an entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

(d) *Fair value measurement*

The Group measures derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(d) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Exploration and evaluation costs

Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing coal bodies and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is expensed as incurred.

Once the exploration right to explore has been acquired, exploration and evaluation expenditure is charged to the consolidated statement of profit or loss as incurred, unless a future economic benefit is more likely than not to be realised. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently stated at cost less accumulated impairment.

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible or intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(f) *Impairment of non-financial assets*

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(g) *Investments and other financial assets*

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out in Note 2.4(q) "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(g) *Investments and other financial assets (continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(g) *Investments and other financial assets (continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

(h) *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(i) *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(i) *Impairment of financial assets (continued)*

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below:

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(j) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, and interest-bearing bank and other borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in other payables and accruals in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(j) *Financial liabilities (continued)*

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(k) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weight-average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Major types of inventories include:

- Spare parts and consumables
- Coal

(m) *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(n) *Employee benefits*

Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans administered by the PRC government. The relevant government agencies undertake to assume the retirement benefit obligation payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Further information is set out in Note 9.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(n) *Employee benefits (continued)*

Housing funds

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each year.

(o) *Asset retirement obligations*

The Group's legal or constructive obligations associated with the retirement of non-financial assets are recognised at fair value at the time the obligations are incurred and if it is probable that an outflow of resources will be required to settle the obligation, and a reasonable estimate of fair value can be made. Upon initial recognition of a liability, a corresponding amount is capitalised as part of the carrying amount of the related property, plant and equipment. Asset retirement obligations are regularly reviewed by management and are revised for changes in future estimated costs and regulatory requirements. Changes in the estimated timing of retirement or future estimated costs are dealt prospectively by recording an adjustment against the carrying value of the provision and a corresponding adjustment to property and equipment. Depreciation of the capitalised asset retirement cost is generally determined on a unit-of-production basis. Accretion of the asset retirement obligation is recognised over time and generally will escalate over the life of the production asset, typically as production declines. Accretion is included in the finance costs in the consolidated statement of profit or loss. Any difference between the recorded obligation and the actual costs of reclamation is recorded in the consolidated statement of profit or loss in the period the obligation is settled.

(p) *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly relating to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(q) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Sale of coal

Revenue from the sale of coal is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

The coal is sold on its own in separately identified contracts with customers.

(ii) Coal trading

The Group provides procurement services on coal with specified high calorific value as an agent. Revenue under agency arrangements is recognised on a net base, and at a point in time, upon receipt by the customer of the coal with specified high calorific value.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(q) *Revenue recognition (continued)*

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(r) *Contract assets*

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

(s) *Contract liabilities*

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(t) *Income taxes*

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or loss or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, by the reporting date, taking into consideration interpretations and practices prevailing in the countries where the Group operates and generates taxable income.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(t) *Income taxes (continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax assets relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(t) *Income taxes (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(u) *Foreign currencies*

The functional currency of substantially all the operations of the Group is the CNY, the national currency of the PRC. Transactions denominated in currencies other than the CNY recorded by the entities of the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in other currencies have been translated into CNY at the functional currency rates of exchange prevailing at the end of the reporting period. The resulting exchange gains or losses are credited or charged to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

The financial statements of certain overseas subsidiaries with a functional currency other than the CNY have been translated into CNY. The assets and liabilities of these entities have been translated using the exchange rates prevailing at the reporting date and their statements of profit or loss have been translated using the weighted average exchange rate for the year. Resulting translation adjustments are reported as a separate component of other comprehensive income.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(v) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

(w) Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and a non-lease component, the Group adopts the practical expedient not to separate the non-lease component and to account for the lease component and the associated non-lease component (e.g., property management services for leases of properties) as a single lease component.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(w) Leases (continued)

Group as a lessee (continued)

(1) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
Machinery and equipment	3 to 10 years
Leasehold land	15 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(2) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(w) Leases (continued)

Group as a lessee (continued)

(2) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset

(3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(x) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(y) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(z) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the consolidated financial statements.

2. ACCOUNTING POLICIES (continued)

2.5 Significant accounting judgements and estimates (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(i) Principal versus agent consideration

The Group has certain contracts with customers to acquire, on their behalf, coal with specified high calorific value provided by third-party suppliers. Under these contracts, the Group provides procurement services. The Group determined that it does not control the goods before they are transferred to customers, and it does not have the ability to direct the use of the coal or obtain benefits from the coal. The following factors indicate that the Group does not control the goods before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group does not have inventory risk before or after the coal with specified high calorific value has been transferred to the customer as the coal is shipped by the supplier directly to the customer, and the third-party supplier bears all the consequences of price reduction, penalty or rejection if the quantity or quality of coal supplied does not meet the requirements.
- The Group has no discretion in establishing the price for the coal with specified high calorific value. The amount of Group's gross profit is pre-determined based on the fixed fee signed in the contract.

In addition, the Group concluded that it transfers control over its services, at a point in time, upon receipt by the customer of the coal with specified high calorific value, because this is when the customer benefits from the Group's agency service.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.5 Significant accounting judgements and estimates (continued)

Estimates and assumptions

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

(i) Impairment of long-lived assets

Long-lived assets to be held and used, such as property, plant and equipment and right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amounts of assets, various assumptions, including the future sales volumes, coal prices and operating costs to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

(ii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be recovered. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 12 to the financial statements.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2025, the Group had only one operating segment: extraction and sale of anthracite coal and trading of anthracite coal.

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment. The Group conducts its principal operation in Chinese mainland. The Group's management monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

Geographic information

The Group's revenue from external customers is derived solely from its operation in Chinese mainland, and no non-current assets of the Group are located outside Chinese mainland.

Information about major customers

During the year ended 31 December 2025, revenue derived from sales to two customers accounted for 40.6% and 9.3% of the consolidated revenue, respectively. During the year ended 31 December 2024, revenue derived from sales to two customers accounted for 24.6% and 10.6% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATION

Gouchang Coal Mine is a coal mine located in Guizhou Province, the PRC, which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. In the year of 2025 and 2024, substantially all the work at Gouchang Coal Mine had ceased; and therefore, the operating results have been reclassified to a discontinued operation for the purpose of preparing the consolidated statement of profit or loss for the year ended 31 December 2025 and 2024.

* For identification purpose only

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. DISCONTINUED OPERATION (continued)

The results of Gouchang Coal Mine for the years ended 31 December 2025 and 2024 are presented below:

	2025 CNY'000	2024 CNY'000
Administrative expenses	(394)	(408)
LOSS BEFORE INCOME TAX	(394)	(408)
Income tax expense	–	–
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	(394)	(408)
Attributable to:		
Owners of the parent	(390)	(404)
Non-controlling interest	(4)	(4)
	(394)	(408)

The net cash flows incurred by Gouchang Coal Mine are as follows:

	2025 CNY'000	2024 CNY'000
Operating activities	(91)	(240)
Financing activities	57	(26)
Net cash outflow	(34)	(266)

The calculations of basic and diluted loss per share from a discontinued operation are based on:

	2025 CNY'000	2024 CNY'000
Loss for the year attributable to ordinary equity holders of the parent from a discontinued operation	(390)	(404)
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	1,380,546	1,380,546
Loss per share attributable to ordinary equity holders of the parent from a discontinued operation (CNY per share):		
Basic and diluted	*	*

* Insignificant

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2025 CNY'000	2024 CNY'000
Revenue from contracts with customers	356,774	308,308

(i) Disaggregated revenue information

	2025 CNY'000	2024 CNY'000
Types of goods or services		
Sale of coal	356,774	308,296
Coal trading	–	12
	356,774	308,308
Geographic market		
Chinese mainland	356,774	308,308
Timing of revenue recognition		
Goods transferred at a point of time	356,774	308,308

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 CNY'000	2024 CNY'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of coal	70,295	115,672

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE FROM CONTINUING OPERATIONS (continued)

(ii) Performance obligations

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

Sale of coal

The performance obligation is satisfied upon delivery of the coal and payment is generally due within 30 days from delivery, except for new customers, where payment in advance is normally required.

Coal trading

The performance obligation is satisfied upon receipt of the coal and payment is generally due within 30 days from receipt.

6. COST OF SALES FROM CONTINUING OPERATIONS

Cost of sales from continuing operations represents the following:

	2025 CNY'000	2024 CNY'000
Sale of coal (Note 8)	429,035	307,986

7. FINANCE COSTS FROM CONTINUING OPERATIONS

	2025 CNY'000	2024 CNY'000
Interest on interest-bearing bank and other borrowings	145,445	140,951
Interest on lease liabilities (Note 16(b)/Note 16(c))	5,523	6,149
Interest on payables for mining rights	2,145	2,639
Total interest expense	153,113	149,739
Bank charges	21	31
Discount coupon (Note 35)	293	2,268
Accretion expenses (Note 28)	1,175	1,099
	154,602	153,137

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

The Group's loss before income tax from continuing operations is arrived at after (crediting)/charging the following:

	2025 CNY'000	2024 CNY'000
Interest income on bank deposits	(11)	(627)
Government grant (a)	(4,908)	(14,625)
Cost of inventories sold (b)	347,787	224,156
Sales tax and surcharge	18,184	14,384
Utilisation of safety fund and production maintenance fund	63,064	69,446
Cost of sales (Note 6)	429,035	307,986
Employee benefit expenses (Note 9)	174,970	196,170
Depreciation, depletion and amortisation:		
– Property, plant and equipment (Note 15)	147,974	92,510
– Right-of-use assets (Note 16(a)/Note 16(c))	5,137	7,850
Lease payments not included in the measurement of lease liabilities (Note 16(c))	877	521
Auditors' remuneration:		
– Audit fee	2,950	2,880
Impairment losses on financial assets, net	771	5,637
Impairment losses on property, plant and equipment (Note 15)	204,799	134,193
Impairment losses on right-of-use assets (Note 16(a)/Note 16(c))	–	25,905
Loss on disposal of property, plant and equipment	6	440
Transportation fee	13,482	8,388

(a) The government grant with a total amount of CNY4.9 million was included in other operating income for the year ended 31 December 2025 (2024: CNY14.6 million).

(b) Included in the cost of inventories sold is a total amount of CNY236.1 million for the year ended 31 December 2025 (2024: CNY183.5 million) relating to employee benefit expenses and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expenses.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	2025 CNY'000	2024 CNY'000
Wages, salaries and allowances	146,826	175,355
Contribution to pension plans (a)	7,237	8,392
Housing funds (a)	382	1,715
Welfare and other expenses	25,448	20,482
Sub-total	179,893	205,944

(a) According to the PRC state regulations, the employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government and government-sponsored housing funds. These subsidiaries are required to contribute certain percentages of their payroll costs for those qualified urban employees to the central pension scheme as well as the housing funds.

Employee benefits charged to loss from continuing operations are analysed as follows:

	2025 CNY'000	2024 CNY'000
Total employee benefits accrued for the year	179,893	205,944
Less:		
Amount included in inventories	(4,923)	(9,774)
Amount charged to loss from continuing operations (Note 8)	174,970	196,170

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 CNY'000	2024 CNY'000
Fees	319	339
Other emoluments:		
Salaries, allowances and benefits in kind	–	1,342
Pension scheme contributions	–	28
	–	1,370
	319	1,709

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 CNY'000	2024 CNY'000
Mr. Lo Kin Cheung (i)	–	53
Mr. Wang Xiufeng	108	113
Mr. Chan Him Alfred (iv)	100	113
Ms. Liang Ying (ii)	108	60
Mr. Lui Tin Shun (iii)	3	–
	319	339

- (i) Mr. Lo Kin Cheung was appointed as the Company's non-executive director with effect from 23 December 2013 and resigned on 18 June 2024.
- (ii) Ms. Liang Ying was appointed as the Company's non-executive director with effect from 18 June 2024 and was appointed as the Company's authorized representative with effect from 10 March 2026.
- (iii) Mr. Lui Tin Shun was appointed as the Company's non-executive director with effect from 23 December 2025.
- (iv) Mr. Chan Him Alfred was appointed as the Company's non-executive director with effect from 31 May 2021 and resigned on 2 December 2025.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees CNY'000	Salaries, allowances and benefits in kind CNY'000	Pension scheme contributions CNY'000	Total remuneration CNY'000
2025				
Executive directors:				
Mr. Tam Cheuk Ho (i)	*	—	—	*
Mr. Wong Wah On Edward (i)	*	—	—	*
Mr. Li Zongyang (ii)	*	—	—	*
Mr. He Jianhu (i)	*	—	—	*
Mr. Wang Xinhua (iii)	*	—	—	*
	*	—	—	*

* HK\$1

(i) Mr. Wong Wah On Edward has resigned as an executive director of the Company on 10 March 2026. Mr. Tam Cheuk Ho and Mr. He Jianhu have resigned as executive directors of the Company on 10 March 2026.

(ii) Mr. Li Zongyang was appointed as the Company's chairman and executive director with effect from 27 October 2025.

(iii) Mr. Wang Xinhua was appointed as an executive director with effect from 12 January 2024 and resigned on 27 October 2025.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive (continued)

	Fees CNY'000	Salaries, allowances and benefits in kind CNY'000	Pension scheme contributions CNY'000	Total remuneration CNY'000
2024				
Executive directors:				
Mr. Han Weibing (i)	*	–	–	*
Mr. Tam Cheuk Ho	*	–	–	*
Mr. Wong Wah On Edward	*	–	–	*
Mr. Wang Weidong (ii)	*	–	–	*
Mr. He Jianhu	*	–	–	*
Mr. Yang Guohua (iii)	*	665	28	693
Mr. Wang Xinhua	*	600	–	600
Mr. Fu Jiangen (iv)	*	77	–	77
	*	1,342	28	1,370

* HK\$1

- (i) Mr. Han Weibing has resigned as an executive director, the chairman of the board and the chief executive officer of the Company on 12 January 2024.
- (ii) Mr. Wang Weidong was appointed as an executive director with effect from 31 May 2021, and resigned on 12 January 2024.
- (iii) Mr. Yang Guohua was appointed as an executive director with effect from 31 May 2021, and resigned on 21 October 2024.
- (iv) Mr. Fu Jiangen was appointed as an executive director with effect from 12 January 2024 and resigned on 18 June 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year ended 31 December 2025 (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees for the year ended 31 December 2025 do not include directors (2024: two), details of whose remuneration are set out in Note 10 above.

Details of the remuneration of the remaining five (2024: three) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2025 CNY'000	2024 CNY'000
Wages, salaries and allowances	2,765	1,544
Contribution to pension plans	20	16
Housing funds	30	76
Welfare and other expenses	20	10
	2,835	1,646

The number of non-director and non-chief executive officer highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	5	3
	5	3

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the BVI and conducts its primary business through its subsidiaries in Chinese mainland. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the year ended 31 December 2025 (2024: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong sourced and non-Hong Kong sourced income. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong sourced income, no provision for Hong Kong profits tax was made as this operation incurred tax losses during the years ended 31 December 2025 and 2024. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX (continued)

Under the Law of the PRC on the corporate income tax (“CIT”) and Implementation Regulation of the Corporate Income Tax Law (the “CIT Law”), the tax rate applicable to PRC group entities was 25% during the years ended 31 December 2025 and 2024 except that Jinsha Juli Energy Co., Ltd. (“Jinsha Juli”) was entitled to the preferential tax rate of 15% according to the approval opinion issued by Guizhou Provincial Development and Reform Commission in June 2022, because the technique adopted by its operating business meets the criterion of “Catalogue of Encouraged Industries in Western Regions (2020 Version)”.

Under the prevailing CIT Law and its relevant regulations, any dividends paid by the Company’s PRC subsidiaries from their earnings derived after 1 January 2008 to their holding companies in Hong Kong are subject to PRC dividend withholding tax of 5% or 10%, depending on the applicability of the Sino-Hong Kong tax treaty.

The current and deferred components of income tax expense charge from continuing operations are as follows:

	2025	2024
	CNY’000	CNY’000
Current – Chinese Mainland	122	–
Deferred – Chinese Mainland	52,666	24,774
	52,788	24,774

A reconciliation of the income taxes from continuing operations computed at the PRC statutory tax rate of 25% to the actual income tax charge is as follows:

	2025	2024
	CNY’000	CNY’000
Loss before income tax from continuing operations	(673,092)	(543,929)
Tax at the statutory tax rate of 25%	(168,273)	(135,982)
Effect of different tax rates of the Company and subsidiaries of the Group	4,639	4,372
Non-deductible expenses	2,973	4,523
Tax losses not recognised and reversal of previously recognised tax losses	213,449	151,861
Income tax charge from continuing operations	52,788	24,774

NOTES TO FINANCIAL STATEMENTS

31 December 2025

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX (continued)

The Group's major deferred tax assets and deferred tax liabilities, classified after netting on a jurisdictional basis, are as follows:

	2025 CNY'000	2024 CNY'000
Deferred tax assets		
Accruals and other payables	9,226	5,689
Asset retirement obligations	4,353	4,069
Capitalised pilot run income	6,994	7,860
Tax losses	10,683	56,906
Lease liabilities	6,867	7,329
Bad debt provision	5,807	5,807
	43,930	87,660
Deferred tax liabilities		
Dismantle assets	(1,049)	(1,058)
Right-of-use assets	(3,570)	(4,968)
Depreciation and fair value adjustment of property, plant and equipment	(176,180)	(165,837)
	(180,799)	(171,863)
Net deferred tax liabilities	(136,869)	(84,203)
Classification in the consolidated statement of financial position:		
Deferred tax assets	1,693	1,813
Deferred tax liabilities	(138,562)	(86,016)

In assessing the recoverability of the Group's deferred tax assets, management has performed a detailed assessment on the available taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the deductible temporary differences and unused tax losses can be utilised before they expire. In addition, management has also performed a detailed assessment on these coal mining subsidiaries' profitability based on their production plans, product mix, forecasted selling prices, and the related production and operational costs, of which strong profits are expected.

Accordingly, management considered it is probable that the Group, in future, will earn sufficient taxable profits to utilise these coal mining subsidiaries' deductible temporary differences and unused tax losses before they expire and as such, the related deferred tax assets are recognised.

The total amounts of unused tax losses for which no deferred tax assets were recognised amounted to CNY2,489.5 million and CNY1,810.4 million as at 31 December 2025 and 2024, respectively. As at 31 December 2025, unused tax losses not utilised of CNY217.2 million, CNY169.8 million, CNY603.8 million, CNY626.5 million and CNY 872.2 million will expire by end of 2026, 2027, 2028, 2029 and 2030, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX (continued)

The gross movements on the deferred tax account are as follows:

	2025 CNY'000	2024 CNY'000
At the beginning of the year	(84,203)	(59,429)
Charged to the consolidated statement of profit or loss	(52,666)	(24,774)
At the end of the year	(136,869)	(84,203)

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted loss per share for the year were calculated as follows:

	2025 CNY'000	2024 CNY'000
Loss for the year attributable to ordinary equity holders of the parent:		
From continuing operations	(625,636)	(538,626)
From a discontinued operation	(390)	(404)
	(626,026)	(539,030)
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	1,380,546	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic and diluted		
From continuing operations	(0.45)	(0.39)
From a discontinued operation	*	*
	(0.45)	(0.39)

* Insignificant

The Company did not have any potential diluted shares throughout the year. Accordingly, the diluted loss per share amount was the same as the basic loss per share amount.

14. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2025 (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings CNY'000	Mining structures CNY'000	Mining rights CNY'000	Machinery and equipment CNY'000	Motor vehicles CNY'000	Construction in progress ("CIP") CNY'000	Total CNY'000
As at 1 January 2024							
Cost	157,947	2,702,999	1,032,681	947,948	70,998	521,806	5,434,379
Accumulated depreciation	(35,447)	(1,395,295)	(183,163)	(468,992)	(55,573)	–	(2,138,470)
Accumulated impairment losses	(14,149)	(240,068)	(396,232)	(101,830)	(9,462)	(5,298)	(767,039)
Net carrying amount	108,351	1,067,636	453,286	377,126	5,963	516,508	2,528,870
Year ended 31 December 2024							
Beginning of the year	108,351	1,067,636	453,286	377,126	5,963	516,508	2,528,870
Additions	–	3,904	–	12,846	360	137,718	154,828
Transfer from CIP	5,713	67,675	–	1,205	–	(74,593)	–
Disposals	–	–	–	(625)	(1,748)	–	(2,373)
Depreciation charge	(2,073)	(59,747)	(3,929)	(25,677)	(1,084)	–	(92,510)
Impairment charge	(3,127)	(35,033)	(66,342)	(9,474)	(206)	(20,011)	(134,193)
Reclassified from right-of-use assets	–	–	–	39,068	–	–	39,068
End of the year	108,864	1,044,435	383,015	394,469	3,285	559,622	2,493,690
As at 1 January 2025							
Cost	163,660	2,774,578	1,032,681	999,400	66,951	584,931	5,622,201
Accumulated depreciation	(37,520)	(1,455,042)	(187,092)	(493,627)	(53,998)	–	(2,227,279)
Accumulated impairment losses	(17,276)	(275,101)	(462,574)	(111,304)	(9,668)	(25,309)	(901,232)
Net carrying amount	108,864	1,044,435	383,015	394,469	3,285	559,622	2,493,690
Year ended 31 December 2025							
Beginning of the year	108,864	1,044,435	383,015	394,469	3,285	559,622	2,493,690
Additions	–	1,344	3,980	3,667	–	129,623	138,614
Transfer from CIP	–	346,153	–	–	–	(346,153)	–
Disposals	–	–	–	–	(10)	–	(10)
Depreciation charge	(4,094)	(93,467)	(10,467)	(39,017)	(929)	–	(147,974)
Impairment charge	–	(54,279)	(70,317)	(26,414)	–	(53,789)	(204,799)
End of the year	104,770	1,244,186	306,211	332,705	2,346	289,303	2,279,521
As at 31 December 2025							
Cost	163,660	3,122,075	1,036,661	1,003,067	66,747	368,401	5,760,611
Accumulated depreciation	(41,614)	(1,548,509)	(197,559)	(532,644)	(54,733)	–	(2,375,059)
Accumulated impairment losses	(17,276)	(329,380)	(532,891)	(137,718)	(9,668)	(79,098)	(1,106,031)
Net carrying amount	104,770	1,244,186	306,211	332,705	2,346	289,303	2,279,521

15. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025, certain mining rights with a carrying amount of CNY306.2 million (31 December 2024: CNY383.0 million) were pledged to secure bank loans with a carrying amount of CNY1,299.7 million (31 December 2024: CNY1,362.8 million) (Note 25).

As at 31 December 2025 certain mining structure, machinery and equipment with a carrying amount of CNY25.4 million (31 December 2024: CNY21.5 million) were pledged to secure bank loans with a carrying amount of CNY94.1 million (31 December 2024: CNY92.9 million) (Note 25).

As at 31 December 2025, certain buildings with a carrying amount totalling CNY104.8 million (31 December 2024: CNY108.9 million) were without title certificates. The Directors are of the view that the Group was entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of the year.

Impairment tests for cash-generating unit ("CGU")

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each CGU, being an individual coal mine or entity. The carrying values of these individual CGUs were compared to the recoverable amounts of the CGUs, which were based predominately on value in use.

Due to continual operating losses in certain coal mines in 2025, the Company performed impairment assessments, impairment losses for property, plant and equipment of Liujiaba Coal Mine and Baiping Coal Mine amounting to CNY204.8 million (2024: impairment losses for right-of-use assets and property, plant and equipment of Liujiaba Coal Mine and Baiping Coal Mine amounting to CNY160.1 million) were recognised after considering the recoverable amount. The recoverable amount of such CGU was CNY381.8 million as at 31 December 2025.

Value in use calculations use pre-tax cash flow projections based on the 2026 financial budgets approved by management and are extrapolated using the same cash flow projections of the remaining years with changes being made to reflect the estimated changes in future market or economic conditions. Other key assumptions applied in the impairment testing include the future sales volume, coal sales price and operating cost. Management determined these key assumptions based on past performance and their expectations on market development. Further, the Group adopts a pre-tax and non-inflation rate ranging from 8.00% to 10.22% (2024: 8.40% to 10.30%) as the discount rate that reflects specific risks related to the CGUs. The assumptions above are used in analysing the recoverable amounts of the CGUs within operating segments. These estimates and judgements may be significantly affected by unexpected changes in the future market or economic conditions.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land CNY'000	Machinery and equipment CNY'000	Buildings CNY'000	Total CNY'000
As at 1 January 2024	73,329	193,161	2,608	269,098
Additions	578	1,966	–	2,544
Depreciation charge	(193)	(6,926)	(731)	(7,850)
Reclassified to property, plant and equipment	–	(39,068)	–	(39,068)
Impairment	–	(25,905)	–	(25,905)
As at 31 December 2024 and 1 January 2025	73,714	123,228	1,877	198,819
Additions	–	–	953	953
Depreciation charge	(220)	(4,254)	(663)	(5,137)
As at 31 December 2025	73,494	118,974	2,167	194,635

(b) Lease liabilities

	2025 CNY'000	2024 CNY'000
Carrying amount at 1 January	97,191	132,069
New leases	953	1,966
Accretion of interest recognized during the year (Note 7)	5,523	6,149
Payments	(8,178)	(42,993)
Carrying amount at 31 December	95,489	97,191
Analysed into:		
Current portion	63,046	16,990
Non-current portion	32,443	80,201

16. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 CNY'000	2024 CNY'000
Interest on lease liabilities (Note 7)	5,523	6,149
Depreciation charge of right-of-use assets (Note 8)	5,137	7,850
Expense relating to leases of low-value assets (included in administrative expenses)	877	521
Impairment (Note 8)	–	25,905
Total amount recognised in profit or loss	11,537	40,425

(d) The total cash outflow for leases is disclosed in Note 40(c) to the consolidated financial statements.

17. REHABILITATION FUND

The rehabilitation fund represents restricted cash set aside by the Group in banks and cash placed with authorities for the purposes of future environmental rehabilitation as well as the settlement of asset retirement obligations.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. PREPAYMENTS AND OTHER RECEIVABLES

The balances consist of prepayments and other receivables at cost of:

	2025 CNY'000	2024 CNY'000
Current:		
Prepaid spare parts and consumable purchases	823	5,540
Deposits	14,185	15,096
Staff advances	13,874	7,536
Withheld social security	37,363	37,039
Value-added tax recoverable	10,052	10,542
Prepaid transportation fee	1,420	2,658
Prepaid coals for trading purposes	5,090	5,214
Others	7,085	12,227
Less: Impairment allowance	(17,797)	(17,797)
	72,095	78,055
Non-current:		
Prepayments for construction-related work	5,568	12,810
Prepayments for machinery and equipment purchases	12,012	12,629
Prepayments for mining plan design	462	467
Others	891	891
Less: Impairment allowance	(4,033)	(4,033)
	14,900	22,764
	86,995	100,819

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

18. PREPAYMENTS AND OTHER RECEIVABLES (continued)

The movements in provision for impairment of prepayments and other receivables are as follows:

	2025	2024
	CNY'000	CNY'000
Current:		
At the beginning of the year	17,797	14,848
Impairment losses recognised	–	2,949
Sub-total	17,797	17,797
Non-current:		
At the beginning of the year	4,033	3,513
Impairment losses recognised	–	520
Sub-total	4,033	4,033
At the end of the year	21,830	21,830

Where applicable upon financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. For staff advances, deposits and others, management considers the probability of default to be minimal. Except for the separate item of prepayments already impaired, the financial assets included in the above balances relate to receivables for which there was no recent history of default, and no impairment was provided during the year.

19. INVESTMENTS IN ASSOCIATES

On 6 December 2017, Guizhou Longfei Technology Development Co., Ltd. (貴州隆飛科技發展有限公司, “Longfei”) was established with registered capital of CNY20.0 million. Bijie Feishang Energy Co., Ltd. (“Bijie Feishang”), an indirectly wholly-owned subsidiary of the Company, subscribed 20% of the capital at an amount of CNY4.0 million. Bijie Feishang paid the subscribed capital of CNY2.4 million in year 2018.

On 19 July 2021, Zongshang Network (Hainan) Supply Chain Management Co., Ltd. (宗商網(海南)供應鏈管理有限公司, “Zongshang”) was established with registered capital of CNY50.0 million. Bijie Feishang subscribed 20% of the capital at an amount of CNY10.0 million. Up to 31 December 2025, Bijie Feishang had not yet paid the subscribed capital of CNY10.0 million.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. INVESTMENTS IN ASSOCIATES (continued)

The associates are accounted for using the equity method in the consolidated financial statements.

As at 31 December 2025, the Group's share of losses of associates exceeded its interests in the associates and the unrecognised further losses amounted to CNY0.2 million (31 December 2024: CNY0.2 million). Since the carrying amount of the investment in associates has been reduced to zero (2024: zero), no further share of loss (2024: nil) is recognized.

Particulars of the associates are as follows:

Name	Registered capital CNY'000	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Longfei	20,000	Guizhou, Chinese mainland	20.00%	20.00%	20.00%	Trading and repairing of mining facilities and spare parts
Zongshang	50,000	Hainan, Chinese mainland	20.00%	20.00%	20.00%	Trading and supply chain management

In the opinion of the Directors, the investments in associates are not material to the Group and no further disclosure of the particulars of the associates are presented.

20. INVENTORIES

	2025 CNY'000	2024 CNY'000
Spare parts and consumables	26,947	29,679
Coal	12,020	16,658
	38,967	46,337
Less: Provision for impairment	(1,810)	(1,810)
	37,157	44,527

NOTES TO FINANCIAL STATEMENTS

31 December 2025

21. TRADE AND BILLS RECEIVABLES

	2025 CNY'000	2024 CNY'000
Trade receivables	60,838	60,726
Less: Provision for impairment	(56,175)	(55,404)
	4,663	5,322
Bills receivable	–	–
	4,663	5,322

A credit period of up to three months is granted to customers with an established trading history, otherwise, sales on cash terms or payment in advance are required. Trade receivables are non-interest-bearing.

Trade receivables (including inter-company trade receivables) of CNY52.0 million (31 December 2024: CNY52.0 million) were pledged as security for short-term loans of CNY48.2 million (31 December 2024: CNY48.2 million) as at 31 December 2025 (Note 25).

Bills receivable are bills of exchange with maturity of less than one year, and management considers the probability of default as minimal.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2025 CNY'000	2024 CNY'000
Within 3 months	439	616
3 to 6 months	776	584
6 to 12 months	480	3,258
Over 12 months	2,968	864
	4,663	5,322

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 CNY'000	2024 CNY'000
At the beginning of the year	55,404	53,236
Impairment loss recognised	771	2,168
At the end of the year	56,175	55,404

NOTES TO FINANCIAL STATEMENTS

31 December 2025

21. TRADE AND BILLS RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit loss on trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Expected credit loss rate	5%	29%	99%	74%	100%	100%	
Gross carrying amount (CNY'000)	1,787	4,048	750	358	1,454	52,441	60,838
Expected credit losses (CNY'000)	92	1,180	744	264	1,454	52,441	56,175
Net carrying amount (CNY'000)	1,695	2,868	6	94	–	–	4,663

As at 31 December 2024

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Expected credit loss rate	2%	98%	58%	63%	100%	100%	
Gross carrying amount (CNY'000)	4,538	750	512	1,735	2,846	50,345	60,726
Expected credit losses (CNY'000)	80	738	298	1,097	2,846	50,345	55,404
Net carrying amount (CNY'000)	4,458	12	214	638	–	–	5,322

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 CNY'000	2024 CNY'000
Pledged deposits (i)		
Restricted bank deposits	2,000	1,390
Cash and cash equivalents	4,329	4,142
	6,329	5,532

(i) Pledged deposits mainly include deposits of restricted bank deposits frozen due to lawsuits of CNY2.0 million (31 December 2024: CNY1.4 million) as at 31 December 2025.

Deposits and cash and cash equivalents are denominated in the following currencies:

	2025 CNY'000	2024 CNY'000
CNY	6,240	5,354
Hong Kong dollar	89	178
	6,329	5,532

Cash and cash equivalents are principally CNY-denominated deposits placed with banks in the PRC. The CNY is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange CNY for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. TRADE AND BILLS PAYABLES

	2025	2024
	CNY'000	CNY'000
Trade payables (a)	993,694	872,442
	993,694	872,442

(a) Included in trade payables were amounts of CNY428.2 million (31 December 2024: CNY563.9 million) due to contractors related to construction as at 31 December 2025.

The ageing analysis of trade payables as at the end of the year is as follows:

	2025	2024
	CNY'000	CNY'000
Within 1 year	193,680	243,372
Between 1 and 2 years	184,194	374,491
Over 2 years	615,820	254,579
	993,694	872,442

The trade payables are non-interest-bearing and are normally settled on a term of three to six months other than those due to contractors related to construction, which are repayable on terms ranging from three months to one year. The trade payables ageing for more than one year are predominately payables due to contractors related to construction.

24. OTHER PAYABLES AND ACCRUALS

	2025 CNY'000	2024 CNY'000
Deposits from contractors	284,869	256,770
Social security payable (a)	112,487	110,706
Payroll payable	119,857	86,965
Contract liabilities (b)	497,390	501,215
Other taxes payable	130,255	124,917
Professional fee	1,614	4,754
Payables for emergency rescue of the coal mine	5,774	5,243
Geological hazard compensation	14,472	9,348
Others	321,845	178,465
	1,488,563	1,278,383

(a) Social security payable consists of employee retirement insurance, medical insurance, maternity insurance, employment injury insurance and unemployment insurance and housing funds for the benefit of the Group's employees.

(b) Contract liabilities include short-term advances received to deliver coal. In May 2023, Guizhou Puxin Energy Co., Ltd. ("Guizhou Puxin"), the Company's indirect wholly owned subsidiary, signed a contract for sales of coal with Guizhou Province Development Investment Co., Ltd. * (貴州省物資開發投資有限責任公司) and received the prepayment for coal amounting to CNY200,000,000 according to the contract terms. Feishang Group Limited pledged 600,000,000 ordinary shares of the Company held by it to secure the delivery of coal mentioned in the contract. Besides, Mr. Li Feilie, Ms. Wang Jing (the spouse of Mr. Li Feilie), the Company, the Group's subsidiaries including Guizhou Yongfu Mining Co., Limited ("Guizhou Yongfu"), Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun"), Jinsha Baiping Mining Co., Ltd. ("Baiping Mining") and Liuzhi Xinsong Coal Mining Co., Ltd. ("Xinsong Coal"), the Group's related parties including Feishang Enterprise and Guizhou Feishang Energy Co., Ltd.* (貴州飛尚能源有限公司) and the independent third party including Guizhou Credit Promotion Co., Ltd.* (貴州省信用增進有限公司) also provided guarantees for the delivery of coal. According to IFRS 15, as the contract provides for a credit period of less than one year after the transfer of coal, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

* For identification purposes only

Other payables are non-interest-bearing and have an average term of three months, except for those recognised under supplier finance arrangements.

The Group has established supplier finance arrangements that are offered to some of the Group's suppliers in Chinese mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

24. OTHER PAYABLES AND ACCRUALS (continued)

All financial liabilities that are part of the supplier finance arrangements are included in other payables and accruals in the statement of financial position.

The carrying amount of financial liabilities under supplier finance arrangements, included in other payables and accruals, is CNY12.0 million. Suppliers have already received payments totalling CNY12.0 million.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025 CNY'000	2024 CNY'000
Current		
Bank and other borrowings – unsecured and unguaranteed	8,000	–
Bank and other borrowings – guaranteed	142,155	158,955
Bank and other borrowings – secured	52,860	48,150
Bank and other borrowings – secured and guaranteed	1,130,000	1,286,879
Current portion of long-term bank and other borrowings – secured and guaranteed	227,522	188,813
Current portion of long-term bank and other borrowings – guaranteed	897	2,148
Current portion of long-term bank and other borrowings – secured	1,199	1,643
	1,562,633	1,686,588
Non-current		
Bank and other borrowings – secured and guaranteed	59,482	33,280
Bank and other borrowings – secured	–	628
	59,482	33,908
	1,622,115	1,720,496

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Certain of the interest-bearing bank and other borrowings are secured by:

- (1) pledges over the Group's mining rights with a carrying amount of CNY306.2 million (31 December 2024: CNY383.0 million) as at 31 December 2025 (Note 15);
- (2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun, Baiping Mining, Xinsong Coal and Guizhou Yongfu as at 31 December 2025 and as at 31 December 2024;
- (3) pledges over trade receivables (including inter-company trade receivables) with a carrying amount of CNY52.0 million (31 December 2024: CNY52.0 million) as at 31 December 2025 (Note 21);
- (4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun, Baiping Mining, and Xinsong Coal with a carrying amount of CNY25.4 million (31 December 2024: CNY21.5 million) as at 31 December 2025 (Note 15);
- (5) the Group had not repaid an aggregate principal amounts of CNY781.3 million for certain interest-bearing bank and other borrowings according to their repayment schedules. Borrowings of approximately CNY10.4 million with original maturity of more than twelve months have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group is still in the process of negotiating with the relevant banks and other creditors for loan extensions and waivers. The Group also has several litigations with the banks and other creditors in which the Group is currently negotiating the revised settlement agreements.

In addition, Mr. Li Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY1,432.0 million (31 December 2024: CNY1,506.7 million) as at 31 December 2025. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY1,423.6 million (31 December 2024: CNY1,527.2 million) as at 31 December 2025.

All borrowings are denominated in CNY.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The ranges of the effective interest rates of the Group's bank and other borrowings are as follows:

	2025 %	2024 %
Fixed rate bank and other borrowings	3.38~12.20	3.38~9.13
Floating rate bank and other borrowings	6.05~12.20	6.775~14.60

The maturity profile of the bank and other borrowings as at the end of the reporting period is as follows:

	2025 CNY'000	2024 CNY'000
Bank and other borrowings repayable:		
Within one year or on demand	1,562,633	1,686,588
In the second year	59,482	23,465
In the third to fifth years, inclusive	—	10,443
	1,622,115	1,720,496

26. MINING RIGHT PAYABLES

Mining right payables represent the payables to the Guizhou Provincial Department of Land and Resources as a result of acquiring the mining rights for Guizhou Yongfu and Guizhou Dayun. Mining right payables are classified as current/non-current liabilities according to instalment plans agreed with the Guizhou Provincial Department of Land and Resources.

Maturity of mining right payables is as follows:

	2025 CNY'000	2024 CNY'000
Within one year or on demand	43,783	43,783
	43,783	43,783

The mining right payables bear interest at a rate stipulated by the People's Bank of China from year to year. The interest rate for mining right payables for the year ended 31 December 2025 was 4.90% (2024: 4.90%).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. DEFERRED INCOME

	2025 CNY'000	2024 CNY'000
At the beginning of the year	10,318	12,903
Amortised during the year	(2,498)	(2,585)
At the end of the year	7,820	10,318

Government grants of CNY3.7 million (2024: CNY12.0 million) have been recognised in the consolidated statement of profit or loss directly since there was no unfulfilled condition for the year ended 31 December 2025.

28. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations primarily relate to the closure of mines, which include dismantling mining-related structures and the reclamation of land upon exhaustion of coal reserves.

The following table describes the changes to the Group's asset retirement obligation liabilities:

	Amount CNY'000
At 1 January 2024	15,790
Accretion expenses	1,099
At 31 December 2024 and 1 January 2025	16,889
Accretion expenses	1,175
At 31 December 2025	18,064

The inflation rate, discount rate and market risk premium used for estimating the provision for asset retirement obligations were 2.00%, 6.99% and 6.09% for the year ended 31 December 2025 and were 2.00%, 6.99% and 6.09% for the year ended 31 December 2024 respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. SHARE CAPITAL

	2025 CNY'000	2024 CNY'000
Authorised:		
100,000,000,000 (2024: 100,000,000,000 ordinary shares of HK\$0.001 each) ordinary shares of HK\$0.001 each	79,960	79,960
Issued and fully paid:		
1,380,545,800 (2024: 1,380,545,800 ordinary shares of HK\$0.001 each) ordinary shares of HK\$0.001 each	1,081	1,081

30. SHARE OPTION SCHEME

A share option scheme was adopted by shareholders of the Company on 28 June 2022 (the “Date of Adoption”) (the “Share Option Scheme”), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for shares in the Company (the “Shares”) subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and for an effective period of 10 years from the Date of Adoption. The Share Option Scheme is an incentive scheme and is established to enable the Group to recognise the contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Company’s business and that of its subsidiaries. The Eligible Persons include (a) any employee, executive director, non-executive director (excluding independent non-executive director) or consultant of the Company or any subsidiary; or (b) any other person who has contributed to the success of the listing of the Company on the Stock Exchange, in each case, as determined by the Board. The eligibility of an Eligible Person will be determined by the Board with reference to his or her past and expected commitment and contribution to the Company and/or the subsidiaries.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the offer date. The minimum period for which a share option must be held before it can be exercised would be determined by the Board having regard to the applicable requirements in relation to the vesting period and other matters in the Listing Rules.

30. SHARE OPTION SCHEME (continued)

The total number of the Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580 Shares, representing 10% of the Shares in issue as at the date of approval of the Share Option Scheme. The listing approval in respect of the Shares which may be issued on exercise of the options under the Share Option Scheme was granted by the Listing Committee of the Stock Exchange on 5 July 2022. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, unless approved by the Company's shareholders. In addition, the number of the Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of the Shares in issue and HK\$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, unless approved by the Company's shareholders. As at the beginning of the year and the end of the year ended 31 December 2025, the total number of Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580.

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) and shall be the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of a Share. Consideration of HK\$1 is payable by each Eligible Person for the grant of option.

As at 31 December 2025, no options were granted or agreed to be granted since the Date of Adoption (31 December 2024: Nil).

31. RESERVES

The amounts of the Group's reserves and movements therein for the reporting period are presented in the consolidated statement of changes in equity.

(a) Safety fund and production maintenance fund

The safety fund and production maintenance fund represent the safety production fund and the production maintenance fund, which are accrued based on production volume in accordance with the circular of the Ministry of Finance on enterprise safety production.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. RESERVES (continued)

(b) Special reserves

The special reserves represent the equity-settled share option expense related to the coal business in 2010, prepaid listing expenses undertaken and paid by CHNR on behalf of the Group, the loss from the acquisition of non-controlling interests and the deemed contribution from a related party.

According to the notice from the Department of Natural Resources of Guizhou Province related to the deduction of resource quantity and calculation of mining rights price, the mining rights payable of Baiping Coal Mine have been fully offset by the mining rights of the three closed coal mines including Gouchang Coal Mine, Guojiawuji Coal Mine and Sanjiazhai Coal Mine in 2023. Due to the fact that Guojiawuji Coal Mine and Sanjiazhai Coal Mine (“the Two Coal mines”) are owned by Feishang Enterprise, the difference amounting to CNY9.3 million between mining rights payables of Baiping Coal Mine and mining rights of Gouchang Coal Mine amounting to CNY43.6 million and the Two Coal mines was recognised as a deemed contribution from a related party in 2023.

32. COMMITMENTS

Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	2025 CNY'000	2024 CNY'000
Contracted, but not provided for		
– Construction and purchase of items of property, plant and equipment	8,458	10,920
– Capital contribution to the associates	11,600	11,600
	20,058	22,520

33. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) **Commercial transactions with related parties**

Commercial transactions with related parties are summarised as follows:

	2025 CNY'000	2024 CNY'000
Payment of its share of office rental, rates and others to Anka Consultants Limited ("Anka") (i)/(ii)	508	608
Share of office rental to Feishang Enterprise (i)/(iii)	157	166

- (i) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) On 1 July 2022, the Company and CHNR, a related company which is controlled by the controlling shareholder of the Group, signed the office sharing agreement with Anka, a Hong Kong private company that is owned by certain Directors. Pursuant to the agreement, the office premises of 119 square meters were shared by the Company, and 184 square meters were shared by CHNR. The agreement also provided that the Company and CHNR shared certain costs and expenses in connection with their use of the office, in addition to some of the accounting and secretarial services and day-to-day office administration provided by Anka. On 19 May 2025, the Company signed a new office sharing agreement with Anka, covering a period from 16 June 2025 to 15 June 2028. Pursuant to the agreement, the office premises of 1,188.8 square feet were shared by the Company.
- (iii) In September 2023, Shenzhen Chixin Information and Consulting Co., Ltd ("Shenzhen Chixin"), a wholly-owned subsidiary of the Group, entered into an office sharing leasing agreement with Feishang Enterprise for one year. Pursuant to the agreement, the office premises of 40 square metres were shared by the Company. On 31 March 2025, Shenzhen Chixin signed the new contract with Feishang Enterprise for one year, from 1 April 2025 to 31 March 2026. Pursuant to the agreement, the office premises of 20 square metres were shared by the Company.

The Directors (including the independent non-executive Directors) are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and on normal commercial terms and in accordance with the agreements governing such transactions on terms that are fair and reasonable and in the interest of the Shareholders as a whole. The Company has complied with relevant provisions governing connected transactions under the Listing Rules to the extent applicable.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

33. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

	2025 CNY'000	2024 CNY'000
Wages, salaries and allowances	3,484	3,938
Contribution to pension plans	73	25
Housing funds	40	159
Welfare and other expenses	40	25
	3,637	4,147

Further details of the Directors' and chief executive's emoluments are included in Note 10 to the consolidated financial statements.

(c) Outstanding balances with related parties

The Group's payables with related parties, which are all unsecured, non-interest-bearing and have no fixed terms of repayment, are summarised as follows:

	2025 CNY'000	2024 CNY'000
Payables to the Shareholder:		
Feishang Group	10,920	11,791

	2025 CNY'000	2024 CNY'000
Payables to related companies (i):		
Anka Capital Limited	10,559	8,173
Feishang Enterprise	362,575	223,214
	373,134	231,387

	2025 CNY'000	2024 CNY'000
Lease liabilities due to related companies:		
Anka	812	–
Other payables and accruals		
Anka	546	47

- (i) During the year ended 31 December 2025, the Group made advances from Anka Capital Limited and Feishang Enterprise CNY5.9 million (2024: CNY504.5 million) and repayments to Feishang Enterprise amounting to CNY11.1 million (2024: CNY413.9 million).

34. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital CNY'000	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Bijie Feishang Energy Co., Ltd. (畢節飛尚能源有限公司)	PRC/Chinese mainland 19 October 2010	10,000	-	100	Investment holding
Guizhou Dayun Mining Co., Ltd. (貴州大運礦業有限公司)	PRC/Chinese mainland 14 April 2004	300,000	-	100	Coal development and mining
Guizhou Fuyuantong Energy Co., Ltd. (貴州福源通能源有限公司)	PRC/Chinese mainland 10 March 2010	10,000	-	100	Investment holding
Guizhou Puxin Energy Co., Ltd. (貴州浦鑫能源有限公司)	PRC/Chinese mainland 15 January 2009	270,000	-	100	Investment holding and coal trading
Guizhou Yongfu Mining Co., Limited (貴州永福礦業有限公司)	PRC/Chinese mainland 27 June 2005	100,000	-	70	Coal development and mining
Hong Kong Smartact Limited (香港英策有限公司)	Hong Kong 25 January 2010	-	100	-	Investment holding
Hainan Yangpu Dashi Industrial Co., Limited (海南洋浦大石實業公司)	PRC/Chinese mainland 13 April 2004	1,000	-	100	Investment holding
Jinsha Baiping Mining Co., Ltd. (金沙縣白坪礦業有限公司)	PRC/Chinese mainland 15 January 2009	58,000	-	70	Coal development and mining
Jinsha Juli Energy Co., Ltd. (金沙縣聚力能源有限責任公司)	PRC/Chinese mainland 16 November 2012	30,000	-	100	Coal washing
Liuzhi Linjiaao Coal Mining Co., Ltd. (六枝特區林家壩煤業有限公司)	PRC/Chinese mainland 19 November 2008	30,600	-	100	Coal development and mining
Liuzhi Xinsong Coal Mining Co., Ltd. (六枝特區新松煤業有限公司)	PRC/Chinese mainland 13 November 2008	60,000	-	100	Coal development and mining
Nayong Gouchang Coal Mining Co., Ltd. (納雍縣狗場煤業有限公司)	PRC/Chinese mainland 10 September 2009	40,000	-	99	Coal development and mining
Shenzhen Chixin Information and Consulting Co., Ltd. (深圳市馳鑫信息諮詢有限公司)	PRC/Chinese mainland 18 July 2012	1,000	-	100	Provision of management and consulting services to other companies in the Group
Jinsha Xinyun Energy Co., Ltd. (金沙縣鑫運能源有限公司)	PRC/Chinese mainland 11 May 2016	10,000	-	100	Coal washing
Jinsha Xinping Energy Co., Ltd. (金沙縣鑫坪能源有限公司)	PRC/Chinese mainland 20 June 2017	10,000	-	100	Coal washing

NOTES TO FINANCIAL STATEMENTS

31 December 2025

34. PARTICULARS OF THE SUBSIDIARIES (continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital CNY'000	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Guizhou Feishang Mineral Resources Co., Ltd. (貴州飛尚工礦物資有限公司)	PRC/Chinese mainland 8 December 2017	20,000	-	100	Provision of purchasing construction equipment services and consulting services to other companies in the Group
Guizhou Juxinhong Materials co., Ltd. (貴州聚鑫泓物資有限公司)	PRC/Chinese mainland 26 June 2024	20,000	-	100	Provision of purchasing construction equipment services and consulting services to other companies in the Group
Jinsha County Fushengda Trading Co., Ltd. (金沙縣福晟達貿易有限公司)	PRC/Chinese mainland 27 May 2025	10000	-	100	Investment holding and coal trading

35. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of CNY4.0 million (31 December 2024: CNY2.1 million) and factored certain bills receivable accepted by banks in Chinese mainland with a carrying amount in aggregate of CNY27.9 million (31 December 2024: CNY5.9 million) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one month to one year at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the banks in Chinese mainland default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has recognised finance cost on the date of transfer of the Derecognised Bills at an amount of CNY0.3 million (2024: CNY2.3 million) (Note 7). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Group endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). The Endorsement has been made evenly throughout the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2025

	Financial assets at amortised cost CNY'000	Total CNY'000
Trade and bills receivables	4,663	4,663
Financial assets included in prepayments and other receivables	28,771	28,771
Pledged deposits	2,000	2,000
Cash and cash equivalents	4,329	4,329
	39,763	39,763

Financial liabilities

At 31 December 2025

	Financial liabilities at amortised cost CNY'000	Total CNY'000
Trade and bills payables	993,694	993,694
Financial liabilities in other payables and accruals	628,574	628,574
Interest-bearing bank and other borrowings – current	1,562,633	1,562,633
Interest-bearing bank and other borrowings – non-current	59,482	59,482
Lease liabilities	95,489	95,489
Mining right payables	43,783	43,783
Due to the Shareholder	10,920	10,920
Due to related companies	373,134	373,134
Interest payable	131,927	131,927
	3,899,636	3,899,636

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial assets

At 31 December 2024

	Financial assets at amortised cost CNY'000	Total CNY'000
Trade and bills receivables	5,322	5,322
Financial assets included in prepayments and other receivables	28,454	28,454
Pledged deposits	1,390	1,390
Cash and cash equivalents	4,142	4,142
	39,308	39,308

Financial liabilities

At 31 December 2024

	Financial liabilities at amortised cost CNY'000	Total CNY'000
Trade and bills payables	872,442	872,442
Financial liabilities in other payables and accruals	454,580	454,580
Interest-bearing bank and other borrowings – current	1,686,588	1,686,588
Interest-bearing bank and other borrowings – non-current	33,908	33,908
Lease liabilities	97,191	97,191
Mining right payables	43,783	43,783
Due to the Shareholder	11,791	11,791
Due to related companies	231,387	231,387
Interest payable	67,758	67,758
	3,499,428	3,499,428

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At the end of the reporting period, the carrying amounts of the Group's financial assets and liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments and other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and other liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments or the interest rate is approximate to the discount rate of current market.

Fair value hierarchy

Assets measured at fair value

As at 31 December 2025, there were no financial instruments measured at fair value (31 December 2024: Nil).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Group primarily include cash and cash deposits, trade and bills receivables, certain other current assets, trade and bills payables, certain other liabilities, amounts due to related companies, interest-bearing bank and other borrowings and mining right payables.

The Group is exposed to credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2025	12-month	Lifetime ECLs		Simplified approach	Total
	ECLs	Stage 2	Stage 3		
	Stage 1	Stage 2	Stage 3		
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
Trade and bills receivables*	–	–	–	60,838	60,838
Financial assets included in prepayments and other receivables					
– Normal**	28,771	–	–	–	28,771
– Doubtful**	–	–	7,265	–	7,265
Pledged deposits					
– Not yet past due	2,000	–	–	–	2,000
Cash and cash equivalents					
– Not yet past due	4,329	–	–	–	4,329
Total	35,100	–	7,265	60,838	103,203

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging (continued)

At 31 December 2024	12-month ECLs		Lifetime ECLs		Simplified approach CNY'000	Total CNY'000
	Stage 1 CNY'000	Stage 2 CNY'000	Stage 3 CNY'000			
Trade and bills receivables*	–	–	–		60,726	60,726
Financial assets included in prepayments and other receivables						
– Normal**	28,454	–	–		–	28,454
– Doubtful**	–	–	7,296		–	7,296
Pledged deposits						
– Not yet past due	1,390	–	–		–	1,390
Cash and cash equivalents						
– Not yet past due	4,142	–	–		–	4,142
Total	33,986	–	7,296		60,726	102,008

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging (continued)

Cash and cash deposits

The Group maintains its cash and cash deposits primarily with various PRC state-owned banks and Hong Kong-based financial institutions, which management believes are of high credit quality. The Group performs periodic evaluations of the relative credit standing of those financial institutions.

Trade receivables

The Group sells anthracite coal to companies in Chinese mainland. Trade receivables are typically unsecured and are mainly derived from revenue earned from customers in Chinese mainland. The risk with respect to trade receivables is mitigated by credit evaluations that the Group performs on its customers and its ongoing monitoring of outstanding balances. The Group provides impairment for trade receivables primarily based on the age of the balances and factors surrounding the customer's creditworthiness. An impairment CNY0.8 million of trade receivables was made during the year ended 31 December 2025 (2024: impairment of CNY2.2 million). As at 31 December 2025, receivables due from the five largest customers accounted for CNY0.1 million (31 December 2024: Nil) of the trade receivables.

Sales to the five largest customers accounted for 70.8% (2024: 57.5%) of the consolidated revenue for the year ended 31 December 2025. The five largest customers are all recognised and creditworthy third parties and their trading terms are mainly on payment in advance or with a credit period of one month. The Group expects the concentration of coal customers to subside once the production volume increases in the future.

Bills receivable

Bills receivable represent letters of credit obtained by customers of the Group to finance purchases which have been presented to banks for payment after delivery of goods to customers.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

These financial statements are presented in CNY, which is the Company’s presentation currency. The currency is not freely convertible into foreign currencies. The State Administration of Foreign Exchange, under the authority of the People’s Bank of China, controls the conversion of the currency into foreign currencies. The value of the currency is subject to changes in PRC government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. All foreign exchange transactions continue to take place either through the People’s Bank of China or other banks authorised to buy and sell foreign currencies at the exchange rates quoted by the People’s Bank of China.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations with floating interest rates. The interest rate risk is closely monitored by the Group’s senior management. As at 31 December 2025, the interest rates for 70.4% (31 December 2024: 69.4%) of the Group’s interest-bearing debts were fixed. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of interest-bearing bank and other borrowings and mining right payables with floating interest rates except for interest which is capitalised. With all other variables held constant, the Group’s (loss)/profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ (decrease) in basis points	Increase/ (decrease) in (profit)/loss before tax CNY’000
Year ended 31 December 2025	100 (100)	5,291 (5,291)
Year ended 31 December 2024	100 (100)	5,301 (5,301)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk

The Group manages its liquidity risk by regularly monitoring its liquidity requirements and its compliance with debt covenants to ensure that it maintains sufficient cash and cash equivalents, and adequate time deposits to meet its liquidity requirements in the short and long term. Bank facilities, bank loan renewal and obtaining continuous financial support from Feishang Enterprise have been put in place for contingency purposes.

Due to the Group's supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group's payment terms for other payables and accruals covered by the arrangements are either identical to the payment terms for other trade payables or extended to not more than 60 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 24 to the financial statements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2025	Less than 1 year CNY'000	1 to 5 years CNY'000	More than 5 years CNY'000	Total CNY'000
Trade and bills payables	993,694	–	–	993,694
Other payables and accruals	628,574	–	–	628,574
Interest-bearing bank and other borrowings	1,760,121	62,599	–	1,822,720
Due to the Shareholder	–	10,920	–	10,920
Due to related companies	–	373,134	–	373,134
Mining right payables	43,783	–	–	43,783
Lease liabilities	66,261	36,859	–	103,120
	3,492,433	483,512	–	3,975,945

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

31 December 2024	Less than 1 year CNY'000	1 to 5 years CNY'000	More than 5 years CNY'000	Total CNY'000
Trade and bills payables	872,442	–	–	872,442
Other payables and accruals	454,580	–	–	454,580
Interest-bearing bank and other borrowings	1,777,793	35,647	–	1,813,440
Due to the Shareholder	–	11,791	–	11,791
Due to related companies	–	231,387	–	231,387
Mining right payables	85,916	–	–	85,916
Lease liabilities	21,045	84,746	–	105,791
	3,211,776	363,571	–	3,575,347

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group also relies on financial support from its controlling shareholder.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders, raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital on the basis of the debt-to-capital ratio (gearing ratio), which is calculated as an interest-bearing debt divided by total capital. An interest-bearing debt includes interest-bearing bank and other borrowings, mining right payables and lease liabilities. Capital includes total deficit and an interest-bearing debt. The gearing ratios as at the end of the reporting periods were as follows:

	2025 CNY'000	2024 CNY'000
Interest-bearing debt	1,761,387	1,861,470
Total equity	(2,353,736)	(1,628,290)
Total capital	(592,349)	233,180
Gearing ratio	(297.4%)	798.3%

NOTES TO FINANCIAL STATEMENTS

31 December 2025

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The Group has two subsidiaries with material non-controlling interests (“NCI”). Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Baiping Mining	30%	30%
Guizhou Yongfu	30%	30%

	2025 CNY’000	2024 CNY’000
Loss for the year allocated to non-controlling interests as disclosed in the consolidated financial statements:		
Baiping Mining	(76,711)	(24,021)
Guizhou Yongfu	(23,533)	(6,056)
Accumulated balances of non-controlling interests at the reporting date as disclosed in the consolidated financial statements:		
Baiping Mining	(84,760)	(8,049)
Guizhou Yongfu	178,939	202,472

NOTES TO FINANCIAL STATEMENTS

31 December 2025

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed include the consolidation adjustments but are before any inter-company eliminations:

2025

	Baiping Mining CNY'000	Guizhou Yongfu CNY'000
Revenue	104,520	180,480
Cost of sales	(118,813)	(174,660)
Total expenses	(241,406)	(84,265)
Loss for the year	(255,699)	(78,445)
Total comprehensive loss for the year	(255,699)	(78,445)
Current assets	711,225	1,714,121
Non-current assets	381,802	1,085,880
Current liabilities	1,311,211	2,074,939
Non-current liabilities	64,344	128,600
Net cash flows from operating activities	148	189,490
Net cash flows from/(used in) investing activities	35,026	(88,364)
Net cash flows (used in) financing activities	(35,508)	(101,516)
Net decrease in cash and cash equivalents	(334)	(390)

2024

	Baiping Mining CNY'000	Guizhou Yongfu CNY'000
Revenue	22,360	127,091
Cost of sales	(22,433)	(101,818)
Total expenses	(79,996)	(45,458)
Loss for the year	(80,069)	(20,185)
Total comprehensive loss for the year	(80,069)	(20,185)
Current assets	635,121	1,569,043
Non-current assets	626,249	1,066,790
Current liabilities	1,195,287	1,801,177
Non-current liabilities	92,912	159,749
Net cash flows (used in)/from operating activities	(63,516)	50,327
Net cash flows (used in)/from investing activities	(14,552)	4,664
Net cash flows from/(used in) financing activities	132,655	(67,281)
Net increase/(decrease) in cash and cash equivalents	54,587	(12,290)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of CNY1.0 million and CNY1.0 million, respectively, in respect of lease arrangements for property, plant and equipment (2024: CNY2.0 million and CNY2.0 million).

During the year, the Group reclassified trade payables of CNY12.0 million (2024: CNY12.0 million) to other payables and accruals in respect of the supplier finance arrangements.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings CNY'000	Lease liabilities CNY'000	Due to related companies CNY'000	Due to the Shareholder CNY'000	Other payables and accruals CNY'000
At 1 January 2025	1,720,496	97,191	231,387	11,791	11,956
Changes from financing cash flows	(6,590)	(5,623)	(5,238)	(871)	-
New leases	-	953	-	-	-
Interest expense	-	5,523	-	-	1,445
Interest paid classified as operating cash flows	-	-	-	-	(1,445)
Others	(91,791)	(2,555)	146,985	-	-
At 31 December 2025	1,622,115	95,489	373,134	10,920	11,956

	Interest-bearing bank and other borrowings CNY'000	Lease liabilities CNY'000	Due to related companies CNY'000	Due to the Shareholder CNY'000	Other payables and accruals CNY'000
At 1 January 2024	1,738,000	132,069	165,407	14,463	-
Changes from financing cash flows	(48,689)	(36,844)	90,606	(2,672)	-
New leases	-	1,966	-	-	-
Interest expense	-	6,149	-	-	952
Interest paid classified as operating cash flows	-	(6,149)	-	-	(952)
Increase arising from supplier finance arrangements	-	-	-	-	11,956
Others	31,185	-	(24,626)	-	-
At 31 December 2024	1,720,496	97,191	231,387	11,791	11,956

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (continued)

(c) Total cash outflow for leases

	2025 CNY'000	2024 CNY'000
Within operating activities	5,728	6,670
Within investing activities	–	–
Within financing activities	5,623	36,844
	11,351	43,514

41. CONTINGENCIES

Contingent liabilities

Except as disclosed above, there were outstanding litigations commenced by several suppliers, banks, other creditors and employees against certain subsidiaries of the Group claiming machinery and equipment payments, debts and employee benefits. The directors of the Company have estimated that the Group will likely be liable to pay the payments and contractual penalty, which had been provided and included in “trade and bill payables”, “other payables and accruals” and “interest-bearing bank and other borrowings” as at 31 December 2025 and 2024. In the opinion of the Company’s directors, no further provision for litigation was required to be made for the year ended 31 December 2025.

Except as disclosed above, during the year and up to 31 December 2025, the Group was not involved in any other material litigation, arbitration or administrative proceedings, claims or disputes. As far as the directors of the Company were aware, the Group had no other material litigation or claim which was pending or threatened against the Group.

42. EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, the Group has no significant subsequent events required to be disclosed.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 CNY'000	2024 CNY'000
NON-CURRENT ASSETS		
Property and equipment	6	8
Right-of-use assets	803	–
TOTAL NON-CURRENT ASSETS	809	8
CURRENT ASSETS		
Other receivables	5	–
Cash and cash equivalents	37	116
TOTAL CURRENT ASSETS	42	116
TOTAL ASSETS	851	124
LIABILITIES AND DEFICIT		
CURRENT LIABILITIES		
Other payables and accruals	1,182	529
Lease liabilities-current	319	–
Due to the Shareholder	22	–
TOTAL CURRENT LIABILITIES	1,523	529
NON-CURRENT LIABILITIES		
Lease liabilities-non-current	493	
Due to the Shareholder	21,479	19,979
TOTAL NON-CURRENT LIABILITIES	21,972	19,979
TOTAL LIABILITIES	23,495	20,508
DEFICIT		
Share capital (Note 29)	1,081	1,081
Reserves	(23,725)	(21,465)
TOTAL DEFICIT	(22,644)	(20,384)
TOTAL LIABILITIES AND DEFICIT	851	124

NOTES TO FINANCIAL STATEMENTS

31 December 2025

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's deficit movements is as follows:

	Share capital CNY'000	Share premium account CNY'000	Accumulated losses CNY'000	Exchange fluctuation reserve CNY'000	Total CNY'000
At 1 January 2024	1,081	204,524	(95,591)	19,544	129,558
Loss for the year	–	–	(151,761)	–	(151,761)
Foreign currency translation adjustments	–	–	–	1,819	1,819
Total comprehensive loss for the year	–	–	(151,761)	1,819	(149,942)
At 31 December 2024 and 1 January 2025	1,081	204,524	(247,352)	21,363	(20,384)
Loss for the year	–	–	(3,091)	–	(3,091)
Foreign currency translation adjustments	–	–	–	831	831
Total comprehensive loss for the year	–	–	(3,091)	831	(2,260)
At 31 December 2025	1,081	204,524	(250,443)	22,194	(22,644)

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

SUMMARY OF MINE PROPERTIES

The following table sets forth certain information relating to each of the Group's anthracite coal mines as of the date of this report:

Mine	Commercial Production			Discontinued Operations		
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Liujiaba Coal Mine (Note 3)	Dayuan Coal Mine (Note 2)	Gouchang Coal Mine (Note 1)
Location (within Guizhou province, the PRC)	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	100%	99%
Date of initial commercial production	June 2009	February 2014	July 2015	December 2012	November 2013	n/a
Reserve data (as of 31 July 2013) (Note 4)						
Proved reserve (million tonnes)	3.44	3.77	12.50	2.08	n/a	n/a
Probable reserve (million tonnes)	19.04	48.19	84.79	11.52	n/a	n/a
Total proved and probable reserve (million tonnes)	22.48	51.96	97.29	13.60	n/a	n/a
Average Coal Quality of Raw Coal						
Moisture (%)	2.47	2.28	2.40	1.38	n/a	n/a
Ash (%)	19.04	17.95	18.27	25.03	n/a	n/a
Volatile Matter (%)	9.88	11.72	9.20	12.57	n/a	n/a
Sulfur (%)	2.35	1.27	2.12	2.30	n/a	n/a
Heating Value (MJ/kg)	28.33	28.62	28.03	23.95	n/a	n/a
Density (tonnes/m ³)	1.45	1.43	1.49	1.49	n/a	n/a
Reserve data (as of 31 December 2025) (Note 5)						
Proved reserve (million tonnes)	–	–	6.40	–	n/a	n/a
Probable reserve (million tonnes)	18.54	42.78	84.79	9.62	n/a	n/a
Total proved and probable reserve (million tonnes)	18.54	42.78	91.19	9.62	n/a	n/a
Capital expenditure for the year ended 31 December 2025 (CNY in millions)						
	4.7	40.4	17.7	26.9	n/a	n/a
Output – Commercial run for the year ended 31 December 2025 (million tonnes)						
	0.46	0.52	0.04	0.14	n/a	n/a

SUMMARY OF MINE PROPERTIES

Notes:

- (1) The Group has closed down Gouchang Coal Mine in accordance with relevant Guizhou province's coal mine consolidation policy. The credit of the coal resource and reserve of Gouchang Coal Mine has been utilised by Baiping Coal Mine in 2023.
- (2) Operations have been suspended at Dayuan Coal Mine since June 2014 pending the passing of verification and acceptance procedures conducted by the Nayong County Administration Bureau of Work Safety. The Group's original plan to acquire a nearby coal mine to achieve the consolidation of Dayuan Coal Mine was suspended in 2016. On 24 May 2019, Guizhou Puxin entered into an equity transfer agreement with Baoshun (an independent third party), to dispose its entire equity interest in Guizhou Dayuan. Up to 31 December 2021, the transaction was not yet completed. On 28 March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed.
- (3) On 26 January 2015, the first batch of the restructuring proposal has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the first batch of the restructuring proposal, the Group would integrate Zhulinzhai Coal Mine and Liujiaba Coal Mine, both located in Xinhua, Liuzhi Special District, Zhina Coal District, Guizhou province, into a single coal mine under the name of Liujiaba Coal Mine. On 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaba Coal Mine. According to the new mining right permit, the mining area of Liujiaba Coal Mine has been adjusted to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020.
- (4) The reserve data as of 31 July 2013 is extracted from competent person's report dated 7 December 2013 prepared by Behre Dolbear Asia, Inc. under the JORC Code.
- (5) The reserve data as of 31 December 2025 has been substantiated by the Group's internal expert by adjusting those reserves extracted by the Group's mining activities from August 2013 to December 2025 from the proved reserve figure as of 31 July 2013. All assumptions and technical parameters set out in the competent person's report as shown in the Listing Document have not been materially changed and are continued to apply to the reserve data as of 31 December 2025 (except those of Gouchang Coal Mine and Dayuan Coal Mine).
- (6) There was no exploration activity for the Group during 2025.

FINANCIAL SUMMARY

For the year ended 31 December

	2025 CNY'000	2024 CNY'000	2023 CNY'000	2022 CNY'000	2021 CNY'000
Continuing Operations					
Revenue	356,774	308,308	990,786	1,603,197	1,121,004
Cost of sales	(429,035)	(307,986)	(758,332)	(942,674)	(722,218)
Gross (loss)/profit	(72,261)	322	232,454	660,523	398,786
Selling and distribution expenses	(26,752)	(24,065)	(99,744)	(118,478)	(106,479)
Administrative expenses	(109,970)	(136,049)	(165,104)	(160,604)	(133,921)
(Impairment losses)/reversal of impairment losses on financial assets, net	(771)	(5,637)	(4,434)	(2,745)	1,961
Impairment losses on property, plant and equipment	(204,799)	(134,193)	(262,726)	-	-
Impairment losses on right-of-use assets	-	(25,905)	-	-	-
Other operating expenses, net	(103,948)	(65,892)	(48,517)	(94,397)	(42,964)
Finance costs	(154,602)	(153,137)	(142,590)	(152,638)	(161,567)
Interest income	11	627	2,052	575	1,909
Share of profit and loss of associates	-	-	-	(157)	(239)
(Loss)/profit before income tax	(673,092)	(543,929)	(488,609)	132,079	(42,514)
Income tax	(52,788)	(24,774)	(30,463)	(58,134)	(50,376)
(Loss)/profit for the year	(725,880)	(568,703)	(519,072)	73,945	(92,890)
(Loss)/profit attributable to owners of the parent	(625,636)	(538,626)	(492,829)	25,985	(110,284)
Discontinued Operations					
(Loss)/profit for the year	(394)	(408)	(594)	27,115	(3,570)
(Loss)/profit attributable to owners of the parent	(390)	(404)	(589)	27,122	(3,559)
Total (loss)/profit for the year	(726,274)	(569,111)	(519,666)	101,060	(96,460)
Basic (loss)/earnings per share (CNY per share)	(0.45)	(0.39)	(0.36)	0.04	(0.08)

As at 31 December

	2025 CNY'000	2024 CNY'000	2023 CNY'000	2022 CNY'000	2021 CNY'000
Assets and Liabilities					
Current assets	120,244	133,436	241,709	294,397	418,745
Non-current assets	2,502,082	2,731,158	2,864,171	3,023,615	2,947,699
Current liabilities	4,335,637	4,022,374	3,779,197	3,306,133	3,315,106
Non-current liabilities	640,425	470,510	385,205	559,688	699,412
Total equity	(2,353,736)	(1,628,290)	(1,058,522)	(547,809)	(648,074)