滙力集團
HUILI GROUP

Huili Resources (Group) Limited
滙力資源(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1303)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "Board") of directors (the "Director(s)") of Huili Resources (Group) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2024, together with comparative figures for the previous financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024** *RMB'000*	2023 *RMB'000* (Restated)
Continuing operations			
Revenue	3	**4,030,742**	2,850,951
Cost of sales		**(3,807,998)**	(2,637,936)
Gross profit		**222,744**	213,015
Administrative expenses		**(60,380)**	(40,396)
Other operating losses		**(20,514)**	(2,411)
Other gains – net	4	**9,646**	31,550
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")		**–**	(1,514)
Fair value changes of derivative financial assets		**2,226**	–
Gain on bargain purchases on acquisition of a subsidiary		**20,071**	–

	Note	2024 RMB'000	2023 RMB'000 (Restated)
Operating profit		**173,793**	200,244
Finance income	5	**2,964**	6,285
Finance costs	5	**(7,483)**	(824)
Finance (costs)/income – net	5	**(4,519)**	5,461
Profit before income tax	7	**169,274**	205,705
Income tax expense	6	**(25,845)**	(31,087)
Profit for the year from continuing operations		**143,429**	174,618
Discontinued operations			
Profit/(loss) for the year from discontinued operations	14	**16,814**	(1,394)
Profit for the year		**160,243**	173,224
Profit/(loss) for the year attributable to equity owners of the Company:			
From continuing operations		**143,429**	174,651
From discontinued operations		**16,866**	(7,042)
Profit for the year attributable to equity owners of the Company		**160,295**	167,609
(Loss)/profit for the year attributable to non-controlling interests:			
From continuing operations		**–**	(33)
From discontinued operations		**(52)**	5,648
(Loss)/profit for the year attributable to non-controlling interests		**(52)**	5,615

	Note	2024 RMB'000	2023 RMB'000 (Restated)
Other comprehensive income/(loss) after tax:			
Items that may be subsequently reclassified to profit or loss:			
Fair value changes of financial assets (debts instruments) at fair value through other comprehensive income ("FVTOCI")		**7**	(2,847)
Other comprehensive income/(loss) for the year, net of tax		**7**	(2,847)
Total comprehensive income for the year		**160,250**	170,377
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**160,302**	164,762
Non-controlling interests		**(52)**	5,615
Total comprehensive income for the year		**160,250**	170,377
Earnings/(loss) per share attributable to the equity holders of the Company			
From continuing and discontinued operations			
– Basic and diluted *(RMB cents)*	9	**8.1**	10.1
From continuing operations			
– Basic and diluted *(RMB cents)*	9	**7.2**	10.5
From discontinued operations			
– Basic and diluted *(RMB cents)*	9	**0.9**	(0.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	**2024** *RMB'000*	2023 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**348,715**	177,647
Mining rights		**–**	83,754
Right-of-use assets		**16,728**	15,831
Goodwill		**19,607**	16,494
Deferred tax assets		**15,149**	5,806
Total non-current assets		**400,199**	299,532
Current assets			
Inventories		**793,403**	457,350
Trade and bills receivables	10	**659,808**	238,525
Other receivables and prepayments	11	**162,425**	64,941
Financial assets at FVTOCI		**541**	8,868
Derivative financial assets		**1,504**	–
Pledged bank deposits		**–**	33,977
Cash and cash equivalents		**655,837**	474,597
Total current assets		**2,273,518**	1,278,258
Total assets		**2,673,717**	1,577,790
LIABILITIES			
Current liabilities			
Trade payables	12	**1,252,414**	637,851
Other payables and accruals		**88,059**	59,027
Contract liabilities		**81,021**	30,842
Lease liabilities		**4,959**	2,797
Current tax liabilities		**22,167**	11,646
Total current liabilities		**1,448,620**	742,163
Net current assets		**824,898**	536,095

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Loan from an ex-shareholder of a subsidiary		**93,463**	–
Loan from a shareholder of the Company		**35,845**	–
Lease liabilities		**13,553**	9,575
Provision for close down, restoration and environmental costs		**–**	2,017
Deferred tax liabilities		**18,173**	31,959
Total non-current liabilities		**161,034**	43,551
Total liabilities		**1,609,654**	785,714
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**181,896**	152,933
Share premium		**789,776**	703,804
Other reserves		**30,720**	21,056
Retained earnings/(accumulated losses)		**61,671**	(89,750)
		1,064,063	788,043
Non-controlling interests		**–**	4,033
Total equity		**1,064,063**	792,076
Total equity and liabilities		**2,673,717**	1,577,790

1. GENERAL INFORMATION

Huili Resources (Group) Limited (the "Company") was incorporated in the Cayman Islands on 19 February 2010 as an exempted company with limited liability under Companies Law (Cap 22, as amended and revised) of the Cayman Islands in preparation for a listing of the Company's shares on the main board of the Stock Exchange of Hong Kong Limited (the "Listing") under the name of Realty Resources (Group) Limited. On 13 May 2010, the Company changed its name to Huili Resources (Group) Limited. The Company's shares were listed on the main board of the Stock Exchange of Hong Kong Limited on 12 January 2012. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. With effect from 13 January 2025, the registered office and the principal place of business of the Company is changed to Rooms 36–40, 50/F, Sun Hung Kai Center, 30 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively the "Group") are principally engaged in the trading of coal, provision of coal processing services and service supply chain in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board on 27 March 2025.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time for the consolidated financial statements.

HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKFRS 7 and HKAS 7 (Amendments)	Supplier Finance Arrangements
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HK-int 5 (Amendments)	Amendments to HKAS 1

The Group concluded that the application of the new and revised HKFRSs and the amendments to HKFRSs in the current year has had no material impact on the amounts reported and/or disclosures set out in the consolidated financial statements.

(b) New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2024 and not early adopted by the Group

		Effective for accounting periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 7 and 9 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 7 and 9 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3. SEGMENT INFORMATION

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

During the year ended 31 December 2024, the CODM considered that it is the best interest of the Company to concentrate the resources in the coal business, and decided to minimize the activities of the mining segment and disposed the mining business on 29 September 2024. As such, the financial performance of the mining segment was no longer presented separately.

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

During the year ended 31 December 2024, the Coal business segment engages in (i) the trading of coal through Changzhi Runce Trading Company Limited* ("Changzhi Runce") and Hainan Runce Energy Co., Ltd.* ("Hainan Runce"); (ii) the provision of coal processing services through Shanxi Fanpo Clean Energy Technology Company Limited* ("Shanxi Fanpo"); and (iii) coal service supply chain through Runce Supply Chain Management (Shenzhen) Co.,Ltd* ("Shenzhen Runce"), Shanxi Margaux Supply Chain Management Co., Ltd* ("Shanxi Margaux"), Changzhishi Desheng Coal Storage and Distribution Company Limited ("Changzhishi Desheng") and Shanxi Luyuan Xinneng Technology Company Limited ("Luyuan Xinneng") in the PRC.

* The English names referred to herein represents the managements best effort at translating the Chinese names of the companies as no English names have been registered.

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing on revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

For the year ended 31 December 2024

	Coal business *RMB'000*
Primary geographical markets	
The PRC	**4,030,742**
Major products and services	
Trading of coal and provision of coal processing services	**3,922,032**
Coal supply chain management services	**108,710**
	4,030,742
Timing of revenue recognition	
At a point in time	**4,030,742**

For the year ended 31 December 2023

	Coal business *RMB'000*
Primary geographical markets	
The PRC	2,850,951
Major products and services	
Trading of coal and provision of coal processing services	2,788,342
Coal supply chain management services	62,609
	2,850,951
Timing of revenue recognition	
At a point in time	2,850,951

(b) Geographic information

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

	Revenue from external customers (by customer location)		**Specified non-current assets (by location of asset)**	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**4,030,742**	2,850,951	**377,738**	292,386
Hong Kong Special Administrative Region, the PRC ("Hong Kong")	**–**	–	**5,515**	1,340
Singapore	**–**	–	**1,797**	–
	4,030,742	2,850,951	**385,050**	293,726

(c) Information about major customers

		Year ended 31 December	
		2024	2023
	Segment	***RMB'000***	*RMB'000*
Customer A	Coal business	**829,358**	N/A#
Customer B	Coal business	**591,257**	N/A#
Customer C	Coal business	**559,303**	N/A#

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

4. OTHER GAINS – NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Foreign exchange gains, net *(Note 7)*	**931**	3,432
Interest income on financial assets at FVTOCI	**481**	666
Gain on disposal of property, plant and equipment	**228**	–
Gain on disposal of a subsidiary	**18,341**	1,037
Gain on deregistration of a subsidiary	**–**	156
Dividend income on financial assets at FVTPL	**–**	603
Government subsidies *(Note (i))*	**5,830**	23,988
Penalty income from customers	**310**	2,446
Others	**1,866**	467
	27,987	32,795
Representing		
– Continuing operations	**9,646**	31,550
– Discontinued operations	**18,341**	1,245
	27,987	32,795

Note:

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

5. FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income	**2,966**	6,288
Finance costs		
Interest expenses		
– Interest on lease liabilities *(Note 7)*	**(995)**	(824)
– Unwinding of discount – provision for close down, restoration and environmental costs	**(53)**	(101)
– Interest on loan from a shareholder of the Company	**(1,281)**	–
– Interest on loan from an ex-shareholder of a subsidiary	**(4,043)**	–
– Interest on promissory notes	**(1,164)**	–
	(7,536)	(925)
Finance (costs)/income – net	**(4,570)**	5,363
Finance income		
Representing		
– Continuing operations	**2,964**	6,285
– Discontinued operations	**2**	3
	2,966	6,288
Finance costs		
Representing		
– Continuing operations	**(7,483)**	(824)
– Discontinued operations	**(53)**	(101)
	(7,536)	(925)

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax		
– provision for the year	**27,968**	30,595
– under/(over) provision in prior years	**51**	(92)
Deferred tax	**(2,214)**	531
Income tax expense	**25,805**	31,034
Representing		
– Continuing operations	**25,845**	31,087
– Discontinued operations	**(40)**	(53)
	25,805	31,034

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Continuing operations		
Cost of inventories recognised as expense	**3,535,198**	2,311,038
Depreciation of property, plant and equipment	**18,525**	9,130
Less: Capitalised in inventories	**–**	(164)
Depreciation of property, plant and equipment charged to profit or loss *(Note (a))*	**18,525**	8,966
Depreciation of right-of-use assets	**4,278**	3,333
Loss on written off of property, plant and equipment	**–**	88
Gain on disposal of property, plant and equipment	**(228)**	–
ECLs on financial assets *(Note (b))*	**20,514**	2,411
Interest on lease liabilities *(Note 5)*	**995**	824
Short-term leases expenses	**250**	746
Employee costs	**89,514**	85,433
Auditor's remuneration		
– annual audit	**1,256**	1,203
– others	**185**	181
Foreign exchange gains, net *(Note 4)*	**(931)**	(3,432)

Notes:

(a) Included in cost of sales and administrative expenses in the consolidated statement of comprehensive income.

(b) Included in other operating losses in the consolidated statement of comprehensive income.

8. DIVIDEND

The Directors do not propose any payment of dividend to the Company's shareholders for the year ended 31 December 2024 and 2023.

9. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) for the year attributable to the equity holders of the Company
- by weighted average number of ordinary shares in issue during the financial year

	2024	2023
	RMB'000	*RMB'000*
Profit/(loss) for the year attributable to equity holders of the Company		
– From continuing and discontinued operations	**160,295**	167,609
– From continuing operations	**143,429**	174,651
– From discontinued operations	**16,866**	(7,042)
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares in issue	**1,985,868**	1,666,318
Basic and diluted earnings/(loss) per share *(RMB cents)*		
– From continuing and discontinued operations	**8.1**	10.1
– From continuing operations	**7.2**	10.5
– From discontinued operations	**0.9**	(0.4)

Diluted earnings/(loss) per share was equal to basic earnings/(loss) per share as there was no potential share outstanding for the each of the years ended 31 December 2024 and 2023.

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**540,957**	193,399
Less: ECLs of trade receivables *(Notes (b), (d))*	**(17,884)**	(5,096)
Trade receivables, net	**523,073**	188,303
Bills receivables	**137,699**	50,729
Less: ECLs of bills receivables *(Notes (c), (d))*	**(964)**	(507)
Bill receivables, net *(Note (c))*	**136,735**	50,222
Total trade and bills receivables, net *(Note (a))*	**659,808**	238,525

Notes:

(a) At 31 December 2024 and 2023, the ageing analysis of the trade and bills receivables after ECLs recognised based on invoice date were as follows:

	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**513,981**	229,887
3 to 6 months	**142,805**	8,638
6 to 12 months	**3,022**	–
	659,808	238,525

The Group's trading terms with its customers are mainly on credit or grant a credit period of 45 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. Based on communications with the customers, the trade receivables net of provisions as at the end of the reporting period are expected to be settled within one year.

(b) As at 31 December 2024, loss allowance of approximately RMB17,884,000 (2023: RMB5,096,000) were made against the gross amount of trade receivables.

(c) Bills receivables represent unconditional orders in writing issued by customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks. The bills are non-interest bearing and have a maturity from six months to one year. As at 31 December 2024, loss allowance of approximately RMB964,000 (2023: RMB507,000) were made against the gross amount of bills receivables.

(d) Movement in the loss allowance amount in respect of trade and bills receivables during the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**5,603**	4,236
ECLs recognised during the year	**13,245**	1,367
Balance at 31 December	**18,848**	5,603

11. OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	RMB'000	*RMB'000*
Consideration receivable from disposal of a subsidiary *(Note (b))*	**94,000**	–
Other receivables	**70,927**	66,170
Less: Provision of impairment losses on other receivables *(Note (a))*	**(63,310)**	(63,501)
	101,617	2,669
Deposits paid to suppliers – third parties	**13,567**	9,890
Advances to suppliers – third parties	**29,731**	49,805
Other tax recoverable	**17,510**	2,577
Total other receivables and prepayments, net	**162,425**	64,941

Note:

(a) Movement in the loss allowance amount in respect of other receivables during the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**63,501**	90,318
Disposal of a subsidiary	**(9,246)**	(29,337)
ECLs on other receivables recognised during the year	**7,269**	1,037
Exchange differences	**1,786**	1,483
Balance at 31 December	**63,310**	63,501

(b) The consideration receivable was due as to 50% within ten business days and as to 50% within 2 months after the date of completion of the disposal, i.e. 29 September 2024. However, since the buyer's banker in the PRC is still in the progress in handling the remittance of the consideration to the Group's bank account in Hong Kong for the settlement of consideration to the Group, the consideration receivable is yet to be received up to date of authorisation of the consolidated financial statements. On 6 March 2025, a shareholder of the buyer, paid a security deposit of RMB30,000,000 to the Group as a guarantee for the settlement of the consideration and the deposit is non-refundable and will be used to settle part of the consideration if the consideration is not yet settled by 31 December 2025. And based on the discussion between the Group and the buyer, the bank remittance process is expected to be completed and the consideration is expected to be received before 31 December 2025. Therefore, management determined that there is no significant increase in credit risk on the consideration receivable as the default risk should be low.

12. TRADE PAYABLES

Trade payables are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Third parties	**1,252,414**	637,851

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

The ageing analysis of trade payables based on invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**1,067,251**	586,651
3 to 6 months	**4,785**	49,662
6 to 12 months	**179,990**	823
Over 12 months	**388**	715
	1,252,414	637,851

13. CAPITAL COMMITMENTS

	2024	2023
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– acquisition of plant and equipment	**10,255**	4,173
– construction of new production plant	**–**	136
	10,255	4,309

14. DISCONTINUED OPERATIONS

In July 2024, the Group entered into an equity transfer agreement with an independent third party, for the disposal of its entire equity interest in Hami Jinhua Mineral Resource Exploiture Limited ("Hami Jinhua"), being 95% of the total equity interest of Hami Jinhua. Hami Jinhua was engaged in in the mining, ore processing and sales of lead and zinc products and owned a lead and zinc ore mine, namely Baiganhu Mine and a lead-zinc ore processing plant. The disposal was completed on 29 September 2024 and the Group discontinued its mining business.

The (loss)/profit for the year from the discontinued operations is analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss of discontinued operations	**(1,527)**	(2,431)
Gain on disposal of discontinued operations	**18,341**	1,037
	16,814	(1,394)

The results of the discontinued operations for the period from 1 January 2024 to 29 September 2024, which have been included in consolidated profit or loss, are as follows:

	Period from 1 January 2024 to 29 September 2024 *RMB'000*	Year ended 31 December 2023 *RMB'000*
Revenue	**–**	–
Costs of sales	**(874)**	(1,604)
Gross loss	**(874)**	(1,604)
Administrative expenses	**(642)**	(997)
Other operating gains	**–**	7
Other gains – net	**–**	208
Operating loss	**(1,516)**	(2,386)
Finance income	**2**	3
Finance costs	**(53)**	(101)
Finance costs – net	**(51)**	(98)
Loss before income tax	**(1,567)**	(2,484)
Income tax credit	**40**	53
Loss for the year	**(1,527)**	(2,431)

During the year, the disposed subsidiaries paid approximately RMB17,885,000 (2023: RMB170,000) in respect of operating activities, received approximately Nil (2023: RMB18,000,000) in respect of investing activities and paid approximately Nil (2023: Nil) in respect of financing activities.

No tax charge arose on gain on disposal of the discontinued operations as the consideration for the disposal is less than the Group's capital investment to the disposed subsidiaries.

BUSINESS REVIEW

Huili Resources (Group) Limited (the "Company") and its subsidiaries (together with the Company, the "Group") mainly participate in the coal business, which includes coal processing, supply chain services and trading businesses. Unless otherwise specified, references to the figures in this announcement are figures of continuing operations of the Group.

Coal business

During the year ended 31 December 2024 (the "Year"), the Group continued to increase the competitive advantages and operating efficiencies of its coal supply chain platform. The Group, through a direct wholly-owned subsidiary of the Company, Surplus Plan Limited ("Surplus Plan"), acquired the entire issued share capital of CC Bong Logistics Limited ("CC Bong HK") and Mouton Investment Limited ("Mouton HK") during the Year.

CC Bong HK, through its indirect wholly-owned subsidiary in the PRC, Changzhishi Desheng Coal Storage and Distribution Company Limited* (長治市德勝煤炭儲配有限公司) ("Changzhishi Desheng"), owns two coal sheds and the associated machineries of such coal sheds in Shanxi province, the PRC. The expected total storage capacity of the two coal sheds is 1 million tonnes of coal. The coal sheds are located in a logistics park in Shanxi province, the PRC, which has storage and logistics supporting facilities such as cylindrical silos, train dumpers, and coal storage yards. The logistics park is located approximately 1.5 km from a railway station, which is connected to Changzhi South Station of the Central-South Railway, and is also adjunct to the National Highway 228, Erguang Expressway, county and township roads, which the Company considers is a prime location from an operational perspective and would provide a stable source of demand for the Group's businesses and may potentially provide an additional source of supply to the Group's trading businesses. The acquisition of CC Bong HK was completed on 24 January 2024.

Mouton HK, through its indirect wholly-owned subsidiary in the PRC, Shanxi Luyuan Xinneng Technology Company Limited* (山西潞源新能科技有限公司) ("Luyuan Xinneng"), owns two coal sheds and the associated machineries of such coal sheds in Shanxi province, the PRC. The expected total storage capacity of the two coal sheds is 120,000 tonnes of coal. The coal sheds are located in Shanxi province, the PRC, which is close to the Group's existing coal washery plant. Within around 5 km range, it's connected to several National Highway, Expressway and Railway Lines and Coal Transportation Station, thus has very convenient road and rail transportation. From an operational perspective, this location is a prime location and can provide an additional source of supply for the Group's trading business. The coal shed and the specialised equipment allow the Company to fulfill the storage, loading and coal mixing demand of the customers in Shanxi province, the PRC. The acquisition of Mouton HK was completed on 24 July 2024.

The acquisitions of CC Bong HK and Mouton HK will allow the Group to enhance the value chain of the coal business through providing additional storage and coal mixing services to the Group's customers, and in turn strengthen the competitiveness of the Group.

For details, please refer to the section headed "Material Acquisitions and Disposals" in this announcement.

The coal industry is a typical pro-cyclical industry, where the demand for coal is closely linked to economic growth. According to the National Bureau of Statistics (國家統計局), the preliminary result of the gross domestic product ("GDP") of the PRC during the Year grew at approximately 5.0% year-on-year.

Meanwhile, during the Year, the National Energy Administration (國家能源局) has further strengthened its support and coordination effort in the coal industry by promoting safe, efficient and stable production of high-quality coal, supporting the construction of major energy projects, securing the stability of coal production, encouraging green and low-carbon transformation, and assisting the high-quality development of energy industry of the country.

From a supply perspective, according to the National Bureau of Statistics, in December 2024, the PRC achieved raw coal production of approximately 0.44 billion tonnes, representing a year-on-year increase of approximately 4.2%, and a cumulative annual production of approximately 4.76 billion tonnes, representing a year-on-year growth rate of approximately 1.3%, which had slowed down as compared to that of 2023 which was approximately 2.9%. During the Year, the PRC imported approximately 540 million tonnes of coal, representing a year-on-year increase of 14.4%.

Looking at the demand side, downstream demand of coal had mainly stemmed from electricity, steel, chemicals, and building materials.

- Electricity: During the Year, the PRC achieved power generation of approximately 10,086.9 billion kilowatt hours, representing a year-on-year increase of approximately 6.7%. During the Year, thermal power remains the main force of power generation, while the portion for thermal power decreases. In 2024, thermal power generation reached approximately 6,374.3 billion kilowatt hours, representing a year-on-year increase of approximately 1.7% while accounting for 63% of the total power generation (66% in 2023) (source: the National Bureau of Statistics (國家統計局)).

- Steel: During the Year, the PRC achieved approximately 852 million tonnes of pig iron production, a year-on-year decrease of 2.3%, returning to negative growth after a slim 0.7% positive growth in 2023, and coke production achieved 489 million tonnes, a year-on-year decrease of 0.8%. Although real estate investment has shown an unfavorable trend, with an approximate 10.6% and 23.0% year-on-year decrease in real estate development investment and new construction area respectively, the growth rates of investment in railway transportation and car manufacturing were relatively high, recording a year-on-year growth rate of 13.5% and 7.5%, respectively (Source: The National Bureau of Statistics). In addition, automobile production for the Year increased by 4.8% year-on-year, new power generation installed capacity and the power supply investments increased by approximately 14.6% and 12.1% respectively year-on-year (Source: The National Energy Administration), shipbuilding completion orders increased by 13.8% year-on-year (Source: Ministry of Industry and Information Technology 中華人民共和國工業和信息化部), and the quantity of steel exports increased by 22.7% year-on-year (Source: General Administration of Customs, the PRC 中華人民共和國海關總署).

- Building materials and chemical industry: In 2024, national cement production declined to 1.825 billion tonnes, marking a 9.5% year-on-year decrease and hitting the lowest level since 2010 (Source: National Bureau of Statistics). This contraction was driven by reduced demand in real estate and infrastructure sectors, alongside intensified industry competition. The urea industry saw robust expansion, with annual production rising to 65.64 million tonnes (physical volume), up 7.47% year-on-year, supported by high operational rates (82% capacity utilization) and increased agricultural demand (Source: Urea Products annual report 2024, feidoodoo.com (肥多多)). Strong demand from the chemical sector, particularly urea, provided critical support to the coal market despite challenges in export restrictions and price volatility.

The China coal index 5500K ("CCI 5500K"), a gauge of coal prices in the PRC, dropped gradually from RMB928 per tonne at the beginning of the Year to RMB768 per tonne as at 31 December 2024 (Source: sxcoal.com 中國煤炭資源網).

Affected by factors such as the decline in coal prices and the increase in production costs, the profits of coal enterprises have decreased year-on-year. The operating revenue of the coal mining and washing industry was approximately RMB3,160.33 billion, representing a year-on-year decrease of 11.1% and the operating profit was approximately RMB604.64 billion, representing a year-on-year decrease of 22.2% (Source: National Bureau of Statistics). Despite the shrinking profit margins during the Year, the absolute scale of the industry profit was still at a relatively high level.

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

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

Shanxi Margaux, which was a newly acquired indirect wholly-owned subsidiary of the Company in September 2023, is principally engaged in supply chain management services and general cargo storage services. The coal shed that is owned by Shanxi Margaux has the storage capacity of 250,000 tonnes of coal with a construction area of approximately 16,746 sq.m. and is located approximately 7.0 km from the Group's washery plant and approximately 2.5 km to 3.0 km from the key highways in Shanxi province, the PRC, which the Company considers is a prime location from an operational perspective.

Changzhishi Desheng, which was a newly acquired indirect wholly-owned subsidiary of the Company in January 2024, is principally engaged in supply chain management services and general cargo storage services. Changzhishi Desheng owns two coal sheds and the associated machineries of such coal sheds. The expected total storage capacity of the two coal sheds is 1 million tonnes of coal. The coal sheds are located in a logistics park in Shanxi province, the PRC, which has storage and logistics supporting facilities such as cylindrical silos, train dumpers, and coal storage yards. The logistics park is located approximately 1.5 km from a railway station, which is connected to Changzhi South Station of the Central-South Railway, and is also adjunct to the National Highway 228, Erguang Expressway, county and township roads, which the Company considers is a prime location from an operational perspective and would provide a stable source of demand and may potentially provide an additional source of supply to the Group's trading businesses. During the Year, Changzhishi Desheng has contributed approximately RMB17.6 million to the Group's revenue.

Luyuan Xinneng, which was a newly acquired indirect wholly-owned subsidiary of the Company in July 2024, is principally engaged in supply chain management services and general cargo storage services. Luyuan Xinneng owns two coal sheds and the associated machineries of such coal sheds in Shanxi province, the PRC. The expected total storage capacity of the two coal sheds is 120,000 tonnes of coal. The coal sheds are located in Shanxi province, the PRC, which is close to the Group's existing coal washery plant. Within around 5 km range, it's connected to several National Highway, Expressway and Railway Lines and Coal Transportation Station, thus has very convenient road and rail transportation. From an operational perspective, this location is a prime location and can provide an additional source of supply for the Group's trading business. The coal shed and the specialised equipment allows the Company to fulfill the storage, loading and coal mixing demand of the customers in Shanxi province, the PRC. During the Year, Luyuan Xinneng has contributed approximately RMB15.1 million to the Group's revenue.

Riding on the relatively stable demand for coal in the foreseeable future, the Group will continue to actively seek opportunities to develop its coal business, either through value-added mergers and acquisitions or strategically re-allocating its internal resources to expand the current coal business or diversify into other business scopes within the coal industry.

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

The coal business segment has contributed approximately RMB4.03 billion (2023: RMB2.85 billion) to the Group's revenue during the Year.

Discontinued mining business

The Group did not carry out any ore production during the years ended 31 December 2023 and 2024.

For the years ended 31 December 2023 and 2024, no material capital expenditure was incurred for development and mining activities.

For the years ended 31 December 2023 and 2024, the Group did not charge any exploration expenses to the consolidated statement of comprehensive income.

During the Year and before the completion of the Disposal (as defined below), the diversified non-ferrous metal minerals covered by the Company's operations include zinc and lead in the Xinjiang Uyghur Autonomous Region ("Xinjiang"), the PRC. Before completion of the Disposal, the mining and exploration tenements and ore processing plants in Xinjiang were located close to the municipal city of Hami county, which is approximately 400 km southeast of Urumqi, the capital of Xinjiang.

During the Year and before the completion of the Disposal, the Company's subsidiary, Hami Jinhua Mineral Resource Exploiture Ltd* (哈密市錦華礦產資源開發有限責任公司) ("Hami Jinhua") owned a mining permit of non-ferrous metals in Xinjiang, the PRC, namely Baiganhu Mine, which produced lead and zinc ores.

Hami Jinhua owned a lead-zinc ore processing plant, which was set up to process the ore extracted from their deposits, and adopts a non-conventional flotation circuit. The throughput capacity of the plant is 1,500 tonnes per day respectively. Lead and zinc concentrates were separated and recovered from ore processing for sale. Hami Jinhua did not carry out any mining and processing activities during the Year.

In order to concentrate its resources and capital on its high-growth coal supply chain services business, on 19 July 2024, the Group entered into an equity transfer agreement with an independent third party, to dispose (the "Disposal") of its entire equity interest in Hami Jinhua Mineral Resource Exploiture Ltd* ("Hami Jinhua"), being 95% of the total equity interest of Hami Jinhua, which owned a mining right of non-ferrous metals in the Xinjiang Uyghur Autonomous Region, the PRC, namely Baiganhu Mine, which produced lead and zinc ores, at a consideration of RMB94,000,000 and recorded a gain of approximately RMB18,341,000 from such Disposal during the Year. By divesting Hami Jinhua mentioned above, the Company would be able to redeploy the sale proceeds to fund the expansion of the coal supply chain services business and accelerate its trajectory. The transfer of 95% equity interest in Hami Jinhua was completed in September 2024 and the Group has discontinued its mining business since then.

RESULTS REVIEW

Revenue and gross profit

Since 2021, the Group has set the coal business as the strategic business segment of the Group and allocated more resources in developing the Group's coal business. The Group has made remarkable progress and results in the past few years. Since the launch of the coal business in 2019, the revenue has increased from approximately RMB86 million in 2019 to RMB4.03 billion in 2024. The Group's revenue continued to grow at an impressive rate of approximately 41.4%, which led to the increase to approximately RMB4.03 billion from approximately RMB2.85 billion for the year ended 31 December 2023 (the "Prior Year"), despite the challenging macro economy during the Year and the high base revenue growth rate of approximately 41.4% in the Prior Year. The increase in revenue was mainly attributable to approximately RMB1.18 billion increase in revenue generated from the coal business during the Year.

The cost of sales was approximately RMB3.81 billion for the Year, as compared with approximately RMB2.64 billion in the Prior Year, representing a year-on-year increase of approximately 44.3%. The increase was mainly contributed by the coal business as a result of the increased sales of coal products during the Year.

Though the Group has made a remarkable achievement on enhancing the business scale of our coal trading business, we have been facing increasing pressure on the gross profit margin during the Year. The Group recorded a gross profit of approximately RMB222.7 million for the Year, which remained relatively stable as compared with the Prior Year. Nonetheless, the Group has also recorded a decrease in its gross profit margin for the year ended 31 December 2024 as compared to the Prior Year.

In response to the more challenging environment in the coal business sector, the Group has continued to enhance the value chain of the coal business through providing additional storage and coal mixing services to the Group's customers. The Group completed the acquisitions of CC Bong HK and Mouton HK in January 2024 and July 2024, respectively. CC Bong

HK indirectly owns two coal sheds with expected total storage capacity of 1 million tonnes of coal and is located approximately 1.5 km from a railway station in Shanxi province, the PRC, and Mouton HK indirectly owns two coal sheds with expected total storage capacity of 0.12 million tonnes of coal and is close to the Group's existing coal washery plant. All three coal sheds allow the Company to fulfill the storage, loading and coal mixing demands of its customers in Shanxi province, the PRC and both acquisitions will allow the Group to increase the competitive advantages of its coal supply chain platform.

For further details, please refer to the section headed "Material Acquisitions and Disposals" in this announcement.

In order to maximise the economic values of the Group's scarce resources, the Group made an important move to monetarise the Baiganhu Mine, which produces lead and zinc ores, through disposing Hami Jinhua at a consideration of RMB94 million and recorded a gain of approximately RMB18.34 million from such disposal. The Group believe that the disposal of Hami Jinhua and discontinuation of the mining business will allow the Group to focus on the coal trading and supply chain services business and accelerate its trajectory.

Operating results

During the Year, the Group considered that it is in the best interest of the Company to concentrate its resources in its coal business, and decided to suspend the activities of the mining and financial services segment. As such, no separate segmental analysis is presented in the announcement.

Administrative expenses

Administrative expenses for the Year, which mainly included depreciation charges, professional fees, staff costs and office overheads, amounted to approximately RMB60.4 million for the Year (the Prior Year: RMB40.4 million). The increase was mainly attributable to the increase in salary and headcount of the Group's administrative department and the increase in depreciation of property, plant and equipment charged to administrative expenses.

Other gains – net

Other gains for the Year of approximately RMB9.6 million (the Prior Year: RMB31.6 million) mainly represented government subsidies, foreign exchange gains, net, interest income from financial assets at fair value through other comprehensive income ("FVTOCI") and penalty received from customers of approximately RMB5.8 million (the Prior Year: RMB24.0 million), RMB0.9 million (the Prior Year: RMB3.4 million), RMB0.5 million (the Prior Year: RMB0.7 million) and RMB0.3 million (the Prior Year: RMB2.4 million) respectively.

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

The foreign exchange gains, net mainly arose from the financial assets denominated in USD and Hong Kong dollars ("HK$") as a result of the appreciation of USD and HK$ against RMB, being the Group's functional and presentation currency.

Other operating (losses)/gains

Other operating losses of approximately RMB20.5 million was recorded during the Year (the Prior Year: RMB2.4 million), which was mainly represented by the expected credit losses ("ECLs") on financial assets of approximately RMB20.5 million (the Prior Year: RMB2.4 million) during the Year.

Finance costs – net

Finance costs – net of approximately RMB4.5 million (the Prior Year: finance income – net of approximately RMB5.5 million) during the Year mainly represented interest expenses on loan from ex-shareholder of a subsidiary, interest expenses on loan from a shareholder of the Company, interest expenses on promissory notes and interest expenses on lease liabilities of approximately RMB4.0 million (the Prior Year: Nil), RMB1.3 million (the Prior Year: Nil), RMB1.2 million (the Prior Year: Nil) and RMB1.0 million (the Prior Year: RMB0.8 million) respectively, and netted by the interest income of approximately RMB3.0 million (the Prior Year: RMB6.3 million) earned from the Group's cash at bank.

Income tax expense

During the Year, income tax expense was approximately RMB25.8 million (the Prior Year: RMB31.1 million). It mainly represented the tax provision of approximately RMB28.0 million (the Prior Year: RMB30.6 million) for operations in the PRC, and deferred tax credit of approximately RMB2.2 million (the Prior Year: deferred tax expenses of RMB0.6 million) during the Year. No provision for profits tax in Hong Kong was made during both the Year and the Prior Year.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Group had investments in debt securities of approximately RMB0.5 million (the Prior Year: RMB8.9 million) and none of the debt securities, both individually and in aggregate, held by the Group equaled or exceeded 5% of the Group's total assets. For further details, please refer to the section headed "Liquidity and Financial Resources" in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

(i) Acquisition of 100% equity interest in CC Bong Logistics Limited ("CC Bong HK")

On 29 December 2023, Surplus Plan, as purchaser and a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "CC Bong SPA") in relation to the acquisition of the entire issued share capital of CC Bong HK (the "CC Bong HK Sale Share"), a company incorporated in Hong Kong with limited liability, with Mr. Bong Chin Chung ("Mr. Bong") as vendor (the "CC Bong HK Acquisition"). CC Bong HK indirectly holds Changzhishi Desheng, a company established in the PRC with limited liability, through Shenzhen Yiyilan Supply Chain Management Company Limited* (深圳奕逸蘭供應鏈管理有限公司), a company established in the PRC with limited liability, (collectively the "CC Bong HK Group"), and Changzhishi Desheng is principally engaged in (i) supply chain management services; and (ii) general cargo storage services.

Pursuant to the terms and conditions of the CC Bong SPA, Surplus Plan has agreed to acquire, and Mr. Bong has agreed to sell the CC Bong HK Sale Share, representing the entire issued share capital of CC Bong HK, at a consideration of HK$100,000,000. The consideration was satisfied by the Company (i) as to HK$62,640,000 by the allotment and issue of 156,600,000 new shares of the Company (the "CC Bong HK Consideration Share(s)") to Mr. Bong at the issue price of HK$0.40 per CC Bong HK Consideration Share; and (ii) the balance of HK$37,360,000 by the issue of an unsecured promissory note (the "Promissory Note") in the principal amount of HK$37,360,000 to Mr. Bong on completion of the CC Bong HK Acquisition on 24 January 2024. The Promissory Note shall mature on the date falling 5 years from the date of issuance of the Promissory Note (i.e. 23 January 2029) whereby any outstanding principal amount of the Promissory Note and accrued but unpaid interest shall be redeemed and repaid in full, and shall carry interest at the interest rate of 5% per annum from the date of the issue of the Promissory Note and calculated on the basis of the actual number of days elapsed and a 365-day year.

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

The coal sheds and the specialised equipment allow the Company to fulfill the storage, loading and coal mixing demands of its customers in Shanxi province, the PRC and the CC Bong HK Acquisition will allow the Group to enhance the value chain of the coal business through providing additional storage and coal mixing services to the Group's customers, and in turn strengthen the competitiveness of the Group.

On 25 September 2024 the Company entered into a subscription agreement (the "Subscription Agreement") with Mr. Bong, as subscriber, to issue 85,819,957 new ordinary shares (the "Subscription Shares") of the Company to set off against the principal amount and the accrued interest of the Promissory Note up to the date of the Subscription Agreement, being HK$37,360,000 and HK$1,258,981 respectively. The subscription was completed on 10 October 2024 and 85,819,957 Subscription Shares were then issued and allotted to Mr. Bong. The subscription price was in the total sum of HK$38,618,981, equivalent to HK$0.45 per Subscription Share. The aggregate nominal value of the 85,819,957 Subscription Shares was HK$8,581,995.70. The net issue price per Subscription Share (after deduction of professional fees and all related expenses) was approximately HK$0.448.

The CC Bong HK Acquisition was completed in January 2024 and the Promissory Note was set off by the subscription of the Subscription Shares in October 2024. Further details of the CC Bong HK Acquisition and the subscription of the Subscription Shares are set out in the Company's announcement dated 29 December 2023, 24 January 2024, 25 September 2024 and 10 October 2024.

(ii) Acquisition of 100% equity interest in Mouton Investment Limited ("Mouton HK")

On 25 June 2024, Surplus Plan, as purchaser and a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Mouton SPA") in relation to the acquisition of the entire issued share capital of the Mouton Investment (the "Mouton HK Sale Share"), a company incorporated in Hong Kong with limited liability, with Mr. Chu Yuk Shun Joseph ("Mr. Chu") as vendor (the "Mouton HK Acquisition"). Mouton HK indirectly holds Luyuan Xinneng, a company established in the PRC with limited liability, through Zhuhai Mutong Supply Chain Investment Company Limited (珠海木桐供應鏈投資有限公司), a company established in the PRC with limited liability, (collectively the "Mouton HK Group"), and Luyuan Xinneng is principally engaged in (i) supply chain management services; and (ii) general cargo storage services.

Pursuant to the terms and conditions of the Mouton SPA, Surplus Plan had agreed to acquire, and Mr. Chu had agreed to sell the Mouton HK Sale Share, representing the entire issued share capital of Mouton HK, at a consideration of HK$35,200,000. The consideration was satisfied by the Company by the allotment and issue of 73,333,333 new shares of the Company (the "Mouton HK Consideration Share(s)") to Mr. Chu at the issue price of approximately HK$0.48 per Mouton HK Consideration Share upon the fulfillment of certain conditions, including but not limited to satisfactory completion of the financial and legal due diligence review on the Mouton HK Group.

The core assets of the Mouton HK Group are two coal sheds and the associated machineries of such coal sheds. The expected total storage capacity of the two coal sheds is 120,000 tonnes of coal. The coal sheds are located in Shanxi province, the PRC, which is close to the Group's existing coal washery plant and is about 16.7 km southeast of Changzi county, the PRC, connected by a county-level asphalt road and a provincial highway from Changzhi to Gaoping. It is 5 km east of National Highway 207 and 5.8 km from Jinchang Expressway. It is 2.5 km from Tailuo Highway, 2.5 km from Taijiao Railway Line and Dongtianliang Coal Transportation Station, and has very convenient road and rail transportation. From an operational perspective, this location is a prime location and can provide an additional source of supply for the Group's trading business.

The coal sheds and the specialised equipment allow the Company to fulfill the storage, loading and coal mixing demands of its customers in Shanxi province, the PRC and the Mouton HK Acquisition will allow the Group to enhance the value chain of the coal business through providing additional storage and coal mixing services to the Group's customers, and in turn strengthen the competitiveness of the Group. The Mouton HK Acquisition would allow the Group to have immediate access to existing coal sheds and the specialised equipment, thereby facilitating the integration of the operation of the Group's existing businesses to expand its scale of operation and create a new growth driver.

The Mouton HK Acquisition was then completed in July 2024 with the final consideration of approximately RMB37.6 million. Further details of the Mouton HK Acquisition are set out in the Company's announcement dated 25 June 2024 and 24 July 2024.

The Board believes that both the CC Bong HK Acquisition and the Mouton HK Acquisition would allow the Group to have immediate access to existing coal sheds and the specialised equipment, thereby facilitating the integration of the operation of the CC Bong HK Group and the Mouton HK Group with the Group's existing businesses to expand its scale of operation and create a new growth driver. Both acquisitions are in line with the development strategy of the Group to strengthen its existing trading of coal business and supply chain management services capabilities and its presence and provision of services in the coal industries in the PRC, and will allow the Group to utilise the synergies created by both the CC Bong HK Acquisition and the Mouton HK Acquisition and create long-term and strategic growth opportunities for the Group.

Lastly, through the CC Bong HK Acquisition and the Mouton HK Acquisition, the Group will be able to leverage on the management expertise of the CC Bong HK Group and the Mouton HK Group, in particular, the sharing of business knowledge regarding the storage, loading and coal mixing service line, to the Group's existing operational team which will in turn deliver better services to the Group's customers with additional value-added services on top of processing and trading services.

Therefore, the Board is of the view that both acquisitions are in the interests of the Company and the shareholders of the Company as a whole.

(iii) Disposal of 95% equity interest in Hami Jinhua Mineral Resource Exploiture Limited ("Hami Jinhua")

In July 2024, the Group entered into an equity transfer agreement with an independent third party, to dispose its 95% equity interest in Hami Jinhua, which owns a lead and zinc ores ore mine, namely Baiganhu Mine, and a lead-zinc ore processing plant, at a consideration of RMB94,000,000 and recorded a gain of approximately RMB18,341,000 from such disposal.

The disposal allowed the Group to monetarise its valuable resources and reallocate its scarce resources to its strategic business segment. The Group believes that this move will enable increase the return of the Group's capital employed and in turn enhance the value of the Company and shareholders of the Company as a whole.

Save for the above, there were no other material acquisitions and disposals during the Year.

CAPITAL EXPENDITURE

For the Year, the Group incurred approximately RMB54.0 million (the Prior Year: RMB13.2 million) of capital expenditure on property, plant and equipment, and approximately RMB8.9 million (the Prior Year: RMB11.9 million) on right-of-use assets. For the Year, the Group disposed approximately RMB0.02 million (the Prior Year: nil) of property, plant and equipment.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2024 increased to RMB1.06 billion, an increase of approximately 34.5% over that as at 31 December 2023 of RMB788.0 million while the Group's total assets employed increased by 69.0% to RMB2.67 billion as at 31 December 2024 as compared to RMB1.58 billion as at 31 December 2023.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, the Group invests surplus cash in low risk fixed deposits, as well as high quality debt securities issued by large financial institutions and corporations to generate additional returns for the Group and the shareholders of the Company.

During the Year, the relevant issuer redeemed approximately USD1.2 million (equivalent to approximately RMB8.6 million) (the Prior Year: nil) of debt securities held by the Group. As at 31 December 2024, the debt security held by the Group was predominantly denominated in USD and it was mature for redemption. Debt securities investments are closely monitored by a designated team with the help of an international leading bank. The debt securities were classified as financial assets at FVTOCI. As at 31 December 2024, none of the debt securities, both individually and in aggregate, held by the Group equalled or exceeded 5% of the Group's total assets. As at 31 December 2024, the fair value of the debt security held by the Group was approximately USD0.07 million (equivalent to approximately RMB0.5 million) (the Prior Year: HK$9.7 million (equivalent to approximately RMB8.9 million)). The debt security investment was immaterial to the Group and the expected credit loss was minimal.

During the Year, the Group did not make any investment (the Prior Year: nil) in any listed equity securities, and no disposal of equity securities were made (the Prior Year: RMB13.5 million). As at 31 December 2024, the Group did not hold any listed equity securities.

During the Year, the Group's investment in debt securities recorded a gain in fair value of approximately RMB0.01 million (the Prior Year: RMB2.8 million loss in fair value), which was presented as "Fair value change of financial assets (debt instruments) at fair value through other comprehensive income" in the consolidated statement of comprehensive income.

During the Year, the Group did not hold any equity security and therefore the Group's listed equity securities investments have not recorded any gain or loss in fair value (the Prior Year: RMB1.5 million loss in fair value). The gain or loss in fair value of listed equity securities held by the Group was presented as "Fair value changes of financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

During the Year, the Group also received nil dividend income (the Prior Year: RMB0.6 million) from listed equity securities that the Group invested, and RMB0.5 million of interest income (the Prior Year: RMB0.7 million) from the debt securities that the Group held. All of the dividend income from equity securities, and interest income from debt securities were included in "Other gains – net" in the consolidated statement of comprehensive income.

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

The total borrowings increased from nil as of 31 December 2023 to approximately RMB129.3 million as of 31 December 2024, and the balance was represented by the loan from an ex-shareholder of a subsidiary acquired during the Year and also the loan from a shareholder of the Company made during the Year.

Save as the loan disclosed above, as at 31 December 2024 and 31 December 2023, there was no outstanding interest-bearing bank loan and other borrowings.

As at 31 December 2024, the Group maintained bank and cash balances of approximately RMB655.8 million (the Prior Year: RMB508.6 million), including nil pledged bank deposits (the Prior Year: RMB34.0 million).

Treasury policy

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB and USD. Surplus cash is generally placed in fixed deposits, high-quality debt securities mostly denominated in USD. The Group arranged certain foreign currency forward contracts for mitigating against the fluctuation of exchange rate between RMB and USD, the fair value of such forward contracts is approximately RMB1.5 million (the Prior Year: nil).

Gearing ratio

The Company entered into a credit facility with Nanyang Commercial Bank consisting of letters of credit and line of credit in November 2022, and the credit facility limit has been further revised to USD90 million in April 2024. The letter of credit (up to USD30 million) is for issuance of Back-to-Back LCs, and the remaining line of credit limit (up to USD60 million) for issuance of LCs is charged against 100% bank deposits from time to time up to the amount utilised. As at 31 December 2024, the Company didn't utilise any letter of credit (the Prior Year: RMB34.0 million) and there are no outstanding borrowings (the Prior Year: RMB nil) on the line of credit.

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

Gearing ratio of the Group is calculated based on the net debt divided by total equity. Net debt is calculated based on total interest-bearing borrowings (including current and non-current borrowings) less cash and cash equivalents. As at 31 December 2024 and 31 December 2023, the Group has recorded a net cash position of RMB526.5 million and RMB508.6 million respectively.

PRINCIPAL RISKS

The Group's activities are exposed to a variety of risks as set out below.

Foreign exchange exposure

The Group's businesses are mainly conducted in RMB. The Group has not experienced any material difficulties with its operations or liquidity as a result of fluctuations in currency exchange rates during the Year. However, during the year, the Group started to explore the business opportunity in international coal trading, which involves import of foreign coals and sales to PRC customers. In such transactions, the purchase may be made in USD while the sales proceed may be in RMB. Thus the Group has entered into certain foreign currency forward contracts to mitigate foreign exchange exposure between USD and RMB.

Credit risk exposure

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

As at 31 December 2024, loss allowance of approximately RMB18.8 million (the Prior Year: RMB5.6 million) were made against the gross amount of trade and bills receivables.

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

CHARGES ON COMPANY'S ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 13 to this announcement, the Group had no other contracted capital expenditure, commitments and charge on the Company's assets as at 31 December 2024 and 2023.

No charge on the Company's assets as at 31 December 2024, while there was approximately RMB34.0 million of cash and cash equivalents was pledged to the bank for its letter of credits of approximately RMB34.0 million as at 31 December 2023.

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

The Group had no other material contingent liability as at 31 December 2024 and 2023.

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 31 December 2024, the Group employed 999 employees (31 December 2023: 819). The total staff costs (including Directors' emoluments) for the Year (including both continuing operations and discontinued operations) was approximately RMB89.8 million (the Prior Year: RMB85.8 million). The emolument policy for the salaries of employees largely depend on their job nature, performance and length of service with the Group. The Directors' emolument policy for the remuneration is determined with reference to salaries paid by comparable companies, their experience and responsibilities and the performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group. In addition to the basic remuneration, the Group also provides employees with employee benefits, including pension, medical scheme and other applicable social insurance as required by applicable laws and regulations.

Apart from regular on-the-job training, the Group encourages its employees to attend external job-related training and provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the Board. No share option was granted, exercised, lapsed or outstanding during the Year and as at 31 December 2024.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

Save as disclosed in this announcement, the Group had no future plan for material investments or purchase of capital assets during the year ended 31 December 2024.

FUTURE OUTLOOK AND PROSPECTS

Analyzing from the supply perspective, according to the data from the National Bureau of Statistics, raw coal output by industrial enterprises above designated size nationwide reached 4.76 billion tons in 2024, representing an increase of 1.3% year-on-year. The National Development and Reform Commission (the "NDRC") proposed to form a dispatchable production capacity reserve of 300 million tons by 2027, and the proportion of advanced production capacity will increase to 83% by 2025, further optimizing the supply structure. Taking into account the increase in production capacity from newly built production facilities and the reduction in production due to the depletion of resources in non-main production areas, the raw coal output is expected to reach 4.73 billion tons in 2025 ("Coal Industry Investment Strategy 2025" (《煤炭行業2025年度投資策略》), Minsheng Securities, 15 December 2024).

Analyzing from the demand side, according to the data from the National Bureau of Statistics, thermal power generation in 2024 reached 6,374.26 billion kWh (accounting for 63.19% of the national power generation). Although the growth rate has slowed down to 1.7%, the proportion of thermal power will remain above 60%, still maintaining a dominant position in the long run. In 2025, the growth rate of hydropower generation is expected to weaken, and may record negative growth. Notwithstanding the installed capacity of new energy power generation (wind power + solar energy) increased rapidly, the lagging effect of infrastructure construction and the bottleneck of electricity storage technology still put a drag on the comprehensive application of renewable energy. Based on the above analysis, it is estimated that the growth rate of thermal power generation will be 3.7% in 2025. ("Coal Industry Investment Strategy 2025" (《煤炭行業2025年度投資策略》), Minsheng Securities, 15 December 2024).

In terms of non-electricity demand, although the demand for steel and cement was affected by the real estate industry and stayed at a low level, the demand for coal chemical industry continued to grow. It is estimated that 370 million tons of coal will be used in the chemical industry in 2025, representing an increase of 8% year-on-year. ("National Coal Market Review 2024 and Outlook for 2025" (《2024年全國煤炭市場回顧及2025年展望》), Xinjiang Coal Exchange Center, 10 March 2025). As such, non-electricity demand is expected to remain stable in 2025 under the combined effects of the above demand.

To put it simply, while the total volume of the coal industry remains stable in 2025, there will still be many opportunities brought about by structural upgrades.

In terms of coal imports, according to the data from the General Administration of Customs, China's coal imports reached 543 million tons in 2024 (up 14.8% year-on-year) to a record high. From January to February 2025, China's cumulative coal imports reached 76.119 million tons, representing an increase of 1.599 million tons from 74.520 million tons recorded in the same period last year, with a growth rate of 2.1%. Affected by the following factors, it is expected that the overall trend of coal imports in 2025 will remain stable with steady increase.

1. Price factor. Based on the data released by the General Administration of Customs, although the import volume in 2024 hit a historic record high, the amount decreased by 0.7% as compared to 2023, and the average price per ton dropped to approximately RMB682.7 per ton. There is still a price gap between imported coal and domestically produced coal.

2. Policy orientation. In the "Opinions on Strengthening the Clean and Efficient Utilization of Coal of the National Development and Reform Commission and Other Departments" (《國家發展改革委等部門關於加強煤炭清潔高效利用的意見》) issued by the NDRC on 11 September 2024, it stated clearly that "the import of high-quality coal is encouraged," which is also in line with the country's energy security strategy implemented persistently.

Overall, the total amount of coal imports is expected to continue to grow in 2025. In terms of price, the price gap between imported coal and domestic coal also guarantees a source of profit to a certain extent.

To capitalise on the opportunities of the booming coal industry, since 2021, the Group has set the coal business as the strategic business segment of the Group and allocated more resources in developing the Group's coal business. The performance of the Group's coal business segment was encouraging and exciting, and has made remarkable progress and results in the past two years. Since the launch of the coal business in 2019, the revenue has increased from approximately RMB86 million in 2019 to RMB4.0 billion in 2024. This demonstrated the Group's success in capturing the opportunities presented by the booming coal business, and is a promising development for the Group.

Riding on the success and momentum made, the Group continued to move horizontally and further diversify in to coal storage services during the Year. The Group, through a direct wholly-owned subsidiary of the Company, Surplus Plan, acquired the entire issued share capital of CC Bong HK, which owns two coal sheds with expected total storage capacity of 1 million tonnes of coal and the associated machineries, and Mouton HK, which owns two coal sheds with the expected total storage capacity of 0.12 million tonnes of coal and the associated machineries. Both acquisitions are expected to create synergies that will enable the Group to leverage its resources more effectively, resulting in long-term and strategic growth opportunities for the Group. By expanding its capabilities in supply chain management, the Group can enhance its vertical integration capabilities and improve its operational efficiency, which should enable it to capitalise on the opportunities presented by the booming coal industry. Overall, both acquisitions are expected to be a positive development for the Group, and should help to position it for long-term success in the coal industry.

During the year, the PRC's coal imports surged to 543 million tonnes, marking a 14.4% year-on-year increase (National Energy Administration, 2024), driven by industrial revitalization policies and energy security imperatives. Capitalizing on this structural shift, the Group strategically accelerated its global supply chain integration, achieving breakthrough performance in international coal trading. Our international trading division generated revenue of RMB435.3 million (Prior Year: nil), contributing 10.8% to total Group revenue and establishing a new growth pillar.

As the Group expands into the international supply chain trading business, the Company remains steadfast in our commitment to environmental stewardship. Despite that the energy security role of coal will remain in the near term, low carbonization and clean and efficient productions are still the main development direction of the coal industry. Thus, the Company has commenced the development and construction of a photovoltaic project, aiming to promote low carbonization, integrate development of coal based energy and green energy, and expand green transformation channels for the coal business.

Given the sustained and stable demand for thermal coal and coking coal in PRC, the Group will continue to strengthen its presence in coal trading and supply chain services. Benefiting from rapid growth in imported coal consumption, the strategic expansion into international coal trading has yielded initial success. Looking ahead, the Group aim to leverage the integrated advantages in finance, technology, and operational excellence to explore emerging opportunities in the coal sector, enhance supply chain resilience, and drive sustainable value creation for society, customers, investors and employees.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period of the Group up to the date of this announcement.

DIVIDEND

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

PURCHASE, REDEMPTION OR SALE OF SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities during the Year.

CHANGES TO THE BOARD

During the Year and up to the date of this announcement, the changes to the information of the members of the Board were as below:

– Ms. Huang Mei ("Ms. Huang") has resigned as an independent non-executive Director, the chairlady of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee with effect from 1 December 2024.

– Mr. Yuen Koon Tung ("Mr. Yuen") has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. with effect from 1 December 2024.

Mr. Yuen obtained legal advice referred to in Rule 3.09D of the Listing Rules on 25 November 2024 and he has confirmed he understood his obligations as a director of a listed issuer.

CHANGE OF ADDRESS

The principal place of business of the Company in Hong Kong changed from Unit No. 4, 23rd Floor Overseas Trust Bank Building, No. 160 Gloucester Road Hong Kong to Rooms 36–40, 50/F, Sun Hung Kai Center, 30 Harbour Road, Wan Chai, Hong Kong, with effect from 13 January 2025.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with applicable rules and regulations. The Group's operations are mainly carried out in the PRC and Hong Kong while the shares of the Company are listed on the Stock Exchange in Hong Kong. Hence, the Group shall comply with relevant laws and regulations in the PRC, Hong Kong and the respective places of incorporation of the Company and its subsidiaries. In addition, the Company is required to comply with the Listing Rules and other relevant regulations.

The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Year. There was no material breach of or non-compliance with the applicable laws and regulations by the Group for the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company committed to maintain a high standard of corporate governance and has taken appropriate steps to adopt and comply with the provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year, with the following exception:

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Directors confirm that they have complied with the required standard as set out in the Model Code during the Year.

AUDIT COMMITTEE

The audit committee under the Board (the "Audit Committee") was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises the three independent non-executive Directors. The Audit Committee has reviewed the annual results for the year ended 31 December 2024.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for 2025 will be held on 20 June 2025 (the "AGM"). A notice of meeting together with the circular for the AGM will be despatched to the shareholders of the Company according to the Articles of Association and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 June 2025 to 20 June 2025, both days inclusive, in order to determine the entitlement to attend the AGM. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 16 June 2025.

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company (http://www.huili.hk). The annual report of the Company for the year ended 31 December 2024 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 27 March 2025

As at the date of this announcement, the executive Directors are Mr. Cui Yazhou (Chairman), Ms. Wang Qian, Mr. Ye Xin and Mr. Zhou Jianzhong; the non-executive Director is Mr. Cao Ye; and the independent non-executive Directors are Mr. Chan Ping Kuen, Ms. Xiang Siying and Mr. Yuen Koon Tung.

* *For identification purpose only*