力量发展
KINETIC DEVELOPMENT GROUP

2026
# INTERIM REPORT

## KINETIC DEVELOPMENT GROUP LIMITED
## 力量發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1277

# Contents

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ju Wenzhong *(Chairman)*
Mr. Li Bo *(Chief Executive Officer)*
Mr. Ji Kunpeng

### Non-executive Director

Ms. Zhang Lin

### Independent Non-executive Directors

Ms. Liu Peilian
Mr. Chen Liangnuan
Ms. Xue Hui

## AUDIT COMMITTEE

Ms. Liu Peilian *(Chairlady)*
Mr. Chen Liangnuan
Ms. Zhang Lin

## REMUNERATION COMMITTEE

Ms. Xue Hui *(Chairlady)*
Ms. Liu Peilian
Ms. Zhang Lin

## NOMINATION COMMITTEE

Mr. Ju Wenzhong *(Chairman)*
Mr. Chen Liangnuan
Ms. Xue Hui

## AUTHORISED REPRESENTATIVES

Mr. Ju Wenzhong
Mr. Chong Yuk Fai

## JOINT COMPANY SECRETARIES

Ms. Wang Lanlan
Mr. Chong Yuk Fai

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Dafanpu Coal Mine
Majiata Village, Xuejiawan Town
Zhunge'er Banner, Ordos City
Inner Mongolia, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor
80 Gloucester Road
Wan Chai
Hong Kong

## AUDITOR

KPMG
*Certified Public Accountants*
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*
8th Floor
Prince's Building
10 Chater Road
Central, Hong Kong

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–16, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

## PRINCIPAL BANKER

China Construction Bank Corporation

## STOCK CODE

1277

## WEBSITE OF THE COMPANY

www.kineticme.com

# Chairman's Statement

On behalf of the board of directors (the "**Board**") of Kinetic Development Group Limited (the "**Company**"), I am pleased to present the results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026.

In the first half of 2026, geopolitical tensions continued to escalate, trade frictions caused repeated disruptions, and the momentum of the global economic recovery remained relatively weak. Against this backdrop, the Chinese government has implemented a targeted and robust package of macroeconomic policies, while the national economy has demonstrated remarkable resilience in the face of pressure, maintaining a positive trend of steady progress and structural optimisation. According to data from the National Bureau of Statistics of China, the gross domestic product ("**GDP**") of the People's Republic of China (the "**PRC**" or "**China**") for the first half of 2026 was approximately RMB 69.6 trillion, representing a year-on-year increase of 4.7% at constant prices.

In the first half of 2026, the domestic coal market maintained a tight balance, with coal prices rising significantly compared with the same period the previous year. On the supply side, raw coal production was curbed by stricter safety regulations and the ongoing impact of the mining accident in Shanxi; as a result, cumulative output for the first half of the year fell year-on-year. On the demand side, there is a divergence pattern, with overall coal consumption growing moderately. In particular, coal demand in the power industry continued to grow, driving active thermal coal demand; while coal demand in non-power industries such as steel and building materials was relatively flat.

As a leading integrated coal enterprise in China, the Group is deeply involved in the entire coal industry chain, with business covering core links such as production, washing, loading, and sales. In the first half of 2026, the Group adhered to its philosophy of prioritising quality, accurately gauged market trends, adjusted its sales strategies in line with prevailing market conditions, and made every effort to maximise sales revenue. During the reporting period, the Group's revenue reached approximately RMB2,520.6 million, representing a slight year-on-year increase of 0.4%; of which revenue from the coal business amounted to approximately RMB2,227.1 million, accounting for 88.4% of the Group's total revenue.

In the first half of 2026, the Group continued to uphold its business philosophy of safety, efficiency and green operations, whilst continuously improving the operational standards at the Dafanpu Coal Mine in Inner Mongolia. In terms of safety, the foundations of safety management have been continuously strengthened through the Safety Committee's regular meetings, a systematic training programme and routine hazard inspections; in terms of production, driven by technological innovation, mining and coal washing processes have been optimised, leading to a steady increase in production efficiency; in terms of operations, refined management controls have been implemented and cost constraints tightened, resulting in an effective reduction in operating expenses. Driven by both the aforementioned cost-cutting and efficiency-enhancing measures and the recovery in coal market prices, the Group recorded a gross profit of approximately RMB1,324.6 million for the first half of the year, representing a year-on-year increase of 12.6%, with a gross profit margin of approximately 52.6%; and a net profit of approximately RMB756.7 million, representing a year-on-year increase of 35.6%, with a net profit margin of approximately 30.0%. All profitability indicators significantly outperformed the industry average.

In terms of coal mining business in Ningxia, the Yong'an Coal Mine and the Weiyi Coal Mine are expected to officially start production in the first and second half of 2027, respectively. With the two mines commencing operation, the Group's coal production capacity will be effectively expanded, becoming a new focal point of growth.

In terms of overseas mineral resource expansion, the Group completed the subscription for 51% of new shares in MC Mining Limited ("**MC Mining**") in April 2026, holding four mineral resources. In particular, the flagship coal mine project in Makhado, South Africa, commenced production in August 2026 and is currently a key project for the Group. The Group has also entered into a collaboration with Minenet Company Limited ("**Minenet**") to develop a rutile mine project in Sierra Leone, which is expected to commence operation by October 2026, with a diversified layout steadily implemented. The value of these overseas projects continues to be realized, and is anticipated to inject new momentum into the Group's performance growth.

The Group adheres to the direction of green mine construction, integrating environmental protection responsibilities into all aspects of mining operations. The Dafanpu Coal Mine in Inner Mongolia has performed outstandingly in ecological restoration, energy conservation and emission reduction, and comprehensive resource utilization, continuously holding the national-level green mine title and setting a benchmark for sustainable development in the mining area.

In addition to its principal coal business, the Group has also strategically diversified into ancillary businesses including agriculture and animal husbandry, real estate, property management services and cigar and tobacco, which further enhanced the Group's performance.

Looking ahead to the second half of 2026, uncertainties in the external environment remain considerable. However, supported by continued macroeconomic policies, the domestic economy is expected to maintain stable growth. Regarding the coal market, on the supply side, domestic coal production growth is expected to remain constrained due to continued strengthening of safety regulations. On the import side, limited arbitrage opportunities arising from international coal price differences and policy constraints are expected to restrict incremental supply, with total supply maintaining moderate growth. On the demand side, structural differentiation is expected to continue. Peak summer electricity demand and winter inventory replenishment demand will be released successively, supporting strong coal demand from the power industry. However, coal demand from non-power industries such as steel and building materials is expected to remain relatively weak. Overall, the coal market is expected to maintain a tight supply-demand balance in the second half of the year, with the coal price benchmark potentially rising further. In the short term, stricter safety regulations and the gradual exit of small and medium-sized coal mines are expected to further enhance the competitive advantages of leading coal enterprises. In the medium to long term, thermal power will continue to play a fundamental supporting role in ensuring power supply. As a coal enterprise with quality resource endowments and stable operational capabilities, the Group possesses a solid foundation and promising prospects for future development.

In the future, the Group will adhere to a development strategy that balances prudent operation with proactive progress, fully leverage the core advantages of high-quality products, keenly seize opportunities arising from premium projects, and continuously expand growth potential. The Group will fulfill its value commitments to shareholders and fulfill its social responsibilities through sustainable profit growth and solid operational resilience.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners, management members and employees for their continued dedication and unwavering support.

**Ju Wenzhong**
*Chairman and Executive Director*

24 August 2026

## OVERVIEW

### Market Review

In the first half of 2026, international geopolitical conflicts continued to escalate, the international situation was complex and ever-changing, trade protectionism prevailed, and the momentum of global economic growth weakened. Faced with a complex situation of shrinking external demand and rising uncertainty, the Chinese government implemented more proactive macroeconomic policies in a precise and effective manner. The national economy withstood pressures and maintained an overall stable development trajectory with continuous improvements in quality and structure, demonstrating strong resilience and vitality. According to the data from the National Bureau of Statistics of China, China's GDP for the first half of 2026 reached approximately RMB69.6 trillion, representing a year-on-year increase of 4.7%; the industrial enterprises above the designated size across the country achieved a revenue of approximately RMB69.3 trillion, representing a year-on-year increase of 6.5%; and the industrial enterprises above the designated size across the country achieved a total profit of approximately RMB3,947.99 billion, representing a year-on-year increase of 18.7%.

In the first half of 2026, the domestic coal market was generally characterised by relatively tight supply and stable demand. On the supply side, due to increasingly stringent safe production regulations and the relatively slow resumption of coal mine operations following the mining accident in Shanxi Province, domestic raw coal production contracted. According to data from the National Bureau of Statistics of China, in the first half of 2026, total raw coal output of China's industrial enterprises above the designated size amounted to approximately 2.37 billion tonnes, representing a year-on-year decrease of 1.7%. Meanwhile, coal imports turned from a year-on-year decline to growth, although the increase was insufficient to offset the contraction in domestic production. According to data from the General Administration of Customs of China, coal imports amounted to approximately 230 million tonnes in the first half of 2026, representing a year-on-year increase of 1.7%. On the demand side, demand patterns diverged across different industries, with overall demand recording moderate growth. Downstream thermal power generation continued to increase steadily, supporting strong demand for thermal coal. However, the steel and building materials industries remained in a contractionary trend, resulting in relatively weak demand for coking coal. According to data from the National Bureau of Statistics of China, China's thermal power generation of enterprises above the designated size amounted to approximately 3.0 trillion kWh in the first half of 2026, representing a year-on-year increase of 2.9%. During the same period, China's pig iron production of enterprises above designated size amounted to approximately 430 million tonnes, representing a year-on-year decrease of 2.8%; crude steel production amounted to approximately 500 million tonnes, representing a year-on-year decrease of 3.0%; and cement production amounted to approximately 740 million tonnes, representing a year-on-year decrease of 8.0%.

In the first half of 2026, the benchmark level of domestic coal prices increased significantly year-on-year, returning to a relatively higher price range. Driven by rising coal prices, the operating performance of coal enterprises improved significantly in the first half of the year, resulting in a dual increase in both revenue and profit. According to the data from the National Bureau of Statistics of China, in the first half of 2026, the principal business income of enterprises above the designated size from the coal mining and coal washing industries across the country amounted to approximately RMB1,359.8 billion, representing a year-on-year increase of 9.3%; while the total profit amounted to approximately RMB210.72 billion, representing a year-on-year increase of 41.1%.

In summary, in the first half of 2026, the coal market saw an overall supply shortage, with coal prices moving upward. The industry's prosperity recovered significantly, resulting in substantial growth in the profitability of coal enterprises.

## Business Review

### *Principal Coal and Mining Business*

As a leading integrated coal enterprise in China, the Group's core operating assets include the Dafanpu Coal Mine in Inner Mongolia, the Yong'an Coal Mine, and the Weiyi Coal Mine in Ningxia, with its operations covering coal production, washing, loading, transportation and trading, spanning the entire coal industry chain. Meanwhile, the Group completed the subscription of 51% of new shares in MC Mining in April 2026, focusing on the development and operation of, among others, the Makhado coal mine project in the Republic of South Africa (the "**RSA**"). The Group is also in partnership with Minenet to develop a rutile mine project in Sierra Leone.

In the first half of 2026, through a flexible combination of diverse purchase and sale models, the Group continued to effectively expand the reach of its coal products to downstream customers. The principal products of the Dafanpu Coal Mine in Inner Mongolia are branded as "Kinetic 2", an environmentally friendly thermal coal type with low sulphur and a high ash melting point, which aligns with the national future requirements for energy and environmental protection. It has established strong brand recognition at major ports, receiving broad recognition from downstream markets.

In the first half of 2026, market coal prices generally moved upward. The Group conducted in-depth analysis of the coal market, closely monitored market price trends, followed market conditions, and flexibly adjusted its sale pace. During the reporting period, the average selling price of the Group's 5,000 kcal low-sulphur environmentally friendly thermal coal amounted to approximately RMB694.0 per tonne, representing a year-on-year increase of approximately 17.6%. Affected by the current market environment and the sales strategy, the sales volume of such product declined by approximately 10.3% year-on-year during the same period.

The Group has always adhered to the concept of safe development, prioritizing safety production in business management, and continuously improving its safety management system. By regularly convening coal mine safety committee meetings, systematically carrying out safety education and training, and institutionalizing the investigation and rectification of hidden dangers, the level of coal mine safety governance has been steadily improved.

The Group is deeply committed to the principles of green and sustainable development. In 2019, Dafanpu Coal Mine was included in the national-level Green Mine directory and has maintained this qualification ever since. Inner Mongolia Zhunge'er Kinetic Coal Limited ("**Kinetic Coal**") has successively been awarded the titles of "Advanced Enterprise in the Construction of Green Mines in Zhunge'er Banner for the Year 2023" and the "Advanced Enterprise in the Construction of Green Mines in Ordos City", fully demonstrating the Group's comprehensive strength and industry recognition in sustainable mining development.

In recent years, leveraging the mature operational experience of the Dafanpu Coal Mine in Inner Mongolia, the Group has steadily advanced the domestic and overseas expansion of its core coal business. Domestically, the Group successfully expanded into the Yong'an Coal Mine and the Weiyi Coal Mine in Ningxia, effectively broadening its resource footprint; while overseas, the Makhado coal mine project in the RSA is progressing in an orderly manner, with a global layout steadily advancing. With the gradual implementation of these projects, there is a simultaneous increase in the scale of the Group's core business and resource reserves, further solidifying the foundation for development.

In terms of coal mining business in Ningxia, The main coal types at Yong'an Coal Mine are fat coal, 1/3 coking coal and main coking coal. The washed clean coal is of excellent quality for coking, with characteristics such as low ash content and high caking properties, and is suitable for use for coking, blending for coking, power generation and liquefaction coal processes. Yong'an Coal Mine is planned to officially start production in the first half of 2027, with a designed annual production capacity of 1.2 million tonnes. The Weiyi Coal Mine, also located in Ningxia, initially produced main coking coal; as mining depths increased and coal seams changed, the coal types shifted to 1/3 coking coal and fat coal. The coal is of excellent quality; coupled with the exceptionally low ash and sulphur content of the washed coal, it is a high-quality coking coal and can also be used as raw coal for chemical production and as thermal coal. The Weiyi Coal Mine is still under construction, with plans to officially start production in the second half of 2027 and reach full capacity in 2028, with a designed annual production capacity of 900,000 tonnes. To support the production and operation of the Yong'an Coal Mine and the Weiyi Coal Mine, a large-scale coking coal preparation plant with an annual processing capacity of 2.4 million tonnes has been constructed. When the Yong'an Coal Mine and Weiyi Coal Mine commence production in the future, the Group will further enhance overall capacity, optimize product structure, and drive performance growth.

In terms of coal mining business in the RSA, the Group completed the subscription of 51% of new shares in MC Mining in April 2026, developing and operating coal mine projects in the RSA. In June and August 2026, the Group successively subscribed to the convertible notes of MC Mining and announced the launch of further capital injections and share expansions, further enabling equity growth.

The four coal mining projects under MC Mining covers thermal coal and coking coal, with a total coal resource of approximately 8.296 billion tonnes, which boast a superior resource endowment. Notably, the Makhado flagship open-pit coal mine project has coal resources of approximately 706 million tonnes. It boasts excellent mining conditions and excellent coal quality, with its main product being low-sulfur, high-strength coking coal, and by-product 5,500 kcal low-sulfur high-quality thermal coal. The Makhado project officially commenced production in August 2026. According to current plans, production in 2026 is expected to reach 280,000 tonnes of clean coking coal and 230,000 tonnes of clean thermal coal. Annual production capacity of clean coal in 2027 will be 880,000 tonnes of coking coal and 720,000 tonnes of thermal coal. The Group is currently formulating plans to increase its production capacity in the future, and expects to further increase its annual production capacity of clean coal to 2.2 million tonnes of coking coal and 1.8 million tonnes of thermal coal within the next two years. The products from this project are sold on the global market, with customers including major steel enterprises, coking coal companies, cement enterprises and international coal traders. Based on calculations of currently confirmed customer demand, it is anticipated that this will cover the majority of the Company's product sales targets for 2026, thereby providing a solid foundation for product sales once the project commences production. The Makhado project is an important milestone in the Group's overseas expansion. Going forward, the Group will further optimise mining plans, enhance production and coal washing efficiency, strengthen end-to-end cost control, and develop a core coking coal production base featuring high production capacity, high efficiency and high quality.

Regarding the rutile mining business in Sierra Leone, the Group is collaborating with Minenet to develop a rutile mine project in Sierra Leone. The project will produce high-quality heavy sand minerals, which are expected to be mainly sold to the Chinese market. The project is currently under construction and is expected to commence operation by October 2026. The three production lines in the first phase are expected to have an annual capacity of approximately 220,000 tons of mineral products (heavy sand minerals), and production in 2026 is expected to reach 26,000 tonnes. All mineral products shall be allocated on the basis of 80% to the Group and 20% to Minenet.

In the first half of 2026, mainly driven by the rebound in coal market prices, the Group's core coal and mining segment showed positive momentum and achieved considerable profitability. During the reporting period, revenue from coal and mining business was approximately RMB2,227.1 million, accounting for 88.4% of total revenue. Profit before taxation was approximately RMB1,201.7 million, representing a year-on-year increase of 29.4%.

***Ancillary Businesses***

In recent years, the Group has developed potential ancillary businesses including real estate, property management services, agriculture and animal husbandry, and cigar and tobacco on the basis of consolidating the core advantages of its principal coal business, aiming to seek more profit growth opportunities for shareholders.

In terms of real estate business and property management service business, the Group has been acquiring high quality real estate projects in Wuhai, Taiyuan, Guangzhou, Qinhuangdao and Maoming in recent years, comprising residential properties, villas, office buildings, apartments and commercial spaces. While vigorously driving sales efforts, the Group also closely monitored the construction progress of projects under construction to ensure that all these projects will proceed in an orderly manner and will be delivered according to schedule. During the reporting period, the Taiyuan Kinetic Yingtong Plaza (太原力量盈通廣場), Maoming Taoyuan Grandeur Project (茂名力量桃園項目), and Qinhuangdao Mental Harbor Project (秦皇島力量灣項目), which are under development, successively achieved contract signings and deliveries. Additionally, the network of the Group's property management services spans 28 cities and regions nationwide, with a GFA under management of nearly 10 million square meters, enabling effective collaboration with the Group's real estate projects to enhance overall operational efficiency.

In terms of agriculture and animal husbandry, the Group has integrated green mining, land reclamation and modern agriculture to successfully establish an ecological industry integrating agricultural product planting and livestock breeding in its mine reclamation area. The Group has constructed a 1,500-mu orchard, a 550-mu vineyard and a winery with an annual production capacity of 200 tonnes in the land reclamation area of the Dafanpu Coal Mine in Inner Mongolia. In addition, the Group established a national-level quarantine facility and an original breeding pig farm in 2022, and imported 650 great-grandparent original breeding pigs from France in October of the same year. In 2023 and 2024, the Lijiata 50,000-head commercial pig farm and the Qianhao Ten Thousand Breeding Farm (前壕萬頭擴繁場) were successively completed and put into operation. The construction of Wulan Bulang Fattening Farm (烏蘭不浪育肥場) is expected to be completed in 2027. Upon commencement of operation, the Group's animal husbandry business is expected to achieve an annual output scale of 200,000 commercial pigs.

In terms of cigar and tobacco business, through holding 82.81% equity interests in Star Idea Enterprises Limited ("**Star Idea**"), the Group operates the cigar and tobacco production, operations and sales business in Cambodia.

In the first half of 2026, the Group's ancillary businesses contributed total revenue of approximately RMB293.4 million, accounting for 11.6% of total revenue; due to weakness in the relevant industries and the fact that some ancillary businesses are still in the early stages of development, the Group's ancillary businesses recorded a consolidated loss before taxation of approximately RMB37.3 million in the first half of 2026, which loss has been narrowed by 51.2% compared with the same period last year. As market conditions recover and the Group's ancillary businesses mature over time, the performance of the relevant segments is expected to improve.

## FUTURE OUTLOOK

Looking ahead to the second half of 2026, economic downturn risks stemming from international trade disputes and geopolitical tensions remain significant. In the World Economic Outlook issued by the International Monetary Fund in July 2026, the global economic growth rate is projected to be revised down to 3.0%. In the second half of 2026, the Chinese government will adhere to the principle of seeking progress while maintaining stability and improving quality and efficiency, continue to expand domestic demand and optimize supply, and promote the effective improvement of the quality and reasonable growth in quantity of the economy.

In the coal market, it is expected that in the second half of 2026, the domestic coal supply and demand balance will remain tight, with the average coal price expected to continue rising. Specifically, on the supply side, in response to the major mining accident in Shanxi, coal mine safety regulations are expected to be significantly tightened in the second half of the year, making it difficult to effectively ease domestic coal supply constraints. At the same time, Indonesia continues to implement measures to reduce coal exports, leaving limited scope for replenishing supplies through overseas imports. On the demand side, with the summer peak electricity demand period coinciding with the gradual release of demand for stockpiling ahead of the winter peak, demand for coal for power generation is set to remain at a high level. The slow recovery of the real estate sector and weak steel demand, coupled with trade barriers restricting steel exports, result in limited growth in coking coal demand. Overall, the average coal price is expected to continue rising in the second half of the year, and the operating performance of coal enterprises is expected to improve accordingly.

Looking ahead to the second half of 2026, the Group will continue to implement the mine development concept that stresses safety, efficiency and environmental protection, fully leverage the stable production advantages of the Dafanpu Coal Mine in Inner Mongolia, accelerate the construction and operation commencement progress of the Yong’an Coal Mine and Weiyi Coal Mine in Ningxia, further explore the value of overseas resources in the RSA and Sierra Leone, and continue to deepen its layout and operations across the entire coal industry chain and globalization. The Group will continue to uphold the principle of high-quality development, rewarding its shareholders with outstanding results.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group slightly increased from approximately RMB2,509.5 million for the six months ended 30 June 2025 to approximately RMB2,520.6 million for the six months ended 30 June 2026, representing an increase of 0.4%.

Revenue from the coal mining segment slightly decreased from approximately RMB2,330.3 million for the six months ended 30 June 2025 to approximately RMB2,227.1 million for the six months ended 30 June 2026, representing a decrease of 4.4%. The slight decrease was mainly attributable to higher market coal prices, but offset by changes in product mix and sales models implemented to better meet market demand and improve profitability.

Revenue from the real estate and property management service segment increased from approximately RMB141.3 million for the six months ended 30 June 2025 to approximately RMB253.3 million for the six months ended 30 June 2026, representing a growth of 79.3%. The significant increase was mainly attributable to the delivery of a higher number of properties during the period.

Revenue from the other segments, which includes agriculture and animal husbandry as well as cigar and tobacco business, increased moderately from approximately RMB37.9 million for the six months ended 30 June 2025 to approximately RMB40.1 million for the six months ended 30 June 2026, representing an increase of 5.9%. This increase was primarily driven by higher sales generated from the agriculture and animal husbandry segment.

### Cost of sales

For the six months ended 30 June 2026, the Group incurred cost of sales of approximately RMB1,195.9 million as compared to the Group's cost of sales of approximately RMB1,333.4 million for the six months ended 30 June 2025, representing a decrease of 10.3%.

The decrease in the Group's cost of sales was mainly attributable to a reduction in the average costs of the Group's coal products, driven by the Group's continued implementation of effective financial control measures. The cost of sales of the Group under the coal mining segment mainly comprised transportation costs, salaries of coal mine workers, costs of supplementary materials, fuel and electricity, depreciation, amortisation and surcharges of mining operations. The cost of sales of the Group under the real estate development and property management service segment mainly comprised land use rights premiums, land acquisition costs, related taxes and levies at acquisition, labour, contractor fees, site preparation, mechanical and electrical works, fit-out and finishing works, etc.

### Gross profit and gross profit margin

For the six months ended 30 June 2026, the Group recorded a gross profit of approximately RMB1,324.6 million and a gross profit margin of 52.6% as compared to the gross profit of approximately RMB1,176.2 million and the gross profit margin of 46.9% for the six months ended 30 June 2025.

The increase in Group's gross profit margin for the six months ended 30 June 2026 was mainly attributable to the rise in market coal prices during the period and the Group's continued implementation of effective financial control measures.

### Other incomes and losses, net

The net amount of other incomes and losses of the Group changed from net losses of approximately RMB32.7 million for the six months ended 30 June 2025 to net income of approximately RMB1.7 million for the six months ended 30 June 2026.

This was mainly attributable to: (i) a substantial reduction in penalties during the period; (ii) lower donation expenses; (iii) the absence of losses on disposal of a subsidiary of which was recorded in the prior period; and (iv) an increase in government grants and other income. For the six months ended 30 June 2026 and 2025, the Group's net amount of other incomes and losses mainly comprised government grants, interest income, penalties, donation and realised gain from the redemption of financial assets.

### Selling expenses

The Group's selling expenses decreased from approximately RMB16.3 million for the six months ended 30 June 2025 to approximately RMB15.3 million for the six months ended 30 June 2026, representing a decrease of 5.9%.

The decrease in the Group's selling expenses was mainly attributable to the Group's continued exercise of effective financial control measures in marketing related expenses. The Group's selling expenses mainly comprised salaries of sales staff and marketing related expenses.

### Administrative expenses

The Group's administrative expenses decreased from approximately RMB281.5 million for the six months ended 30 June 2025 to approximately RMB266.0 million for the six months ended 30 June 2026, representing a decrease of 5.5%.

The decrease in the Group's administrative expenses was mainly attributable to the Group's continued exercise of effective financial control measures in administrative expenses in different operating segments. The Group's administrative expenses mainly comprised salaries and related personnel expenses of the administrative, finance and human resources departments, consultancy fees and other incidental administrative expenses.

### Share of profits less losses of associates

The Group's share of profits less losses of associates decreased from net gains of approximately RMB6.5 million for the six months ended 30 June 2025 to net gains of approximately RMB1.4 million for the six months ended 30 June 2026.

The decline was mainly attributable to the share of profit contributed by Shenhua Zhunneng Xiaojia Shayan Coal Storage and Delivery Limited* (神華准能肖家沙墕煤炭集運有限責任公司), being largely offset by the share of loss arising from MC Mining, which was the Group's associate prior to the completion of the acquisition, mainly due to the increase in pre-production activities relating to the Makhado Project. In addition, the Group's equity interests in MC Mining increased during the period, resulting in a higher share of loss being recognised as the Group's associate.

### Gain on acquisition of a subsidiary

Upon the Group obtaining a 51% shareholding in MC Mining, the assets and liabilities of MC Mining and its subsidiaries were consolidated into the Group's consolidated financial statements. The gain of approximately RMB89.2 million arising from the acquisition primarily reflected the excess of the fair value of the interests in the MC Mining measured at total identifiable net assets held by MC Mining and its subsidiaries, most notably its mining rights, over the book value of the interests in MC Mining accounted for using equity method then.

### Finance costs

The Group's finance costs increased from approximately RMB37.3 million for the six months ended 30 June 2025 to approximately RMB42.8 million for the six months ended 30 June 2026, representing an increase of 14.5%.

The increase in the Group's finance costs was mainly attributable to the increase in the bank loans and other borrowings during the period.

* *For identification purpose only*

### Income tax expense

The Group's income tax expense increased from approximately RMB191.8 million for the six months ended 30 June 2025 to approximately RMB194.3 million for the six months ended 30 June 2026, representing an increase of 1.3%.

The increase in the Group's income tax expense was mainly attributable to the increase in taxable income generated from coal mining segment during the period, resulting in an increment in current tax charges. During the period, additional deductible items and larger deferred tax credits had reduced the overall taxable base, so the increase in income tax expense was not commensurate with the increase in Group's profit.

### Profit for the period

As a result of the foregoing, the Group recorded a consolidated profit after tax of approximately RMB756.7 million for the six months ended 30 June 2026, which increased from approximately RMB558.1 million for the six months ended 30 June 2025, representing a significant increase of 35.6%. Net profit margin significantly increased from 22.2% for the six months ended 30 June 2025 to 30.0% for the six months ended 30 June 2026.

This was mainly attributable to the improved performance of the coal mining segment and the effective control of operating costs across the Group's various operating segments.

### Interim Dividends

The Board resolved to declare an interim dividend for the six months ended 30 June 2026 of HKD6.0 cents per share (six months ended 30 June 2025: HKD5.0 cents per share), payable to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 10 September 2026. The interim dividends will be paid in cash in three phases according to the following schedule:

| Date | Amount |
|---|---|
| On or before Monday, 12 October 2026 | HKD1.5 cents per share |
| On or before Friday, 13 November 2026 | HKD2.5 cents per share |
| On or before Friday, 11 December 2026 | HKD2.0 cents per share |

The total amount of the interim dividends for the six months ended 30 June 2026 will be HKD515,970,480 (six months ended 30 June 2025: HKD421,500,000).

### Closure of Register of Members for Interim Dividends

The register of members of the Company will be closed from Tuesday, 8 September 2026 to Thursday, 10 September 2026 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to the interim dividends. The ex-dividend date will be Friday, 4 September 2026. To qualify for the interim dividends, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 7 September 2026.

## OTHER FINANCIAL INFORMATION

### Liquidity and Financial Resources

For the six months ended 30 June 2026, the Group's cash at bank and on hand was mainly used for the development of the Group's Dafanpu Coal Mine and other business projects and for the proposed acquisitions, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of interest-bearing bank loans and other borrowings, cash inflow generated from operating activities and placing of new shares. The Group's gearing ratio was 9.0% as at 30 June 2026 as compared to the Group's gearing ratio of 8.8% as at 31 December 2025. This ratio is calculated as net debt divided by capital plus net debt. Net debt is calculated as total borrowings less cash at bank and on hand. Capital is equivalent to the total equity.

As at 30 June 2026, the Group's cash at bank and on hand, amounting to approximately 456.2 million, were denominated in Renminbi, Hong Kong dollars, US dollars and other currencies utilized in its operations.

As at 30 June 2026, the Group had net current liabilities of approximately RMB239.4 million and has undertaken several acquisitions with prepayments made amounting to approximately RMB1,346.0 million as disclosed in Note 14 to the unaudited condensed consolidated interim financial information. The Directors estimated to incur significant expenditure for the business acquired or developed. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group needs to seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure. In light of the current liquidity position and the projected cash inflows generated from operations of the Group, the Directors are of the opinion that the Group will carefully monitor its liquidity position and assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from bank or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months.

As at 30 June 2026 and 31 December 2025, the Group's secured bank loans and other borrowings were as follows:

| | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|
| Current | **534,977** | 117,000 |
| Non-current | **917,426** | 755,000 |
| | **1,452,403** | 872,000 |

As at 30 June 2026, the Group's bank loans and other borrowings increased to approximately RMB1,452.4 million (31 December 2025: RMB872.0 million), mainly due to additional secured bank loans for mining operations in the PRC and the consolidation of MC Mining's other borrowings. Current bank loans and other borrowings amounted to approximately RMB535.0 million, and non-current bank loans and other borrowings amounted to approximately RMB917.4 million, largely comprising secured loans backed by mining rights, property inventories, land use rights, and subsidiary guarantees. The Group continues to manage its liquidity prudently and maintain close communication with lenders to support ongoing operations.

## Significant Acquisitions and Investments

### *Initial Subscription of Shares in MC Mining*

On 26 August 2024, the Group and MC Mining entered into a share subscription agreement (as amended by the amendment agreement on 28 February 2025), pursuant to which the Group has agreed to subscribe for in aggregate 51% new shares (on an enlarged basis) in MC Mining at a price of US$0.2089 per share for a total consideration of US$90,000,000. On 22 April 2026, the subscription was completed, and MC Mining has become an indirect non-wholly owned subsidiary of the Company. The board of MC Mining has been reconstituted, and the Company now holds 5 out of 9 board seats, thereby assuming management rights and effective control over the strategic direction and operations of MC Mining. Accordingly, the financial results of MC Mining and its subsidiaries have been consolidated into the Group's consolidated financial statements from the completion of the subscription of the 51% equity interests in MC Mining in April 2026 to 30 June 2026.

### *Subscription of Convertible Notes Issued by MC Mining*

On 11 June 2026, the Group entered into a note purchase agreement to subscribe for unsecured convertible promissory notes to be issued by MC Mining in an aggregate principal amount of US$6,136,000. The funding is to support MC Mining's business operations and working capital requirements, particularly the ongoing construction, commissioning and ramp-up of the Makhado Project, a steelmaking hard coking coal development with favourable long-term prospects. The convertible notes bear interest at a rate linked to the Reserve Bank of Australia's medium business loan rate plus a 3% margin, and provide the Company with an option to convert the outstanding principal and accrued interest into MC Mining's new shares at a fixed conversion price of US$0.2089 per share on the maturity date. The Board considers that the subscription represents a commercially attractive opportunity to reinforce the Group's support for MC Mining while potentially increasing the Group's equity interests upon maturity, thereby enhancing long-term value for shareholders.

### *Acquisition of Taiyuan Seedland*

On 4 December 2025, the Group entered into the sixth supplemental agreement and the share transfer agreement with Guangzhou Seedland Real Estate Development Co., Ltd ("**Seedland**") and its subsidiaries to acquire 100% equity interests in Taiyuan Seedland Taijing Real Estate Development Co., Ltd.* (太原實地台經房地產開發有限公司) ("**Taiyuan Seedland**") for a total consideration of RMB384,000,000 (the "**Equity Consideration**"). The Equity Consideration has been partly settled by offsetting the remaining amount of RMB253,734,000 in the prepaid amount by the Group under the agreements on sale and purchase of properties entered into between subsidiaries of Seedland and Kinetic (Qinhuangdao) Energy Group Ltd. (力量(秦皇島)能源集團有限公司) ("**Kinetic Qinhuangdao**") in 2022. After such offset, the remaining Equity Consideration payable by the Group to Zunyi Shidi Real Estate Development Co., Ltd.* (遵義實地房地產開發有限公司) ("**Zunyi Seedland**") was RMB130,266,000 (the "**Remaining Closing Payment**"), which has been further partly set off against as below.

On 20 April 2026, the Group entered into a debt settlement contract (the "**2026 Debt Settlement Contract**") with Seedland and its subsidiaries, pursuant to which the parties have agreed to an offset arrangement among (i) the Remaining Closing Payment, RMB130,266,000; (ii) the surplus amount payable by Kinetic Qinhuangdao to Beijing Seedland Qushi Real Estate Development Co., Ltd.* (北京實地趨勢房地產開發有限公司) ("**Beijing Seedland**") under the Debt Settlement Contract which amounted to RMB2,835,200 (the "**Surplus Amount**", together with the Remaining Closing Payment, the "**Revised Remaining Closing Payment**", amounted to RMB133,101,200); and (iii) the service fee payable by Seedland to the Group under the Property Management Services Framework Agreement for 2025. Pursuant to the 2026 Debt Settlement Contract, an amount of RMB36,000,000 (the "**2025 Balances**"), has been deducted from the Revised Remaining Closing Payment, and the balance of RMB97,101,000 shall be paid to Zunyi Seedland.

Taiyuan Seedland is principally engaged in real estate development and operations in the PRC, and the Group expects to benefit from its Haitang Huazhu Project in Xiaodian District, Taiyuan City. The project comprises 34 residential buildings, including 8 currently under construction, and is expected to be fully completed by 2031, with future income to be generated from the sale of residential units, ground level shops and parking spaces.

The acquisition of Taiyuan Seedland was duly approved by the independent shareholders on 20 May 2026 and was completed on 8 July 2026. Following the closing of Taiyuan Seedland Acquisition, Taiyuan Seedland has become an indirect wholly-owned subsidiary of the Company. As such, the prepayment of RMB803,000,000 made by Kinetic Qinhuangdao to the vendors for the acquisition of target properties pursuant to the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement) has been fully and progressively offset by way of acquisition of other assets from the relevant companies.

***Acquisition of Dongzhimen Properties***

On 4 December 2025, the Group entered into a debt settlement contract (the "**Debt Settlement Contract**") with Seedland and Beijing Seedland for the acquisition of the Dongzhimen 3110 and 3111 Properties for an aggregate consideration of RMB86,330,000. After deducting the relevant taxes and a debt payable on behalf of Beijing Seedland, the net consideration of RMB56,890,000 (the "**Net Dongzhimen Property Consideration**") will be set off against the outstanding payables owed by Seedland to the Group to during 2024 in respect of property management services and other value-added services totaling RMB54,054,800 (the "**2024 Payables**"). As the Net Dongzhimen Property Consideration is greater than the 2024 Payables, the parties agreed that the surplus amount of RMB2,835,200 will be used to further set off against the amount payable by Seedland to the Group during 2025 pursuant to the 2026 Debt Settlement Contract.

The Dongzhimen Properties are located on the 31st floor of No. 18 Dongzhimenwai Xiaojie, Dongcheng District, Beijing, with a total gross floor area of 719.43 square metres. The Board believes that the Dongzhimen Properties possess long-term capital appreciation potential, given their location, building quality and market positioning. The acquisition of the Dongzhimen Properties enables the Group to convert outstanding receivables into tangible assets with income-generating capability and value growth prospects.

The acquisition of Dongzhimen Properties was duly approved by the independent shareholders on 20 May 2026. As at the date of this interim report, the transfer of Dongzhimen 3110 Property has been completed while the transfer of Dongzhimen 3111 Property is expected to be completed by the end of September 2026.

Save as disclosed above, during the six months ended 30 June 2026, the Group had no other significant investments in associates or joint ventures, and no other material acquisitions or disposals of subsidiaries. The Group's ability to fund the above-mentioned acquisitions, investments and capital expenditures largely relies on its future operating cash inflows and its ability to finance through bank loans, which may be influenced by the government macro-control policy and volatility in coal market price. The Group will carefully monitor its liquidity position.

## Events After the Reporting Period

### *Further Subscription of Shares in MC Mining*

On 13 August 2026, the Group and MC Mining further entered into another share subscription agreement, pursuant to which the Group has agreed to subscribe for and purchase (i) 38,295,836 new shares of MC Mining at a price of US$0.2089 per share for a consideration of US$8,000,000 (the "**First Closing**"); and (ii) 38,295,836 new shares at a price of US$0.2089 per share for a consideration of US$8,000,000 (the "**Second Closing**"). In order to provide MC Mining with funds needed for its business operations and working capital requirements in advance of the First Closing, on the same day, the Company entered into a bridge loan agreement with MC Mining, pursuant to which the Company has agreed to lend to MC Mining an aggregate sum of US$8,000,000, with all the outstanding amounts of the bridge loan to be applied to offset the consideration of First Closing payable to MC Mining under the share subscription agreement at the First Closing. At the Second Closing, the Group will settle an aggregate sum of US$8,000,000 to MC Mining. The further subscription of shares in MC Mining by the Group further strengthens its investment position in MC Mining.

Save as disclosed above, the Board is not aware of any significant events requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this interim report.

## Financial Risk Management

### *(a) Interest rate risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and short-term debt obligations with a floating interest rate. As at 30 June 2026, the Group did not hold short-term debt obligations with a floating interest rate and are not exposed to significant interest rate risk.

### *(b) Foreign currency risk*

The Company and its subsidiaries are not exposed to significant foreign currency risk since their transactions and balances are principally denominated in their respective functional currencies.

### *(c) Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure the Group has sufficient cash to support its business and operational activities.

## HUMAN RESOURCES AND EMOLUMENT POLICY

As at 30 June 2026, the Group had a total of 3,492 full-time employees in the Mainland China, Hong Kong, the RSA, Sierra Leone and Cambodia. For the six months ended 30 June 2026, the total staff costs, comprising salaries, wages, bonuses and benefits, contributions to defined contribution plans and equity-settled share-based payment expenses, amounted to approximately RMB380.1 million and were charged to the consolidated statement of profit or loss.

The Group's emolument policies are formulated based on the performance and experience of employees and in line with the salary trends in the Mainland China, Hong Kong, the RSA, Sierra Leone and Cambodia. Appropriate training programmes are also provided to employees by the Group in order to ensure continuous training and development of employees. Other employee benefits include performance-related bonuses, insurance and medical coverage, share options and share awards. On 29 November 2022, the Company adopted the 2022 Share Award Scheme, which is funded by the existing shares of the Company, providing employees with the opportunity to acquire equity interests in the Company. On 22 May 2023, the Company also adopted the 2023 Share Option Scheme and the 2023 Share Award Scheme which only allow grant of options and awards involving new shares of the Company.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 – unaudited

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | Note | **RMB'000** | RMB'000 |
| **Revenue** | 4 | **2,520,567** | 2,509,517 |
| Cost of sales | 6 | **(1,195,934)** | (1,333,359) |
| **Gross profit** | | **1,324,633** | 1,176,158 |
| Other incomes and losses, net | 5 | **1,719** | (32,721) |
| Losses on fair value changes of financial assets | 16 | **(141,892)** | (64,888) |
| Selling expenses | | **(15,338)** | (16,298) |
| Administrative expenses | | **(265,978)** | (281,483) |
| **Profit from operations** | | **903,144** | 780,768 |
| Share of profits less losses of associates | | **1,439** | 6,498 |
| Gain on acquisition of a subsidiary achieved in stages | | **89,183** | – |
| Finance costs | 7 | **(42,758)** | (37,329) |
| **Profit before taxation** | 6 | **951,008** | 749,937 |
| Income tax expense | 8 | **(194,311)** | (191,811) |
| **Profit for the period** | | **756,697** | 558,126 |
| **Other comprehensive income for the period that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of financial statements from functional currency to presentation currency | | **23,343** | (13,657) |
| **Total comprehensive income for the period** | | **780,040** | 544,469 |

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | Note | **RMB'000** | RMB'000 |
| **Profit for the period attributable to:** | | | |
| Equity shareholders of the Company | | **768,346** | 561,586 |
| Non-controlling interests | | **(11,649)** | (3,460) |
| | | **756,697** | 558,126 |
| **Total comprehensive income for the period attributable to:** | | | |
| Equity shareholders of the Company | | **793,520** | 548,173 |
| Non-controlling interests | | **(13,480)** | (3,704) |
| | | **780,040** | 544,469 |
| **Earnings per share attributable to equity shareholders of the Company** | 9 | | |
| – Basic | | **RMB9.11 cents** | RMB6.68 cents |
| – Diluted | | **RMB8.99 cents** | RMB6.66 cents |

# Consolidated Statement of Financial Position

At 30 June 2026 – unaudited

| | Note | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | **4,509,609** | 3,655,126 |
| Right-of-use assets | 11 | **182,807** | 180,670 |
| Intangible assets | 12 | **5,013,786** | 3,415,758 |
| Goodwill | 13 | **266,268** | 245,404 |
| Interests in associates | | **87,816** | 416,358 |
| Deferred tax assets | | **215,517** | 154,041 |
| Prepayments for proposed acquisitions | 14 | **1,345,990** | 1,335,990 |
| Financial assets at fair value through profit or loss | 16 | **22,861** | – |
| Other non-current assets | 15 | **584,928** | 688,475 |
| Total non-current assets | | **12,229,582** | 10,091,822 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | 16 | **65,939** | 208,185 |
| Inventories | 17 | **2,459,329** | 2,530,724 |
| Trade and other receivables | 18 | **834,237** | 674,042 |
| Pledged and restricted deposits | 19 | **69,320** | 18,177 |
| Cash at bank and on hand | 19 | **456,242** | 81,586 |
| Current portion of other non-current assets | 15 | **–** | 3,803 |
| Total current assets | | **3,885,067** | 3,516,517 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **2,249,125** | 2,157,486 |
| Contract liabilities | | **819,807** | 915,063 |
| Bank loans and other borrowings | 21 | **534,977** | 117,000 |
| Lease liabilities | 22 | **28,768** | 27,100 |
| Income tax payable | | **491,758** | 529,166 |
| Total current liabilities | | **4,124,435** | 3,745,815 |
| **Net current liabilities** | | **(239,368)** | (229,298) |
| **Total assets less total current liabilities** | | **11,990,214** | 9,862,524 |

| | Note | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank loans and other borrowings | 21 | **917,426** | 755,000 |
| Lease liabilities | 22 | **20,029** | 28,384 |
| Long-term payables | 23 | **601,834** | 719,918 |
| Deferred tax liabilities | | **315,702** | 85,642 |
| Accrual for reclamation costs | | **119,365** | 61,069 |
| Total non-current liabilities | | **1,974,356** | 1,650,013 |
| **NET ASSETS** | | **10,015,858** | 8,212,511 |
| **EQUITY** | | | |
| Share capital | 25 | **55,443** | 54,293 |
| Reserves | | **8,732,516** | 8,104,449 |
| **Total equity attributable to equity shareholders of the Company** | | **8,787,959** | 8,158,742 |
| **Non-controlling interests** | | **1,227,899** | 53,769 |
| **TOTAL EQUITY** | | **10,015,858** | 8,212,511 |

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 – unaudited

| | Attributable to equity shareholders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | Share award scheme reserves RMB'000 | Share-based payment reserves RMB'000 | Other reserves RMB'000 | Statutory reserves RMB'000 | Exchange reserves RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **At 1 January 2026** | 54,293 | 483,907 | (23,511) | 18,611 | 127,588 | 2,949,763 | 83,648 | 4,464,443 | 8,158,742 | 53,769 | 8,212,511 |
| Profit for the period | – | – | – | – | – | – | – | 768,346 | 768,346 | (11,649) | 756,697 |
| Other comprehensive income | – | – | – | – | – | – | 25,174 | – | 25,174 | (1,831) | 23,343 |
| Total comprehensive income for the period | – | – | – | – | – | – | 25,174 | 768,346 | 793,520 | (13,480) | 780,040 |
| Dividends paid | – | – | – | – | – | – | – | (73,992) | (73,992) | – | (73,992) |
| Dividends payable | – | – | – | – | – | – | – | (369,964) | (369,964) | – | (369,964) |
| Appropriation of maintenance and production funds | – | – | – | – | – | 150,751 | – | (150,751) | – | – | – |
| Utilisation of maintenance and production funds | – | – | – | – | – | (19,355) | – | 19,355 | – | – | – |
| Equity settled share-based payment expenses *(Note 30)* | – | – | – | 34,281 | – | – | – | – | 34,281 | – | 34,281 |
| New shares issued *(Note 25)* | 1,150 | 268,079 | – | – | – | – | – | – | 269,229 | – | 269,229 |
| Purchase of shares under share award scheme | – | – | (23,857) | – | – | – | – | – | (23,857) | – | (23,857) |
| Business combination *(Note 29)* | – | – | – | – | – | – | – | – | – | 1,187,610 | 1,187,610 |
| **At 30 June 2026** | 55,443 | 751,986 | (47,368) | 52,892 | 127,588 | 3,081,159 | 108,822 | 4,657,437 | 8,787,959 | 1,227,899 | 10,015,858 |

| | Attributable to equity shareholders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | Share award scheme reserves RMB'000 | Share-based payment reserves RMB'000 | Other reserves RMB'000 | Statutory reserves RMB'000 | Exchange reserves RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 January 2025 | 54,293 | 483,907 | (23,511) | – | 119,307 | 2,596,181 | 67,490 | 4,930,609 | 8,228,276 | 46,471 | 8,274,747 |
| Profit for the period | – | – | – | – | – | – | – | 561,586 | 561,586 | (3,460) | 558,126 |
| Other comprehensive income | – | – | – | – | – | – | (13,413) | – | (13,413) | (244) | (13,657) |
| Total comprehensive income for the period | – | – | – | – | – | – | (13,413) | 561,586 | 548,173 | (3,704) | 544,469 |
| Dividends paid | – | – | – | – | – | – | – | (386,575) | (386,575) | – | (386,575) |
| Dividends payable | – | – | – | – | – | – | – | (231,763) | (231,763) | – | (231,763) |
| Appropriation of maintenance and production funds | – | – | – | – | – | 149,096 | – | (149,096) | – | – | – |
| Utilisation of maintenance and production funds | – | – | – | – | – | (26,319) | – | 26,319 | – | – | – |
| Equity settled share-based payment expenses *(Note 30)* | – | – | – | 12,297 | – | – | – | – | 12,297 | – | 12,297 |
| Capital contribution from non-controlling interests | – | – | – | – | 8,281 | – | – | – | 8,281 | 1,719 | 10,000 |
| Disposal of a subsidiary | – | – | – | – | – | – | – | – | – | 13,165 | 13,165 |
| At 30 June 2025 | 54,293 | 483,907 | (23,511) | 12,297 | 127,588 | 2,718,958 | 54,077 | 4,751,080 | 8,178,689 | 57,651 | 8,236,340 |

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026 – unaudited

| | Note | Six months ended 30 June 2026 RMB'000 | 2025 RMB'000 |
|---|---|---|---|
| **Net cash generated from operating activities** | | **653,576** | 676,792 |
| **Investing activities** | | | |
| Dividends received from an associate | | **20,088** | – |
| Interest received | | **1,084** | 1,783 |
| Proceeds from disposal of property, plant and equipment | | **1,346** | – |
| Redemption of financial assets at fair value through profit or loss | 28 | **11,447** | 70,723 |
| Payments for property, plant and equipment and other non-current assets | | **(371,958)** | (205,192) |
| Investment in an associate | | **(110,235)** | (210,022) |
| Loans to related parties | | **(2,433)** | (17,923) |
| Prepayments for the proposed acquisitions | | **(110,000)** | – |
| Acquisition of a subsidiary, net of cash acquired | 29 | **(19,838)** | (44,023) |
| (Increase)/decrease in pledged deposits | | **(19,965)** | 11,578 |
| Purchase of financial assets at fair value through profit or loss | 28 | **(5,569)** | (2,007) |
| Others | | **–** | 16,252 |
| **Net cash used in investing activities** | | **(606,033)** | (378,831) |
| **Financing activities** | | | |
| New bank loans and other borrowings | | **528,676** | 190,000 |
| Repayments of bank loans and other borrowings | | **(172,210)** | (306,070) |
| Net proceeds from new shares issued | | **269,229** | – |
| Dividends paid | | **(227,798)** | (386,575) |
| Interest paid | | **(27,644)** | (23,789) |
| Purchase of shares under share award scheme | | **(23,857)** | – |
| Lease payments | | **(12,241)** | (8,770) |
| **Net cash generated from/(used in) financing activities** | | **334,155** | (535,204) |
| **Net increase/(decrease) in cash and cash equivalents** | | **381,698** | (237,243) |
| **Cash and cash equivalents at 1 January** | | **81,586** | 629,937 |
| **Effect of foreign exchange rates changes** | | **(7,042)** | 1,813 |
| **Cash and cash equivalents at 30 June** | 19 | **456,242** | 394,507 |

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 July 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) and its shares are publicly traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the "**Group**") are mainly engaged in the extraction and sale of coal products, sale of properties and provision of property management services. There has been no significant change in the Group's principal activities during the period.

King Lok Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; and the ultimate holding company of the Company is TMF (Cayman) Ltd., a company incorporated in Cayman Islands.

## 2.1 BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the applicable disclosure requirements set out in the Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), and in compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 24 August 2026.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, namely HKFRS Accounting Standards except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.2.

The preparation of the unaudited interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2025 that is included in the unaudited interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor has reported on those financial statements on 24 March 2026. The auditor's opinion was not modified but included a reference to a matter to which the auditor drew attention for material uncertainty related to going concern.

## 2.1 BASIS OF PREPARATION (Cont'd)

As at 30 June 2026, the Group had net current liabilities of RMB239,368,000 and has undertaken several acquisitions with prepayments made amounting to RMB1,345,990,000 as disclosed in Note 14. The Directors estimated to incur significant expenditure for the business acquired or developed. In addition, the Group has also been contemplating expanding existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group may seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure and property development expenditure.

The Group's ability to fund the aforementioned acquisitions and further expenditure largely relies on its future operating cash inflows and its ability to finance through external borrowings, which may be influenced by the government macro-control policies and volatility in coal market price.

The scale of the expected capital expenditure and possible mismatch of future cash flow projections may indicate the existence of material uncertainty which would cast significant doubt on the Group's ability to continue as a going concern.

The Directors assessed the Group's ability to continue as a going concern, taking into account (i) the Group's current cash at bank and on hand; (ii) the expected operating cash flows of the Group for at least the next twelve months from the end of the current reporting period; and (iii) the Group's capital expenditure and other necessary additional amount forecast for at least the next twelve months from the end of the current reporting period, with the potential gap to be satisfied by external borrowings. The Directors are of the opinion that the Group is proactively monitoring the progress of the acquisitions and additional cashflow needs and will take feasible initiatives to conclude the transactions. The Group will also carefully monitor its liquidity position. Assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from banks or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months. Accordingly, it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. The condensed consolidated interim financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

## 2.2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The impacts of adopting these amendments are discussed below.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

The amendments cover three main aspects:

- The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

- For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features, for example environmental, social or governance ("**ESG**") linked features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

- The amendments introduce new disclosures for disposals of investments in equity instruments designated at fair value through other comprehensive income ("**FVOCI**"), and for financial instruments not measured at fair value through profit or loss ("**FVPL**") which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

## 3. OPERATING SEGMENT INFORMATION

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker ("**CODM**") of the Group that are used to assess the performance and allocate resources. The Group manages its businesses by business lines, in a manner consistent with the way in which the information is reported internally to the Group's CODM. During the six months ended 30 June 2026, the Group entered into agreements with counterparties to acquire certain properties and expanded its business into additional lines beyond coal mining. The reportable segments of the Group are coal mining segment, real estate and property management and other segments which mainly include agriculture and animal husbandry and cigar and tobacco, all of which align with the business plans and information provided to the CODM of the Group.

### (i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current and non-current assets, excluding financial assets at fair value through profit or loss and deferred tax assets. Segment liabilities include all current and non-current liabilities, excluding income tax payable, tax payable other than income tax and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The head office and corporate expenses are not allocated to individual segments.

Profit before taxation is utilised to assess the profit or loss of the reporting segment.

## 3. OPERATING SEGMENT INFORMATION (Cont'd)

### (i) Segment results, assets and liabilities (Cont'd)

The information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2026 and 2025 is set out below.

| | Coal mining segment Six months ended 30 June | | Real estate and property management segment Six months ended 30 June | | Other segment Six months ended 30 June | | Total Six months ended 30 June | |
|---|---|---|---|---|---|---|---|---|
| | **2026 RMB'000** | 2025 RMB'000 | **2026 RMB'000** | 2025 RMB'000 | **2026 RMB'000** | 2025 RMB'000 | **2026 RMB'000** | 2025 RMB'000 |
| **Reportable segment revenue** | **2,227,146** | 2,330,318 | **253,292** | 141,300 | **41,402** | 46,621 | **2,521,840** | 2,518,239 |
| Inter-segment revenue | **–** | – | **–** | – | **(1,273)** | (8,722) | **(1,273)** | (8,722) |
| **Revenue from external customers** | **2,227,146** | 2,330,318 | **253,292** | 141,300 | **40,129** | 37,899 | **2,520,567** | 2,509,517 |
| **Reportable segment profit/(loss) before taxation** | **1,201,724** | 928,879 | **(6,276)** | (31,488) | **(31,050)** | (45,035) | **1,164,398** | 852,356 |
| Interest income | **6,763** | 7,054 | **9** | – | **7** | 11 | **6,779** | 7,065 |
| Finance costs | **(40,565)** | (34,024) | **(5)** | (299) | **(2,179)** | (2,800) | **(42,749)** | (37,123) |
| Depreciation and amortisation | **(83,721)** | (75,339) | **(9,448)** | (9,558) | **(26,082)** | (24,210) | **(119,251)** | (109,107) |
| Impairment losses on trade and other receivables | **–** | – | **(4,225)** | (6,963) | **–** | – | **(4,225)** | (6,963) |

| | **At 30 June 2026** | At 31 December 2025 | **At 30 June 2026** | At 31 December 2025 | **At 30 June 2026** | At 31 December 2025 | **At 30 June 2026** | At 31 December 2025 |
|---|---|---|---|---|---|---|---|---|
| **Reportable segment assets** | **11,328,441** | 8,491,279 | **3,473,265** | 3,562,853 | **1,008,626** | 1,191,981 | **15,810,332** | 13,246,113 |
| Additions to non-current segment assets | **2,098,319** | 771,862 | **15,518** | 274,821 | **3,803** | 71,815 | **2,117,640** | 1,118,498 |
| **Reportable segment liabilities** | **3,903,836** | 2,988,210 | **989,719** | 1,330,668 | **209,471** | 213,733 | **5,103,026** | 4,532,611 |

## 3. OPERATING SEGMENT INFORMATION (Cont'd)

### (ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

| | Note | Six months ended 30 June<br>2026<br>RMB'000 | <br>2025<br>RMB'000 |
|---|---|---|---|
| **Revenue** | | | |
| Reportable segment revenue | | **2,521,840** | 2,518,239 |
| Elimination of inter-segment revenue | | **(1,273)** | (8,722) |
| Consolidated revenue | 4 | **2,520,567** | 2,509,517 |

| | Six months ended 30 June<br>2026<br>RMB'000 | <br>2025<br>RMB'000 |
|---|---|---|
| **Profit** | | |
| Reportable segment profit before taxation | **1,164,398** | 852,356 |
| Elimination of inter-segment profit | **–** | – |
| Reportable segment profit before taxation derived from Group's external customers | **1,164,398** | 852,356 |
| Losses on fair value changes of financial assets | **(141,892)** | (64,888) |
| Other incomes and losses, net | **745** | 462 |
| Depreciation and amortisation | **(567)** | (601) |
| Finance costs | **(9)** | (206) |
| Unallocated head office and corporate expenses | **(71,667)** | (37,186) |
| Consolidated profit before taxation | **951,008** | 749,937 |

## 3. OPERATING SEGMENT INFORMATION (Cont'd)

### (ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities (Cont'd)

| | Note | At 30 June 2026 RMB'000 | At 31 December 2025 RMB'000 |
|---|---|---|---|
| **Assets** | | | |
| Reportable segment assets | | **15,810,332** | 13,246,113 |
| Financial assets at fair value through profit or loss | 16 | **88,800** | 208,185 |
| Deferred tax assets | | **215,517** | 154,041 |
| Consolidated assets | | **16,114,649** | 13,608,339 |

| | Note | At 30 June 2026 RMB'000 | At 31 December 2025 RMB'000 |
|---|---|---|---|
| **Liabilities** | | | |
| Reportable segment liabilities | | **5,103,026** | 4,532,611 |
| Income tax payable | | **491,759** | 529,166 |
| Tax payable other than income tax | 20 | **188,304** | 248,409 |
| Deferred tax liabilities | | **315,702** | 85,642 |
| Consolidated liabilities | | **6,098,791** | 5,395,828 |

## 3. OPERATING SEGMENT INFORMATION (Cont'd)

### (iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (excluding the deferred tax assets and financial assets at fair value through profit or loss). The geographical location of customers is based on the location at which the goods or services are delivered. The geographical location of the non-current assets is based on the physical location of the asset to which they are operated or the location of the business to which they are managed.

| | **Revenue from external customers** | | **Non-current assets** | |
|---|---|---|---|---|
| | **Six months ended 30 June** | | **At 30 June** | At 31 December |
| | **2026** | 2025 | **2026** | 2025 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| The PRC | **2,517,635** | 2,506,310 | **9,137,280** | 9,081,761 |
| The RSA* | **303** | – | **2,364,524** | 392,550 |
| Other regions or countries | **2,629** | 3,207 | **489,400** | 463,470 |
| | **2,520,567** | 2,509,517 | **11,991,204** | 9,937,781 |

* The Republic of South Africa

## 4. REVENUE

The principal activities of the Group are the extraction and sale of coal products, sale of properties and provision of property management services. Revenue represents the sales value of goods supplied to customers or services provided to customers, excluding value-added taxes or any trade discounts.

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| **Revenue from contracts with customers** | | |
| Sale of coal products | **2,227,050** | 2,330,318 |
| Property management services | **103,766** | 114,043 |
| Sales of properties | **149,526** | 27,257 |
| Others | **40,225** | 37,899 |
| | **2,520,567** | 2,509,517 |

## 5. OTHER INCOMES AND LOSSES, NET

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Government grants | **13,582** | 11,146 |
| Interest income | **7,283** | 7,119 |
| Penalties | **(16,948)** | (34,744) |
| Impairment losses on trade and other receivables | **(4,225)** | (6,963) |
| Donations | **(590)** | (4,082) |
| Net gains on redemption of financial assets at fair value through profit or loss | **708** | 6,095 |
| Loss on disposal of a subsidiary | **–** | (10,350) |
| Others | **1,909** | (942) |
| | **1,719** | (32,721) |

## 6. PROFIT BEFORE TAXATION

The Group's profit before taxation was arrived at after charging:

| | Note | Six months ended 30 June 2026 RMB'000 | Six months ended 30 June 2025 RMB'000 |
|---|---|---|---|
| **Cost of sales:** | | | |
| – Cost of inventories sold | | **573,723** | 624,523 |
| – Transportation and storage costs | | **542,068** | 624,883 |
| – Cost of property management services | | **80,143** | 83,953 |
| | | **1,195,934** | 1,333,359 |
| **Staff costs:** | | | |
| – Salaries, wages, bonuses and benefits | | **354,019** | 335,120 |
| – Contributions to defined contribution plans | | **16,758** | 15,949 |
| – Equity settled share-based payment expenses | | **9,306** | 12,297 |
| | | **380,083** | 363,366 |
| Depreciation of property, plant and equipment | 10 | **80,982** | 79,603 |
| Depreciation of right-of-use assets | 11 | **4,150** | 3,819 |
| Amortisation of intangible assets | 12 | **34,686** | 26,286 |

Cost of inventories sold and cost of property management services for the six months ended 30 June 2026 included RMB305,993,000 (six months ended 30 June 2025: RMB289,838,000) relating to staff costs, depreciation and amortisation, which were included in the respective expenses disclosed above.

## 7. FINANCE COSTS

| | Six months ended 30 June 2026 RMB'000 | Six months ended 30 June 2025 RMB'000 |
|---|---|---|
| Interest expenses | **27,806** | 21,354 |
| Unwinding of discounts | **14,952** | 15,975 |
| | **42,758** | 37,329 |

## 8. INCOME TAX EXPENSE

The major components of income tax expense in the consolidated statement of profit or loss and other comprehensive income were:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Current tax – the PRC | **232,144** | 206,369 |
| Deferred income tax – | | |
| Reversal and origination of temporary differences | **(37,833)** | (14,558) |
| Total tax expense for the period | **194,311** | 191,811 |

(a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiaries either incorporated in the Cayman Islands or the British Virgin Islands were not subject to any income tax in the Cayman Islands and the BVI, respectively.

(b) Pursuant to the rules and regulations of the Kingdom of Cambodia, Power Cigar Tobacco Co., Ltd. was subject to a rate of 20% on the taxable income.

(c) Pursuant to the rules and regulations of the RSA, MC Mining Limited ("**MC Mining**") and its subsidiaries were subject to a rate of 27% on the taxable income.

(d) Except for Kinetic Coal, the corporate income tax was provided at a rate of 25% on the taxable income of the subsidiaries operating in the Mainland China, as adjusted for income and expense items which were not assessable or deductible for income tax purposes. Kinetic Coal was recognised as a qualified enterprise subject to the "Western Development Strategy" on 28 December 2023, hence it enjoys a preferential income tax rate of 15% from 2023 to 2030.

(e) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if certain criteria are met. The Group is therefore subject to withholding taxes on dividends distributed by those subsidiaries established in the Mainland China in respect of earnings generated from 1 January 2008. In February 2025, the Company, Blue Gems Worldwide Limited and Kinetic (Asia) Limited obtained Hong Kong SAR Certificate of Resident Status for the calendar year 2025 and the two succeeding calendar years, respectively. As a result, under the "Arrangement between the Mainland China and Hong Kong SAR for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income", the Group was subject to a withholding tax rate of 5% from 2025 to 2027. The Group provided for and paid the withholding taxes subject to a tax rate of 5% for the six months ended 30 June 2026.

## 9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2026 is based on the profit for the period attributable to equity shareholders of the Company of RMB768,346,000 (six months ended 30 June 2025: RMB561,586,000) and the weighted average number of 8,432,228,000 shares (six months ended 30 June 2025: 8,406,832,000 shares) during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2026 is based on the profit for the period attributable to ordinary equity shareholders of the Company of RMB768,346,000 (six months ended 30 June 2025: RMB561,586,000), and the weighted average number of 8,547,624,000 shares (diluted) (six months ended 30 June 2025: 8,437,146,000 shares (diluted)) during the period.

## 10. PROPERTY, PLANT AND EQUIPMENT

| | Note | **Carrying amount RMB'000** |
|---|---|---|
| At 1 January 2026 | | **3,655,126** |
| Acquisition of a subsidiary | 29 | **473,362** |
| Additions | | **459,919** |
| Depreciation | | **(80,982)** |
| Disposal | | **(2,384)** |
| Exchange adjustments | | **4,568** |
| **At 30 June 2026** | | **4,509,609** |

The Group is in the process of applying for the title of certificates of certain properties with a carrying value of RMB589,893,000 as at 30 June 2026 (31 December 2025: RMB607,001,000). The Directors are of the view that the Group's use of and operational activities at these properties remain unaffected despite the fact that the relevant property title certificates have not yet been obtained.

## 11. RIGHT-OF-USE ASSETS

| | Note | Carrying amount RMB'000 |
|---|---|---|
| At 1 January 2026 | | 180,670 |
| Additions | | 2,667 |
| Acquisition of a subsidiary | 29 | 7,528 |
| Disposals | | (2,725) |
| Depreciation | | (4,150) |
| Exchange adjustments | | (1,183) |
| **At 30 June 2026** | | **182,807** |

## 12. INTANGIBLE ASSETS

| | Note | Carrying amount RMB'000 |
|---|---|---|
| At 1 January 2026 | | 3,415,758 |
| Acquisition of a subsidiary | 29 | 1,634,334 |
| Additions | | 1,483 |
| Amortisation | | (34,686) |
| Exchange adjustments | | (3,103) |
| **At 30 June 2026** | | **5,013,786** |

## 13. GOODWILL

| | Note | Carrying amount RMB'000 |
|---|---|---|
| At 1 January 2026 | | 245,404 |
| Acquisition of a subsidiary | 29 | 20,864 |
| **At 30 June 2026** | | **266,268** |
| Cost | | 459,912 |
| Less: Accumulated impairment | | (193,644) |
| **At 30 June 2026** | | **266,268** |

## 14. PREPAYMENTS FOR PROPOSED ACQUISITIONS

| | Notes | At 30 June 2026 RMB'000 | At 31 December 2025 RMB'000 |
|---|---|---|---|
| Proposed acquisition of Guizhou Liliang Energy Co., Ltd. ("**Guizhou Liliang**") | (a) | **1,080,256** | 1,080,256 |
| Proposed acquisitions with Guangzhou Seedland Real Estate Development Co., Ltd. ("**Seedland**") and its subsidiaries | (b) | **263,734** | 253,734 |
| | | **1,343,990** | 1,333,990 |
| Other | | **2,000** | 2,000 |
| | | **1,345,990** | 1,335,990 |

Notes:

(a) On 24 December 2021, the Group entered into an acquisition agreement with Guizhou Liliang, an entity owned by Mr. Zhang Li, to acquire its 75% equity interests in Liupanshui Changlin Real Estate Development Co., Ltd. which would own the mining rights of a coal mine in Guizhou upon completion of a restructuring, with a total consideration of RMB1,100,000,000. According to the acquisition agreement, the Group prepaid RMB550,000,000 in 2021 and RMB530,256,000 in 2022 to Guizhou Liliang, respectively. Prior to the completion of the acquisition, certain conditions shall be satisfied. If those conditions are not satisfied, the Group is entitled to require Guizhou Liliang to refund any payment (without interest) which the Group had actually made to it under the acquisition agreement. The recoverability of the prepayments is secured by 100% equity interests of Guizhou Liliang. This transaction is a connected and major transaction and subject to the shareholders' approval.

(b) Since 2022, the Group entered into a series of property purchase agreements and supplemental agreements with subsidiaries of Seedland, to acquire certain properties. As at 30 June 2026, the balance of prepayments to Seedland and its subsidiaries is expected to be net off with consideration of proposed acquisition of Taijing Real Estate Development Co., Ltd. ("**Taiyuan Seedland**"). The acquisition of Taiyuan Seedland was approved by independent shareholders on 20 May 2026. As at 8 July 2026, the acquisition of Taiyuan Seedland has been completed and the prepayments made to Seedland and its subsidiaries have been fully offset.

## 14. PREPAYMENTS FOR PROPOSED ACQUISITIONS (Cont'd)

On 17 February 2023, Mr. Zhang Liang, Johnson and King Lok Holdings Limited, an entity then 100% owned by Mr. Zhang Liang, Johnson and currently 100% held by the Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members, agreed to pledge 5,307,450,000 shares held by them in the Company and the interests derived therefrom as security for the performance of contractual obligations of Guizhou Liliang, Mr. Zhang Li and subsidiaries of Seedland under the relevant acquisitions and loan agreements. The share pledge arrangement serves as a security of the prepayments made for the acquisition of Changlin, acquisition of properties from Seedland, as well as loans to Guizhou Liliang.

The Directors have assessed the progress of the transactions and the ability of the related parties to fulfil the obligations under the agreements described above and even if these transactions not completed as scheduled the counterparties are financially capable to repay the outstanding amounts to the Company.

## 15. OTHER NON-CURRENT ASSETS

| | Note | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|---|
| Loans to related parties | 27(b) | **298,184** | 293,316 |
| Prepayment for acquiring of enlarged coal production capacity | | **116,788** | 116,788 |
| Performance compensation receivable | | **113,049** | 113,049 |
| Prepayments of equipment | | **22,251** | 55,458 |
| Long-term deferred expense | | **7,044** | 6,671 |
| Subscription of shares in MC Mining to be registered | | **–** | 77,741 |
| Others | | **27,612** | 29,255 |
| | | **584,928** | 692,278 |
| Less: Current portion of other non-current assets | | **–** | (3,803) |
| Other non-current assets | | **584,928** | 688,475 |

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Notes | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Equity securities in investment funds | (a) | **22,861** | – |
| **Current assets** | | | |
| Trust wealth management investments | (b) | **65,939** | 208,185 |
| | | **88,800** | 208,185 |

Notes:

(a) These investments are unit trust investments, held by MC Mining, where the underlying funds invest in equity instruments and money market instruments, both in the RSA and overseas. The equity securities in investment funds are for the rehabilitation provisions and Eskom Holdings SOC Ltd ("**Eskom**", state-owned power grid company in the RSA) payment and infrastructure guarantees. The guarantees are provided to Eskom as a substitute for the deposits required by Eskom for infrastructure lines in the RSA.

(b) On 25 December 2020, the Group entered into a subscription agreement with Northern International Trust Co., Ltd. ("**Northern Trust**") to subscribe a trust wealth management investment amounting to RMB252,530,000 for a period of 1 year, which is redeemable on demand. As at 30 June 2026, the fair value of the investment was RMB32,964,000 (31 December 2025: RMB174,447,000), which invested in a corporate bond issued by Guangzhou R&F Properties Co., Ltd. ("**R&F Properties**") in 2018 with an annual interest rate of 6.58%.

On 28 December 2020, the Group entered into a subscription agreement with Beijing International Trust Co., Ltd. ("**Beijing Trust**") to subscribe a trust wealth management investment amounting to RMB151,500,000 for a period of 10 years, which is redeemable on demand. As at 30 June 2026, the fair value of the investment was RMB32,975,000 (31 December 2025: RMB33,738,000), which invested in a corporate bond issued by R&F Properties in 2020 with an annual interest rate of 6.30%.

## 17. INVENTORIES

| | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|
| Properties under development | **2,181,274** | 2,417,106 |
| Coal products | **274,239** | 147,482 |
| Tobacco materials and products | **119,168** | 112,275 |
| Raw materials, accessories and chemicals | **86,624** | 79,685 |
| Others | **40,910** | 40,280 |
| | **2,702,215** | 2,796,828 |
| Less: Write-down of inventories | **(242,886)** | (266,104) |
| | **2,459,329** | 2,530,724 |

## 18. TRADE AND OTHER RECEIVABLES

| | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|
| Trade debtors | | |
| – Amount due from third parties | **169,055** | 132,784 |
| – Amount due from related parties | **66,252** | 48,233 |
| | **235,307** | 181,017 |
| Other receivables | | |
| – Prepayments and deposits | **277,264** | 243,413 |
| – Amount due from related parties | **253,100** | 144,426 |
| – Deductible input VAT | **103,867** | 128,690 |
| – Others | **54,989** | 48,249 |
| | **689,220** | 564,778 |
| Total | **924,527** | 745,795 |
| Less: Provision for bad debts | **(90,290)** | (71,753) |
| | **834,237** | 674,042 |

As at the end of the reporting period, the aging analysis of trade debtors, based on the invoice date and net of provision for bad debts was as follows:

| | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|
| Within 1 year | **50,633** | 62,065 |
| 1 to 2 years | **55,269** | 32,203 |
| 2 to 3 years | **27,988** | 14,311 |
| Over 3 years | **17,913** | 5,332 |
| | **151,803** | 113,911 |

Trade debtors are generally due within 30 to 90 days from the date of billing.

The provision for bad debts was estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

## 19. CASH AT BANK AND ON HAND AND PLEDGED AND RESTRICTED DEPOSITS

| | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|
| Cash at bank and on hand | **456,242** | 81,586 |
| Pledged deposits | **28,123** | 8,158 |
| Restricted deposits | **41,197** | 10,019 |
| | **525,562** | 99,763 |
| Less: | | |
| – Pledged deposits for notes payable | **(28,123)** | (8,158) |
| – Restricted deposits | **(41,197)** | (10,019) |
| Cash and cash equivalents | **456,242** | 81,586 |

As at 30 June 2026, the cash at bank and on hand balances of the Group denominated in Renminbi amounted to RMB180,879,000 (31 December 2025: RMB66,909,000), and the cash at bank and on hand balances of the Group denominated in Hong Kong dollars amounted to RMB 217,201,000 (31 December 2025: RMB13,067,000).

As at 30 June 2026, the Group's bank balances of RMB28,123,000 (31 December 2025: RMB8,158,000) were deposited as guarantee funds for notes payable and bank loans.

As at 30 June 2026, the Group's bank balances of RMB38,048,000 (31 December 2025: RMB3,027,000) were deposited with banks as a mine environment restoration guarantee fund pursuant to the related government regulations.

## 20. TRADE AND OTHER PAYABLES

| | Notes | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|---|
| Payables for construction | (a) | **965,955** | 1,020,543 |
| Dividends payable | | **369,964** | 153,806 |
| Tax payable other than income tax | | **188,304** | 248,409 |
| Amounts due to related parties | 27(c) | **150,398** | 142,745 |
| Payables for acquisitions | 27(c) | **108,233** | 121,986 |
| Notes payable | | **38,737** | 18,772 |
| Other payables and accruals | (b) | **427,534** | 451,225 |
| | | **2,249,125** | 2,157,486 |

Notes:

(a) Payables for construction are non-interest-bearing.

An aging analysis of the payables for construction as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|
| Within 1 year | **442,303** | 577,631 |
| 1 to 2 years | **399,953** | 377,142 |
| Over 2 years | **123,699** | 65,770 |
| | **965,955** | 1,020,543 |

(b) Other payables and accruals which are non-interest bearing, are expected to be settled within one year or repayable on demand.

## 21. BANK LOANS AND OTHER BORROWINGS

| | | At 30 June 2026 | | At 31 December 2025 | |
|---|---|---|---|---|---|
| | Notes | **Effective interest rate (%)** | **RMB'000** | Effective interest rate (%) | RMB'000 |
| **Current liabilities** | | | | | |
| Bank loans: | | | | | |
| – Secured | (a) | **5.00% to 5.80%; South African Prime Interest+3%** | **65,703** | 5.00% | 50,000 |
| Other borrowings: | | | | | |
| – Unsecured | | **9.17%** | **12,938** | N/A | – |
| – Secured | (b) | **N/A** | **66,336** | N/A | – |
| | | | **79,274** | | – |
| Long-term bank loans due within one year: | | | | | |
| – Secured | (c) | **4.90% to 5.80%** | **390,000** | 5.50% | 67,000 |
| | | | **534,977** | | 117,000 |
| **Non-current liabilities** | | | | | |
| Bank loans: | | | | | |
| – Secured | (c) | **4.20% to 4.95%** | **763,938** | 4.90% to 5.80% | 755,000 |
| Other borrowings: | | | | | |
| – Secured | (d) | **South African Prime Interest** | **153,488** | N/A | – |
| | | | **917,426** | | 755,000 |
| **Total** | | | **1,452,403** | | 872,000 |

## 21. BANK LOANS AND OTHER BORROWINGS (Cont'd)

Notes:

(a) As at 30 June 2026, the Group's bank loans amounting to RMB50,000,000, bearing interest at 5.00% per annum, were secured by the Group's property, plant and equipment and guaranteed by Kinetic Coal.

As at 30 June 2026, the Group's bank loans amounting to RMB10,000,000, bearing interest at 5.80% per annum, were guaranteed by Kinetic Coal.

As at 30 June 2026, the Group's bank loans amounting to RMB5,703,000, bearing interest at the South African Prime interest rate plus 3% per annum, were secured by cession of book debts, a general notarial bond over movable assets, cession of short-term insurance policy benefits held by MC Mining.

(b) As at 30 June 2026, the Group's other borrowings amounting to RMB66,336,000, were interest-free and guaranteed by MC Mining. In March 2025, MC Mining entered into a settlement agreement ("**Settlement Agreement**") with the lender, Industrial Development Corporation of South Africa Ltd. ("**IDC**"), which superseded the original loan facilities previously provided to MC Mining. Under the terms of the Settlement Agreement, no further interest will accrue on the IDC borrowings and the remaining balance of RMB66,336,000 will be deducted from the consideration payable for the subscription of shares in a subsidiary of MC Mining, which has yet to be settled.

(c) As at 30 June 2026, the Group's bank loans amounting to RMB470,840,000, bearing interests ranging from 4.90% to 4.95% per annum, were secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal.

As at 30 June 2026, the Group's bank loans amounting to RMB94,950,000, bearing interests ranging from 4.20% to 4.95% per annum, were guaranteed by Kinetic Coal.

As at 30 June 2026, the Group's bank loans amounting to RMB180,000,000, bearing interest at 5.80% per annum, were secured by the mining right of the coal mine held by Ningxia Kinetic Mining Co., Ltd. ("**Ningxia Kinetic**") and property inventories held by Wuhai Fuliang Real Estate Development Co., Ltd..

As at 30 June 2026, the Group's bank loans amounting to RMB408,148,000, bearing interest at 4.20% per annum, were guaranteed by Kinetic Coal and Liyun (Ningxia) Energy Co., Ltd. ("**Liyun Ningxia**") and secured by the equity interests in Ningxia Kinetic held by Liyun Ningxia and the mining right of the coal mine and the land use right held by Ningxia Kinetic.

(d) As at 30 June 2026, the Group's other borrowings amounting to RMB153,488,000, bearing interest at the South African Prime interest rate per annum, were related to a vendor funding arrangement for the construction of the Makhado project processing plant. The funding arrangement is secured by the vendor's retention of ownership rights over the funded assets acquired by MC Mining during the construction.

## 22. LEASE LIABILITIES

The lease liabilities were repayable as follows:

| | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|
| Within 1 year | **28,768** | 27,100 |
| After 1 year but within 2 years | **13,409** | 26,530 |
| After 2 years but within 5 years | **822** | – |
| After 5 years | **5,798** | 1,854 |
| | **48,797** | 55,484 |

## 23. LONG-TERM PAYABLES

| | **30 June 2026 RMB'000** | 31 December 2025 RMB'000 |
|---|---|---|
| Present value of payables in relation to mining rights | **509,078** | 497,770 |
| Present value of compensation payables in relation to the demolition and relocation | **179,561** | 307,424 |
| | **688,639** | 805,194 |
| Less: Current portion of trade and other payables | **(86,805)** | (85,276) |
| | **601,834** | 719,918 |

## 24. INTERIM DIVIDENDS

The Board resolved to declare an interim dividend for the six months ended 30 June 2026 of HKD6.0 cents per share (six months ended 30 June 2025: HKD5.0 cents per share). The total amount of the interim dividends will be HKD515,970,480, equivalent of RMB448,146,000 (six months ended 30 June 2025: HKD421,500,000, equivalent of RMB384,387,000). The declared interim dividends have not been recognised as a liability as at 30 June 2026.

## 25. SHARE CAPITAL

| | Number of shares | RMB'000 |
|---|---|---|
| Issued: | | |
| At 1 January 2025, 31 December 2025 and 1 January 2026 | **8,430,000,000** | **54,293** |
| Issue of new shares *(Note)* | **169,508,000** | **1,150** |
| **At 30 June 2026** | **8,599,508,000** | **55,443** |

The authorised share capital of the Company is USD500,000,000 consisting of 500,000,000,000 shares of USD0.001 each.

*Note:* On 10 June 2026, a total of 169,508,000 shares were duly allotted and issued at a placing price of HKD1.85 per share pursuant to the placing agreement and the placing generated gross proceeds of approximately HKD313.6 million, equivalent of RMB272.8 million. The placing generated net proceeds, after deducting fees, costs and expenses, of approximately HKD309.3 million, equivalent of RMB269.2 million.

## 26. COMMITMENTS

Capital commitments as at 30 June 2026 not accounted for were as follows:

| | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|
| Authorised and contracted for acquisition, construction and procurement of mining machinery and properties | **656,720** | 851,511 |

## 27. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended 30 June 2026, transactions with the following parties were considered as related party transactions.

| Name of related parties | Relationship |
|---|---|
| Mr. Zhang Li | A substantial shareholder of the Company |
| Mr. Zhang Liang, Johnson | A party interested in 61.72% issued shares of the Company held through King Lok Holdings Limited *(Note)* |
| Mr. Ju Wenzhong | Chairman and Executive Director |
| Shenhua Zhunneng Xiaojia Shayan Coal Storage and Delivery Limited (“**Xiaojia**”) (神華准能肖家沙堨煤炭集運有限責任公司)* | An associate of the Group |
| Seedland (實地地產集團有限公司)* and its subsidiaries | Controlled by Mr. Zhang Liang, Johnson |
| R&F Properties (廣州富力地產股份有限公司)* and its subsidiaries | Mr. Zhang Li is one of major shareholders |
| Guangzhou Puji Properties Agency Co., Ltd. (“**Guangzhou Puji**”) (廣州普及房地產代理有限公司)* | Controlled by Mr. Zhang Liang, Johnson |
| Wealth Galaxy Limited | Controlled by Mr. Zhang Liang, Johnson |
| Seedland Smart Service Group Limited | Controlled by Mr. Zhang Liang, Johnson |
| Zhuhai Seedland Real Estate Development Co., Ltd. (珠海實地房地產開發有限公司)* | Controlled by Mr. Zhang Liang, Johnson |

* The English translation of the respective company name is for reference only. The official name of the company is in Chinese only.

*Note:* The entire issued share capital of King Lok Holdings Limited is held by The Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members.

## 27. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

### (a) Transactions with related parties

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Loading services from Xiaojia | **75,479** | 58,032 |
| Lease services from Wealth Galaxy Limited | **–** | 19,652 |
| Provision of property management services to Seedland | **19,634** | 27,439 |
| | **95,113** | 105,123 |

### (b) Amounts due from related parties

| | | **30 June** | 31 December |
|---|---|---|---|
| | | **2026** | 2025 |
| | Note | **RMB'000** | RMB'000 |
| Other non-current assets (including current portion) | | | |
| – Loans to a related party *(Note)* | 15 | **298,184** | 293,316 |
| Prepayments for proposed acquisitions | 14 | **1,343,990** | 1,333,990 |
| Trade and other receivables | | | |
| – Amounts due from Mr. Zhang Liang, Johnson and/or Mr. Zhang Li and the related entities | 27(c)(i) | **312,344** | 192,659 |
| | | **1,954,518** | 1,819,965 |

*Note:* As at 30 June 2026, the principal of loan to Guizhou Liliang and related interest receivable was RMB298,184,000 (31 December 2025: RMB293,316,000). The interest income on these loans for the period ended 30 June 2026 was RMB6,237,000 (six months ended 30 June 2025: RMB5,870,000). The principal amount of the loan together with all the outstanding interest payables thereon shall be fully repaid on the due date in 2027.

## 27. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

### (c) Amounts due to related parties

| | 30 June 2026 RMB'000 | 31 December 2025 RMB'000 |
|---|---|---|
| Xiaojia | **3,253** | 4,698 |
| Mr. Zhang Liang, Johnson and/or Mr. Zhang Li and the related entities *(Note)* | **255,378** | 260,033 |
| | **258,631** | 264,731 |

*Note:* As at 30 June 2026, the amounts due from and to Mr. Zhang Liang, Johnson and/or Mr. Zhang Li and the related entities primarily represented the consideration payables of acquisitions and those amounts due to/from the related parties recorded by the acquirees.

Amounts due to related parties are unsecured, interest-free and repayable on demand.

### (d) Key management personnel remuneration of the Group

Remuneration for directors and key management personnel of the Group is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2026 RMB'000** | 2025 RMB'000 |
| Short-term employee benefits | **21,574** | 16,543 |
| Contribution to defined contribution retirement plan | **610** | 655 |
| Share-based payments | **984** | 1,036 |
| Total compensation paid to key management personnel | **23,168** | 18,234 |

## 28. FAIR VALUE MEASUREMENT

### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

| | **Fair value at 30 June 2026** | **Fair value measurements as at 30 June 2026 categorised into** | | |
|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Recurring fair value measurements | | | | |
| Assets: | | | | |
| Performance compensation receivable | **113,049** | **–** | **–** | **113,049** |
| Trust wealth management investments | **65,939** | **–** | **–** | **65,939** |
| Equity securities in investment funds | **22,861** | **–** | **–** | **22,861** |

| | Fair value at 31 December 2025 | Fair value measurements as at 31 December 2025 categorised into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Recurring fair value measurements | | | | |
| Assets: | | | | |
| Performance compensation receivable | 113,049 | – | – | 113,049 |
| Trust wealth management investments | 208,185 | – | – | 208,185 |

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## 28. FAIR VALUE MEASUREMENT (Cont'd)

During the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

During the six months ended 30 June 2026, there were net loss amounting to RMB141,892,000 arising from the fair value changes of the trust wealth management and equity securities in investment funds as a result of the market price movements.

The movement during the six months ended 30 June 2026 in the balance of Level 3 fair value measurements is as follows:

| | Note | **At 30 June 2026 RMB'000** | At 30 June 2025 RMB'000 |
|---|---|---|---|
| At the beginning | | **208,185** | 228,911 |
| Acquisition of a subsidiary | 29 | **28,013** | – |
| Additions | | **5,569** | – |
| Changes in fair value recognised in profit or loss during the period | | **(141,892)** | (30,186) |
| Redemption of financial assets at fair value through profit or loss | | **(11,447)** | – |
| Exchange adjustments | | **372** | – |
| | | **88,800** | 198,725 |

Except for the above mentioned, there were no other financial assets or liabilities measured at fair value at the end of the reporting period.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2026. The following methods and assumptions were used to estimate the fair values:

The fair values of cash at bank and on hand, financial assets included in trade and other receivables, financial liabilities included in trade and other payables and interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

## 29. ACQUISITION OF A SUBSIDIARY

### Acquisition of MC Mining

The Group entered into a share subscription agreement on 28 August 2024 and subsequently executed an amendment to the agreement on 28 February 2025. The acquisition of MC Mining was completed in April 2026 and was achieved in stages, upon which the Group holds 51% of equity interests in MC Mining. Upon completion of the acquisition, MC Mining became an indirect non-wholly owned subsidiary of the Group. The last tranche of subscription consideration of approximately USD6,030,000 (equivalent to RMB41,437,000) has been fully paid.

MC Mining is a limited company incorporated in Australia. Its common shares are primarily listed on the Australian Securities Exchange, with a secondary listing on the Johannesburg Stock Exchange in the RSA. The principal activities of MC Mining and its subsidiaries are the acquisition, exploration, development and operation of metallurgical and thermal coal projects in the RSA.

The acquisition of MC Mining and its subsidiaries contributed consolidated revenue of RMB303,000 and consolidated net loss of RMB19,185,000 to the Group for the period from the acquisition date to 30 June 2026.

| | **Acquisition date RMB'000** |
|---|---|
| Cash consideration | **41,437** |
| Fair value of interests in an associate (namely, MC Mining) before acquisition | **585,910** |
| Non-controlling interests | **1,187,610** |
| Less: Fair value of total identified net assets | **(1,794,093)** |
| Goodwill | **20,864** |
| Cash consideration | **41,437** |
| Less: Cash at bank and on hand of acquiree | **(21,599)** |
| Net cash outflow arising from the acquisition of MC Mining | **19,838** |

The goodwill arising from the acquisition is attributable to the anticipated future benefits following the acquisition of the equity interests in MC Mining. None of the goodwill recognised is expected to be deductible for tax purposes.

## 29. ACQUISITION OF A SUBSIDIARY (Cont'd)

The consolidated assets and liabilities arising from the acquisition of MC Mining and its subsidiaries were as follows:

| | **Fair value at the acquisition date RMB'000** |
|---|---|
| Property, plant and equipment | **473,362** |
| Right-of-use assets | **7,528** |
| Intangible assets | **1,634,334** |
| Deferred tax assets | **3,329** |
| Financial assets at fair value through profit or loss | **28,013** |
| Inventories | **3,814** |
| Trade and other receivables | **17,337** |
| Pledged and restricted deposits | **174** |
| Cash at bank and on hand | **21,599** |
| Trade and other payables | **(53,749)** |
| Bank loans and other borrowings | **(70,449)** |
| Lease liabilities | **(5,149)** |
| Deferred tax liabilities | **(210,430)** |
| Accrual for reclamation costs | **(55,620)** |
| Total identifiable net assets | **1,794,093** |

The fair value of the total identifiable assets and liabilities acquired in the acquisition of MC Mining and its subsidiaries was determined based on independent valuation conducted by an external valuer using discounted cash flow for intangible assets and cost method for all other assets and liabilities.

## 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 2 January 2026, a total of 23,000,000 awarded shares were granted to a service provider of the Company under the 2022 Share Award Scheme, which was adopted by the Company on 29 November 2022. Each awarded share entitles the holder to subscribe for one ordinary share of the Company at an exercise price of HKD Nil. All awarded shares granted vested in full on 8 July 2026.

## 31. APPROVAL OF UNAUDITED INTERIM FINANCIAL REPORT

The unaudited interim financial report was approved and authorised for issue by the Board on 24 August 2026.

## 32. EVENTS AFTER REPORTING PERIOD

(a) After the end of the reporting period, the Board resolved to declare an interim dividend, further details are disclosed in Note 24.

(b) On 13 August 2026, the Group and MC Mining further entered into another share subscription agreement, pursuant to which the Group has agreed to subscribe for and purchase (i) 38,295,836 new shares of MC Mining at a price of US$0.2089 per share for a consideration of US$8,000,000 (the "**First Closing**"); and (ii) 38,295,836 new shares at a price of US$0.2089 per share for a consideration of US$8,000,000 (the "**Second Closing**"). In order to provide MC Mining with funds needed for its business operations and working capital requirements in advance of the First Closing, on the same day, the Company entered into a bridge loan agreement with MC Mining, pursuant to which the Company has agreed to lend to MC Mining an aggregate sum of US$8,000,000, with all the outstanding amounts of the bridge loan to be applied to offset the consideration of First Closing payable to MC Mining under the share subscription agreement at the First Closing. At the Second Closing, the Group will settle an aggregate sum of US$8,000,000 to MC Mining. The further subscription of shares in MC Mining by the Group further strengthens its investment position in MC Mining.

Save as disclosed above, the Group had no significant non-adjusting events subsequent to 30 June 2026.

## 33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of HKFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

### HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

HKFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of HKFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of HKFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures. Based on the work performed to date, the Group's assessment of the expected impact of the initial application of HKFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

## 33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 (Cont'd)

**HKFRS 18, *Presentation and disclosure in financial statements* (Cont'd)**

***(a) Structure of the statement of profit or loss***

HKFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit or loss, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals: "operating profit" and "profit or loss before financing and income taxes". The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group. Based on the work performed to date, the Group also expects the following changes to the consolidated statement of profit or loss:

- Classification of income and expenses depends on the Group's main business activities. The Group expects to classify the income and expenses from investing activities included in the operating category and therefore they will be included in the new "operating profit" subtotal;

- Interest income, which is currently presented in the Group's other incomes and losses, net subtotal, as well as the share of profits less losses of associates, fair values changes of financial assets and gains or losses on acquisition/disposal of subsidiaries are expected to be classified in the investing category. The income and expenses classified in the investing category, together with the subtotal "operating profit", will form the new subtotal "profit or loss before financing and income taxes";

- The Group is assessing the classification of income and expenses as currently included in the finance cost line item and expects that this line item will be disaggregated into "income and expenses on liabilities arising from transactions that involve only the raising of finance" and "interest expenses on other liabilities" in the financing category;

- The Group is required to assess the classification of foreign exchange differences in the same category as the income and expenses from the items giving rise to the differences, unless doing so would involve undue cost or effort; and

- The Group currently presents operating expenses by function. The Group is assessing whether its current presentation, or a mixed presentation by nature and function, will provide the most useful structured summary of its operating expenses under HKFRS 18. If the Group continues to present one or more operating expense line items by function, information about five specific expenses by nature will be provided in a single note to the financial statements.

## 33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 (Cont'd)

### HKFRS 18, *Presentation and disclosure in financial statements* (Cont'd)

#### *(b) Management-defined performance measures ("MPMs")*

MPMs are subtotals of income and expenses used in public communications outside the financial statements that communicate management's view of an aspect of the financial performance of the entity as a whole to users. The Group is developing a process to identify its public communications and assess whether other measures reported in those communications meet the definition of an MPM.

The Group will be required to disclose specific information about MPMs in a single note in the financial statements. The MPMs disclosed by the Group following adoption of HKFRS 18 will be determined based on public communications issued by the Group relating to the same reporting period.

#### *(c) Principles of aggregation and disaggregation*

HKFRS 18 provides enhanced principles on how to group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has consistently applied the principles of aggregating and disaggregating items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as "other" across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

HKFRS 18 also introduces consequential amendments to HKAS 7, *Statement of cash flows*. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying HKFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

# Other Information

## CORPORATE GOVERNANCE

### Corporate Governance Code

As the Company believes that sound corporate governance is essential to protecting the interests of its shareholders, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality Board, sound internal controls and effective accountability to the shareholders of the Company as a whole.

On 15 July 2026, the Board also approved amendments to the terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee to reflect the latest requirements under the Corporate Governance Code. The updated terms of reference further enhance the committees' clarity of roles and strengthen oversight in areas including risk management, board diversity and remuneration governance, reinforcing the Company's commitment to maintaining high standards of corporate governance.

The Board is of the view that the Company has complied with the code provisions of the Corporate Governance Code as set out in part 2 of Appendix C1 of the Listing Rules for the six months ended 30 June 2026.

### Directors' and Relevant Employees' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

All the directors of the Company have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the six months ended 30 June 2026.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees was identified by the Company.

## AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Ms. Liu Peilian and Mr. Chen Liangnuan and one non-executive Director, Ms. Zhang Lin. Ms. Liu Peilian is the chairlady of the Audit Committee, who possesses the appropriate professional qualification on accounting or related financial management expertise. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control system. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2026.

## PLACING OF NEW SHARES

On 10 June 2026, the Company completed the placing of 169,508,000 new shares (the "**Placing Shares**") at a placing price of HK$1.85 per share pursuant to the placing agreement (the "**Placing**"'). The number of the Placing Shares represents approximately 1.97% of the enlarged total number of issued shares upon the completion of the Placing. As all conditions to the Placing had been satisfied, the Placing Shares were successfully placed by the sole placing agent to not less than six placees who, to the best knowledge, information and belief of the Directors after making all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees became a substantial shareholder of the Company upon completion. The Placing generated net proceeds of approximately HK$309.3 million, which strengthened the Group's liquidity position during the period.

The intended use of proceeds remained consistent with the disclosure set out in the placing announcement dated 3 June 2026. The table below sets out the actual utilisation of the net proceeds up to 30 June 2026.

| Intended use of the net proceeds | Planned allocation | Actual utilisation up to 30 June 2026 | Unutilised balance |
|---|---|---|---|
| Procurement for the mining and transportation operations of our subsidiary in South Africa | Approximately HK$101.9 million | Approximately HK$0.4 million | Approximately HK$101.5 million |
| Supplement of working capital of MC Mining Limited, a 51% non-wholly owned subsidiary of the Group | Approximately HK$78.4 million | Approximately HK$30.5 million | Approximately HK$47.9 million |
| Equipment procurement and operating expenses in relation to the Group's rutile mine project in Sierra Leone | Approximately HK$78.4 million | Approximately HK$9.9 million | Approximately HK$68.5 million |
| General working capital required for other project developments and other general corporate purposes | Approximately HK$50.7 million | Approximately HK$14.9 million | Approximately HK$35.8 million |
| | Approximately HK$309.3 million | Approximately HK$55.7 million | Approximately HK$253.6 million |

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

Save as the Placing, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

***Long position in the ordinary shares of the Company***

| Name of Directors | Capacity/Type of interests | Number of ordinary shares | Approximate percentage of shareholding*Note 1* |
|---|---|---|---|
| Mr. Ju Wenzhong | Beneficial interests | 16,821,659*Note 2* | 0.20% |
| Mr. Li Bo | Beneficial interests | 9,151,886*Note 3* | 0.11% |
| Mr. Ji Kunpeng | Beneficial interests | 5,000,000*Note 4* | 0.06% |
| Ms. Xue Hui | Beneficial interests | 3,860,055 | 0.04% |

*Notes:*

1. The calculation is based on the total number of issued ordinary shares of 8,599,508,000 shares as at 30 June 2026.

2. The interest comprises 11,821,659 issued shares and 5,000,000 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to Mr. Ju Wenzhong are set out under "GRANT OF SHARE AWARDS UNDER THE 2023 SHARE AWARD SCHEME".

3. The interest comprises 4,151,886 issued shares and 5,000,000 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to Mr. Li Bo are set out under "GRANT OF SHARE AWARDS UNDER THE 2023 SHARE AWARD SCHEME".

4. The interest comprises 5,000,000 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to Mr. Ji Kunpeng are set out under "GRANT OF SHARE AWARDS UNDER THE 2023 SHARE AWARD SCHEME".

Save as disclosed above, as at 30 June 2026, there was no other Directors or the chief executive of the Company or any of their associates who had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Directors' and Chief Executive's Rights to Acquire Shares or Debentures

At no time during the six months ended 30 June 2026 was the Company, its subsidiaries, its associate, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors or chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

So far as known to the Directors and chief executive of the Company, as at 30 June 2026, the persons or corporations (except the Directors or chief executive of the Company) who had interest or short positions in the shares and 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 required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

***Long position in the ordinary shares of the Company***

| Name of substantial shareholders | Capacity/Type of interests | Number of ordinary shares | Approximate percentage of shareholding Note 1 |
|---|---|---|---|
| Mr. Zhang Li | Beneficial interests | 952,682,000 | 11.08% |
| | Interest of spouse Note 2 | 2,800,000 | 0.03% |
| Madam Liao Dong Fen | Beneficial Interests | 2,800,000 | 0.03% |
| | Interest of spouse Note 3 | 952,682,000 | 11.08% |
| Mr. Zhang Liang, Johnson | Founder of a discretionary trust who can influence how the trustee exercises his discretion Note 4 | 5,307,450,000 | 61.72% |
| TMF (Cayman) Ltd. | Trustee Note 4 | 5,307,450,000 | 61.72% |
| The Zhang Family Overseas Limited | Interest in a controlled corporation Note 4 | 5,307,450,000 | 61.72% |
| King Lok Holdings Limited | Beneficial interests Note 4 | 5,307,450,000 | 61.72% |

*Notes:*

1. The calculation is based on the total number of issued ordinary shares of 8,599,508,000 shares as at 30 June 2026.

2. Mr. Zhang Li is the spouse of Madam Liao Dong Fen. Accordingly, under the SFO, Mr. Zhang Li is deemed to be interested in the 2,800,000 ordinary shares of the Company held by Madam Liao Dong Fen.

3. Madam Liao Dong Fen is the spouse of Mr. Zhang Li. Accordingly, under the SFO, Madam Liao Dong Fen is deemed to be interested in the 952,682,000 ordinary shares of the Company held by Mr. Zhang Li.

4. The entire issued share capital of King Lok Holdings Limited, which directly holds 5,307,450,000 ordinary shares in the Company, is held by The Zhang Family Overseas Limited, a discretionary family trust with Mr. Zhang Liang, Johnson as settlor for the benefit of Mr. Zhang Liang, Johnson and his family members, which is 100% owned by TMF (Cayman) Ltd., the trustee of The Zhang Family Overseas Limited. Therefore, The Zhang Family Overseas Limited, TMF (Cayman) Ltd. and Mr. Zhang Liang, Johnson are all deemed to be interested in the ordinary shares of the Company held by King Lok Holdings Limited.

Save as disclosed above, as at 30 June 2026, the Directors and chief executive of the Company were not aware of any other person or corporation (except the Directors or chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

## 2022 SHARE AWARD SCHEME

The Company has approved and adopted a share award scheme on 29 November 2022 (the "**2022 Share Award Scheme**"), which allows the Company to grant awards involving existing shares to eligible participants.

The total number of shares in respect of which awards may be granted under the 2022 Share Award Scheme shall not exceed 843,000,000, representing 10% of the shares in issue (excluding treasury shares) as at the date of approval of the adoption of the 2022 Share Award Scheme.

The total number of shares in respect of which awards may be granted to the service providers under the 2022 Share Award Scheme shall not exceed 84,300,000, representing 1% of the shares in issue (excluding treasury shares) as at the date of approval of the adoption of the 2022 Share Award Scheme.

### Grant and Vest of Share Awards Under the 2022 Share Award Scheme

On 2 January 2026, the Group has granted an aggregate of 23,000,000 awarded shares to a service provider of the Company, in recognition of its consultancy service provided to the Group during the year, in accordance with the terms of the 2022 Share Award Scheme, which is funded by existing shares of the Company. All awards granted to such service provider has vested at one go on 8 July 2026.

Save as the above grants, during the six months ended 30 June 2026, the Company did not grant or vest any further awards under the 2022 Share Award Scheme.

The total number of shares in respect of which awards may be granted under the 2022 Share Award Scheme was 843,000,000 at the beginning of the reporting period and 820,000,000 at the end of the reporting period, representing approximately 9.54% of the total number of issued shares (excluding treasury shares) as at the date of this interim report. The total number of shares in respect of which awards may be granted under the service provider sublimit was 84,300,000 at the beginning of the reporting period and 61,300,000 at the end of the reporting period.

## 2023 SHARE OPTION SCHEME AND 2023 SHARE AWARD SCHEME

The Company has approved and adopted a new share option scheme (the "**2023 Share Option Scheme**") and another new share award scheme (the "**2023 Share Award Scheme**") on 22 May 2023 (the "**Adoption Date**").

The total number of shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company shall not in aggregate exceed 843,000,000, representing 10% of the shares in issue (excluding treasury shares) as at the Adoption Date.

The total number of shares which may be issued in respect of all options and awards to be granted to the service providers under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company shall not in aggregate exceed 84,300,000, representing 1% of the shares in issue (excluding treasury shares) as at the Adoption Date.

## Grant of Share Awards Under the 2023 Share Award Scheme

On 6 January 2025, the Company granted an aggregate of 263,500,000 awarded shares to employee participants under the 2023 Share Award Scheme, representing approximately 3.13% of the total issued shares (excluding treasury shares) as at the date of the grant. Among these, 15,000,000 awarded shares were granted to three executive Directors, namely Mr. Ju Wenzhong (Chairman), Mr. Li Bo (Chief Executive Officer), and Mr. Ji Kunpeng, with each receiving 5,000,000 awarded shares. The remaining 248,500,000 awarded shares were granted to employee participants who are employees of the Group but not Directors, chief executives nor substantial shareholders of the Company, or their respective associates (as defined in the Listing Rules). The grant of the awarded shares to the Director grantees was approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. All awards granted to all employee participants will vest at one go on 6 January 2028. The awards were granted without performance targets. In view that (i) the grantees are employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant is a recognition for the grantees' past contributions to the Group; and (iii) the Awards are subject to certain vesting conditions and terms of the 2023 Share Award Scheme, which already cover situations where the Awards will lapse in the event that the grantees cease to be employees of the Group, the Remuneration Committee is of the view that the grant of Awards to Employee Participants without performance targets is market competitive and aligns with the purpose of the 2023 Share Award Scheme. The awards are also subject to clawback provisions in accordance with the Company's policy. The grant of awards will be satisfied by issuance of new shares under the scheme mandate limit. During the six months ended 30 June 2026, the Company did not grant any awards under the 2023 Share Award Scheme.

As at 30 June 2026, the Company has not granted any share options under the 2023 Share Option Scheme. As at the date of this interim report, there are still 579,500,000 shares available for future grants to be satisfied by new shares under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, representing approximately 6.74% of the issued shares (excluding treasury shares) as at the date of this interim report.

| | | | | Number of unvested awarded shares | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Category of participants | Date of grant | Vesting period | Purchase price | As at 1 January 2026 | Granted during the period | Vested during the period | Lapsed during the period | Cancelled during the period | As at 30 June 2026 |
| Directors: | | | | | | | | | |
| Mr. Ju Wenzhong | 6 January 2025 | 6 January 2028 | HK$1.00 per share | 5,000,000 | – | – | – | – | 5,000,000 |
| Mr. Li Bo | 6 January 2025 | 6 January 2028 | HK$1.00 per share | 5,000,000 | – | – | – | – | 5,000,000 |
| Mr. Ji Kunpeng | 6 January 2025 | 6 January 2028 | HK$1.00 per share | 5,000,000 | – | – | – | – | 5,000,000 |
| Employees (excluding directors) | 6 January 2025 | 6 January 2028 | HK$1.00 per share | 248,500,000 | – | – | – | – | 248,500,000 |
| Total | | | | 263,500,000 | – | – | – | – | 263,500,000 |

The closing price of the shares immediately before the date on which the awards were granted was HKD1.28. The fair value of awards at the date of grant was approximately HK$49.5 million. A portion of this amount, totaling approximately RMB9.3 million, was amortized during the period in accordance with HKFRS 2 *Share-based Payment*. The fair value of the awards was measured using Black-Scholes model, taking into account factors such as the share price at the grant date, expected volatility, risk-free interest rate, and the vesting conditions.

The valuation also considered the features of the awards, including the expected dividend yield. As the awarded shares do not carry dividend rights prior to vesting, the expected dividends were incorporated into the fair value measurement by applying a discount to reflect the absence of dividend entitlement during the vesting period.

The number of options and awards available for grant under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company was 579,500,000 at both the beginning and the end of the reporting period. The number of options and awards available for grant under the service provider sublimit was 84,300,000 at both the beginning and the end of the reporting period.

The Company granted an aggregate of 263,500,000 awarded shares under the 2023 Share Award Scheme on 6 January 2025. These awarded shares will be satisfied by the issuance of new shares and represent approximately 3.06% of the number of 8,599,508,000 shares in issue (excluding treasury shares) as at 30 June 2026.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2026, none of the Directors or their close associates (as defined in the Listing Rules) has any other interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditure of approximately RMB480.9 million for the six months ended 30 June 2026, mainly relating to the purchase of machinery and equipment, as well as the construction and development of the Yong'an Coal Mine and the Weiyi Coal Mine, the Makhado Project in the RSA, the rutile mine project in Sierra Leone, and other ongoing projects. These capital expenditures were financed by a combination of interest-bearing bank loans and other borrowings, internal resources and proceeds of issuance of new shares.

The Group's capital commitments as at 30 June 2026 amounted to approximately RMB656.7 million, which is mainly for the purpose of the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine the Makhado Project in the RSA, the rutile mine project in Sierra Leone, and other ongoing projects. These capital expenditures will be financed by a combination of interest-bearing bank loans and internal resources.

According to the Group's production plan for the coming years, underground extraction activities will extend into agricultural land currently occupied by various domestic households. As a result, the Group's management has been engaging with affected households regarding relocation arrangements and offering monetary compensation. As of 30 June 2026, the Group had recognised estimated future compensation obligations in relation to this matter, while the payment terms remained under negotiation.

## FOREIGN CURRENCY RISK

The Company and its subsidiaries are not exposed to significant foreign currency risk since their transactions and balances are principally denominated in their respective functional currencies.