

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **NORTH MINING SHARES COMPANY LIMITED**

**北方礦業股份有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 433)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

This announcement is made by North Mining Shares Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to announce the audited results of the Group for the year ended 31 December 2024 (the “**Annual Results**”).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>1,110,226</b>	1,533,714
Cost of sales		<u>(982,541)</u>	<u>(1,441,307)</u>
<b>Gross profit</b>		<b>127,685</b>	92,407
Other income		<b>2,929</b>	2,410
Research and development cost		<b>(38,260)</b>	(46,464)
Administrative expenses		<b>(118,327)</b>	(143,959)
Provision for impairment losses under expected credit loss (“ECL”), net		<b>(19,296)</b>	(17,278)
Other gains and losses		<b>(416,292)</b>	(183,755)
Loss on debt restructuring	5	<b>–</b>	(1,343,925)
Finance costs		<u><b>(192,762)</b></u>	<u>(132,193)</u>
<b>Loss before tax from continuing operations</b>	6	<b>(654,323)</b>	(1,772,757)
Income tax credit	7	<u><b>80,089</b></u>	<u>12,891</u>
<b>Loss for the year from continuing operations</b>		<u><b>(574,234)</b></u>	<u>(1,759,866)</u>
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations		<u><b>324,999</b></u>	<u>(6)</u>
<b>Loss for the year</b>		<u><u><b>(249,235)</b></u></u>	<u><u>(1,759,872)</u></u>
Attributable to:			
Owners of the parent		<b>(68,486)</b>	(1,632,535)
Non-controlling interests		<u><b>(180,749)</b></u>	<u>(127,337)</u>
		<u><u><b>(249,235)</b></u></u>	<u><u>(1,759,872)</u></u>

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		3,445	6,239
Reclassification adjustments for a foreign operation disposed of during the year		<u>12,088</u>	<u>—</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>15,533</u>	<u>6,239</u>
<b>Total comprehensive income for the year</b>		<u><u>(233,702)</u></u>	<u><u>(1,753,633)</u></u>
<b>Attributable to:</b>			
Owners of the parent		83,259	(1,636,018)
Non-controlling interests		<u>(316,961)</u>	<u>(117,615)</u>
<b>Total comprehensive income for the year</b>		<u><u>(233,702)</u></u>	<u><u>(1,753,633)</u></u>
Loss per share attributable to ordinary equity holders of the parent	9		
For the year			
— Basic and diluted, HK cents		(0.55)	(43.09)
From continuing operations			
— Basic and diluted, HK cents		<u><u>(1.56)</u></u>	<u><u>(43.09)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		474,365	591,617
Right-of-use assets		29,049	37,023
Mining rights		526,860	782,369
Prepayment		43,663	26,206
		<u>1,073,937</u>	<u>1,437,215</u>
<b>Current assets</b>			
Inventories		317,949	156,176
Trade receivables	10	45,145	116,001
Prepayments, other receivables and other assets		85,987	43,614
Cash and cash equivalents		15,247	5,941
		<u>464,328</u>	<u>321,732</u>
<b>TOTAL ASSETS</b>		<u><b>1,538,265</b></u>	<u><b>1,758,947</b></u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		250,233	250,233
Reserves		(206,946)	(290,205)
		<u>43,287</u>	<u>(39,972)</u>
Non-controlling interests		<u>(614,155)</u>	<u>(297,194)</u>
<b>TOTAL EQUITY</b>		<u><b>(570,868)</b></u>	<u><b>(337,166)</b></u>

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	11	264,698	373,998
Other payables and accruals		720,692	682,241
Contract liabilities		558,381	116,206
Bank loans and other borrowings		409,079	669,415
Lease liabilities		283	260
		<u>1,953,133</u>	<u>1,842,120</u>
<b>Non-current liabilities</b>			
Bank loans and other borrowings		17,652	27,533
Lease liabilities		6,633	7,162
Deferred tax liabilities		131,715	219,298
		<u>156,000</u>	<u>253,993</u>
<b>TOTAL LIABILITIES</b>		<u><u>2,109,133</u></u>	<u><u>2,096,113</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,538,265</u></u>	<u><u>1,758,947</u></u>
<b>NET CURRENT LIABILITIES</b>		<u><u>(1,488,805)</u></u>	<u><u>(1,520,388)</u></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>(414,868)</u></u>	<u><u>(83,173)</u></u>
<b>NET LIABILITIES</b>		<u><u>(570,868)</u></u>	<u><u>(337,166)</u></u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. GENERAL INFORMATION

North Mining Shares Company Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liabilities. The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business has been changed to Room 2004–05, 20/F, Kwan Chart Tower, 6 Tonnochy Road, Wan Chai, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The Company has made an application to the Stock Exchange for resumption of trading in the Shares with effect on 3 October 2023 on the Stock Exchange.

The principal activities of the Company are investment holdings. The principal activities of the Company and its subsidiaries (the “**Group**”) are (i) mining operations — exploitation and exploration of mineral resources; (ii) chemical trading operations; and (iii) aluminium metal trading operations.

The consolidated financial statements are presented in Hong Kong dollars, which is the same functional currency of the Company.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

### 2.1 Statement of compliance and basis for preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

### 2.2 Going concern

The Group incurred a net loss of approximately HK\$249,235,000 during the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$1,488,805,000 and HK\$570,868,000 respectively. As at 31 December 2024, the Group had bank loans and other borrowings of HK\$426,731,000, of which HK\$409,079,000 and HK\$17,652,000 were recorded under current liabilities and non-current liabilities respectively. As at 31 December 2024, the Group had cash and cash equivalents balances totaling HK\$15,247,000. Further, the continuity of the Group’s operation is dependent upon the Group was able to solicit new funding for their operation. These conditions indicate the existence of material uncertainties which may cast significant doubt upon the Group’s ability to continue as a going concern.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company (the “**Directors**”), the Group can meet its financial obligations as and when they fall due within the next year from the date of the consolidated financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Directors will strengthen to implement measures aiming of improving the working capital and cash flow of the Group including closely monitoring the general administrative expenses and operating costs;
- (ii) The Directors will continue to source for additional funding and negotiate with certain bankers and creditors to obtain additional banking facilities and/or extend the borrowings when they fall due; and
- (iii) The Group’s mining operation has been resumed in October 2024 after obtaining all the necessary approval certificate from the PRC’s authorities. The Directors are in the opinion that the Group’s mining operation will generate positive cash flow and that will improve the overall liquidity position of the Group.

On the basis of the foregoing, and after assessing the Group’s current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group’s financial obligations as they fall due for the period of twelve months from the date of consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

### 3. REVENUE

An analysis of the Group’s revenue is as follows:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
<b>Continuing operations</b>		
<b>Revenue:</b>		
Sales of molybdenum concentrate	<b>116,378</b>	–
Sales of chemical products	<b>993,830</b>	1,533,714
Sales of aluminium products	<b>18</b>	–
	<u><b>1,110,226</b></u>	<u><b>1,533,714</b></u>

#### 4. SEGMENT INFORMATION

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”) for the purpose of allocating resources to segments and to assessing their performance.

For management purposes, the Group is organised into business units based on their products and services and three reportable operating segments as follows:

- (a) Mining operation: — Exploration of mineral mines  
— Exploitation of molybdenum mines
- (b) Chemical trading operation: Manufacturing and sale of chemical products
- (c) Aluminium metal trading operation: Sale of aluminium plate products

The management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Information regarding the above segment is reported below.

##### 4.1 Operating segment information

###### *Segment revenue and results*

**For the year ended 31 December 2024**

Continuing operations	Mining exploitation <i>HK\$'000</i>	Sale of chemical products <i>HK\$'000</i>	Trading of aluminium products <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>				
Segment revenue	<u>116,378</u>	<u>993,830</u>	<u>18</u>	<u>1,110,226</u>
<b>Results</b>				
Segment results	(376,920)	(53,005)	(506)	(430,431)
Unallocated corporate income				50
Finance costs				(192,762)
Other gains or losses				(5,062)
Provision for impairment losses under ECL, net				(19,296)
Unallocated corporate expenses				<u>(6,822)</u>
<b>Loss before tax</b>				(654,323)
<b>Income tax credit</b>				<u>80,089</u>
<b>Loss for the year from continuing operations</b>				<u><u>(574,234)</u></u>



For the year ended 31 December 2023

Continuing operations	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Total HK\$'000
Revenue:			
Segment revenue	<u>–</u>	<u>1,533,714</u>	<u>1,533,714</u>
Results:			
Segment results	(151,905)	(79,898)	(231,803)
Unallocated corporate income			304
Finance costs			(132,193)
Other gains or losses			(18,549)
Loss on debt restructuring			(1,343,925)
Provision for impairment losses under ECL, net			(17,278)
Unallocated corporate expenses			<u>(29,313)</u>
Loss before tax			(1,772,757)
Income tax credit			<u>12,891</u>
Loss for the year from continuing operations			<u><u>(1,759,866)</u></u>

- (a) Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment result represents the profit earned or loss incurred by each segment without allocation of corporate income and expenses, some amount of other gains or losses, impairment loss under expected credit loss, net, central administrative expenses, directors' salaries and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

*Segment assets and liabilities*

	<b>Mining exploitation HK\$'000</b>	<b>Sale of chemical products HK\$'000</b>	<b>Trading of aluminium products HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 31 December 2024</b>					
<b>Segment assets</b>	<b><u>1,272,711</u></b>	<b><u>249,451</u></b>	<b><u>2,405</u></b>	<b><u>13,698</u></b>	<b><u>1,538,265</u></b>
<b>Segment liabilities</b>	<b><u>999,018</u></b>	<b><u>1,068,242</u></b>	<b><u>1,594</u></b>	<b><u>40,279</u></b>	<b><u>2,109,133</u></b>

	<b>Mining exploitation HK\$'000</b>	<b>Trading of chemical products HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 31 December 2023</b>				
<b>Segment assets</b>	<b><u>1,350,143</u></b>	<b><u>387,581</u></b>	<b><u>21,223</u></b>	<b><u>1,758,947</u></b>
<b>Segment liabilities</b>	<b><u>1,076,850</u></b>	<b><u>988,783</u></b>	<b><u>30,480</u></b>	<b><u>2,096,113</u></b>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill, intangible assets and assets used jointly reportable segments which are classified as “Others” in segment assets.
- all liabilities are allocated to reportable segments other than liabilities for which reportable segments are jointly liable and classified as “Others” in segment liabilities.

*Other segment information*

	Mining exploitation <i>HK\$'000</i>	Sale of chemical products <i>HK\$'000</i>	Trading of aluminium products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
--	---	--	--	--------------------------------	--------------------------

As at 31 December 2024

Depreciation and amortisation	73,701	35,699	–	5,062	114,462
Capital expenditures	<u>144,304</u>	<u>2,940</u>	<u>–</u>	<u>–</u>	<u>147,244</u>

	Mining exploitation <i>HK\$'000</i>	Trading of chemical products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
--	---	---	--------------------------------	--------------------------

As at 31 December 2023

Depreciation and amortisation	38,833	36,178	5,146	80,157
Capital expenditures	<u>10,775</u>	<u>2,036</u>	<u>–</u>	<u>12,811</u>

## 4.2 Geographical 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 current and non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the segment assets is based on the physical location of the asset, in the case of mining rights, the location of the operation to which they are allocated.

The Group's operations are located in the following geographical areas. The following table provides an analysis of the Group's revenue from external customers and assets by geographical location:

	Segment revenue from External customers		Segment assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	–	–	36	2,473
The PRC	<u>1,110,226</u>	<u>1,533,714</u>	<u>1,538,229</u>	<u>1,756,474</u>
	<u>1,110,226</u>	<u>1,533,714</u>	<u>1,538,265</u>	<u>1,758,947</u>

## Information about major customers

	2024 HK\$'000	2023 HK\$'000
Customer A (Chemical trading operation)	133,197	–
Customer B (Chemical trading operation)	–	163,385
Customer C (Chemical trading operation)	–	158,791

*Note:*

1. Excepts for the customers stated above, there is no other single customer contributing over 10% of total revenue.

## 5. LOSS ON DEBT RESTRUCTURING

Pursuant to the restructuring agreement entered between the Company and its creditors, on 27 September 2023, the Company allotted and issued a total of 11,086,710,827 New Shares to its creditors for settlement of their debt, and upon which all debts of its creditors will be discharged and extinguished in full and its creditors will not be allowed to make any claim against the Company in respect of debts. Accordingly, loss on debt restructuring of approximately HK\$1,343,925,000 were recognised in profit or loss for the year ended 31 December 2023.

## 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
<b>Continuing operations</b>		
Auditors' remuneration	900	1,000
Amortisation of mining rights ( <i>note 1</i> )	13,086	–
Cost of inventories recognised as an expense	968,736	1,441,307
Depreciation of property, plant and equipment	95,585	74,270
Depreciation of right-of-use assets ( <i>note 2</i> )	5,791	5,887
Staff costs (including directors' remuneration)		
— Wages and salaries	62,603	36,359
— Retirement benefits contributions	3,639	3,761
Impairment losses on mining rights ( <i>note 3</i> )	215,715	51,564
Impairment losses on goodwill ( <i>note 3</i> )	–	13,403
Impairment losses on right-of-use assets ( <i>note 3</i> )	1,020	149
Impairment losses on property, plant and equipment ( <i>note 3</i> )	147,503	31,609

*Notes:*

- (1) Included in cost of sales
- (2) Included in cost of sales and other gains and losses
- (3) Included in other gains and losses

## 7. TAXATION

No provision for Hong Kong Profits Tax has been made since the Group incurred taxation losses for the year. Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

	2024 HK\$'000	2023 HK\$'000
<b>Continuing operations</b>		
Deferred tax	80,089	12,891
Current tax:		
PRC corporate income tax	—	—
	<u>80,089</u>	<u>12,891</u>

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profit for the year ended 31 December 2024. No provision for Hong Kong Profits Tax has been made since the Group incurred taxation losses for the year ended 31 December 2024.

PRC corporate income tax charge represents the PRC Enterprise Income Tax paid or payable during the year. Enterprise Income Tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2023: 25%).

Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

## 8. DIVIDENDS

The directors of the Company do not recommend the payment of any final dividend in respect of the year ended 31 December 2024 (2023: Nil).

## 9. EARNING/(LOSS) PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2024 HK\$'000	2023 HK\$'000 (restated)
Loss attributable to owners of the Company		
— from continuing operations	(195,236)	(1,632,531)
— from discontinued operations	126,750	(4)
	<u>(68,486)</u>	<u>(1,632,535)</u>
Number of shares		
Number of ordinary shares in issue during the year	<u>12,511,640,397</u>	<u>3,788,827,715</u>

### (b) Diluted earning/(loss) per share

No diluted loss per share is presented as there were no potential ordinary shares in issue for the year ended 31 December 2024 (2023: Nil).

## 10. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	47,685	118,486
Less: Allowance for credit losses	<u>(2,540)</u>	<u>(2,485)</u>
	<u>45,145</u>	<u>116,001</u>

As at 31 December 2024 and 2023, trade receivables from contracts with customers amounted to HK\$47,685,000 and HK\$118,486,000, respectively.

As at 31 December 2024, allowance for credit losses was recognised approximately of HK\$2,540,000 (2023: HK\$2,485,000).

The following is an aged analysis of trade receivables presented based on dates of delivery of goods and service rendered.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	<b>16,760</b>	22,883
31–60 days	<b>12,477</b>	52,990
61–90 days	<b>9,039</b>	35,067
91–180 days	<b>363</b>	4,610
Over 180 days	<b>6,506</b>	451
	<b>45,145</b>	116,001

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying value because these amounts have short maturity period on their inception.

For the Group's mining operation, sales of molybdenum concentrates are largely on cash basis with no credit terms being granted to customers, except for sizable customers with good credit history, the Group will allow a credit term not more than 30 days. For the Group's chemical operation, the Group allow a credit term of 30 days to 60 days to its customers.

## 11. TRADE PAYABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	<b>89,751</b>	219,617
31–60 days	<b>52,440</b>	15
61–90 days	<b>15,569</b>	102,957
91–180 days	<b>621</b>	14,822
Over 180 days	<b>106,317</b>	36,587
	<b>264,698</b>	373,998

The aged analysis of trade payables presented based on invoice date and categorised into time-bands based.

The directors of the Company consider that the carrying amounts of trade payables approximate to their fair values at the end of reporting period.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the external auditor of the Company:

### **DISCLAIMER OF OPINION**

We were engaged to audit the consolidated financial statements of North Mining Shares Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Multiple fundamental uncertainties relating to going concern**

We draw attention to note to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$249,235,000 during the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$1,488,805,000 and HK\$570,868,000 respectively. As at 31 December 2024, the Group had bank loans and other borrowings of HK\$426,731,000, of which HK\$409,079,000 and HK\$17,652,000 were recorded under current liabilities and non-current liabilities respectively. As at 31 December 2024, the Group had cash and cash equivalents totalling HK\$15,247,000 only.



The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position and to meet its liabilities as and when they fall due, which are set out in note to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the eventual successful outcome of these measures, which are subject to multiple uncertainties, including whether: (a) the Group can obtain additional funding to support the Group's operation and settlement of loans when they fall due; (b) the Group's mining operation which had been resumed during the year ended 31 December 2024 will generate sufficient cashflow to improve the liquidity position of the Group in coming year; and (c) the Group can successfully implement its cost control measures and to improve its business operations.

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

We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Any adjustments found to be required may have consequential significant effects on the consolidated net liabilities of the Group as at 31 December 2024 and the consolidated financial performance and cash flows of the Group for the year ended 31 December 2024, and the related elements and disclosures thereof in the consolidated financial statements.

## BUSINESS REVIEW

The principal profit generation activities of the Group are: (i) mining operations — exploitation and exploration of mineral resources; (ii) chemical trading operations — manufacturing and sale of chemical products; and (iii) aluminium metal trading operations — sale of aluminium plates. An analysis of each of these business segments is presented below:

### **Mining Operations — Exploitation and Exploration of Mineral Resources**

#### ***Molybdenum Mine***

The Group's mining operation mainly includes the exploitation, exploration and production of molybdenum concentrate in the PRC. Our molybdenum concentrate was produced by the molybdenum mine operated by Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited (“**Jiu Long Kuang Ye**”), a non-wholly owned subsidiary of the Group. The grading of molybdenum concentrate produced by our molybdenum mine was approximately 45%–50%.

The mining licence has been successfully renewed and the renewed licence, which is valid up to 22 February 2034, has been granted by the Ministry of Natural Resources of the PRC and issued to the Company on 10 February 2023. The mining licence is the major licence required for the Group to conduct its mining activities of its molybdenum mine.

The Safety Production Licence has been successfully renewed and the renewed Safety Production Licence, which is valid up to 17 October 2027, has been granted by the Shaanxi Provincial Emergency Management Department of PRC and issued to the Group on 18 October 2024. The Safety Production Licence is the major licence required for the Group to conduct its mining activities of its molybdenum mine. Due to obtain of the Safety Production Licence, mining operation of the Group is able to resume full operation.

During the year under review, the volume of molybdenum concentrate sold was about 714 tonnes (2023: Nil), whereas the grade of molybdenum concentrate was approximately 45%–50%. The average selling price of molybdenum concentrate was approximately HK\$135,710 per tonne. During the year under review, the mining operation contributed a revenue of approximately HK\$116,378,000 to the Group, of which approximately HK\$105,052,000 was contributed by sales of molybdenum concentrate and approximately HK\$11,326,000 was contributed by sales of sulfuric acid and iron concentrate. Gross profit was approximately HK\$54,745,000 and the gross profit margin was 47.04%. During the year, the Group recognised an amortisation of mining rights included in cost of sales of approximately HK\$13,086,000.

### ***Major assets in mining operation***

As at 31 December 2024, the carrying value of the major assets included in the Group's mining operation were mining rights, right-of-use assets and property, plant and equipment associated with the Group's molybdenum mine of approximately HK\$414,527,678, HK\$2,492,000 and HK\$526,860,000 respectively. At the end of the reporting period, the Group carried out impairment assessment to assess whether the recoverable amounts of the assets were below the carrying amount.

For the purpose of impairment testing, the Directors hired an independent professional valuation firm to assess the value in use of the Group's mining operation on yearly basis. The basis for assessing the value in use was based on Discount Cash Flow ("DCF") method. In the opinion of the Directors, the adoption of DCF method is the best to reflect the value in use of the Group's mining operation. During the year under review, there was no change in the valuation method used and the Directors have consensus to adopt a consistent valuation methodology and accounting policy in accounting for such mining operation over time given that no fundamental changes in the mining industry and such external environment will occur.

Base on the result of impairment assessment of the value in use of mining operation, there were impairment losses of the property, plant and equipment, the right-of-use assets and the mining rights of approximately HK\$147,503,000, HK\$1,020,000 and HK\$215,715,000 respectively for the year ended 31 December 2024 (2023: the impairment losses of approximately HK\$30,818,000, HK\$Nil and HK\$51,564,000 respectively).

### ***Chemical trading operations***

The Group's chemical trading operations mainly includes manufacturing and sale of chemical products in the PRC. Our chemical products were produced by Anhui Tongxi New Material Technology Company Limited, a non-wholly owned subsidiary of the Company. During the year ended 31 December 2024, the Group's revenue generated from chemical trading operation was approximately HK\$993,830,000 (2023: approximately HK\$1,533,714,000).

As at 31 December 2024, the carrying value of the major assets included in the Group's chemical trading operation were property, plant and equipment and right-of-use assets of total approximately HK\$59,832,000 and HK\$16,632,000 respectively. At the end of the reporting period, the Group carried out impairment assessment to assess whether the recoverable amounts of the assets were below the carrying amount.

For the purpose of impairment testing, the Directors hired an independent professional valuation firm to assess the value in use of the Group's chemical operation on yearly basis. The basis for assessing the value in use was based on DCF method. In the opinion of the Directors, the adoption of DCF method is the best to reflect the value in use of the Group's chemical operation. During the year under review, there was no change in the valuation method used and the Directors have consensus to adopt a consistent valuation methodology and accounting policy in accounting for such chemical operation over time given that no fundamental changes in the mining industry and such external environment will occur.

Base on result of the impairment assessment of the value in use, no impairment loss was recognised for the year ended 31 December 2024 (2023: impairment losses on property, plant and equipment and right-of-use assets of approximately HK\$790,000 and HK\$149,000 respectively).

### *Aluminum metal trading operations*

The Group established a new business during the year ended 31 December 2024, the overall economic landscape of the PRC's aluminum metal trading industry is very competitive, as a new competitor in the market, the Group faced pressure on source of customers and suppliers and the market share of business.

As at 31 December 2024, the Group revenue generated from aluminum metal trading operation was approximately HK\$18,000. The Group will continue to expand aluminum metal trading operation under limited resources and pressure in order to strive for position in the markets.

### *Discontinued operations*

On 10 December 2015, the Group borrowed a loan from an independent creditor of RMB200,000,000 with annual interest rate at 10% and repayable in two years. The loan was secured by (i) the entire shares of the Group's wholly owned subsidiary, namely Shaanxi Luoyuan Trading Co., Limited ("**Shaanxi Luoyuan**"), which own 60% equity interests in Luo Nan Xian Da Qin Jia Mining Company Limited ("**Da Qin Jia Mining**") ("**Deemed Disposal Group**"); and (ii) the corporate guarantee provided by a subsidiary of the Group. The major asset of the Deemed Disposal Group is an exploration rights of a Potassium Feldspar Mine located in Shaanxi, the PRC, which had been expired in prior years. The Group had already made full provision of the exploration rights when expired.

Due to the liquidity position of the Group, the Group was unable to settle the loan. The creditor then applied to The Fourth Intermediate People's Court of Beijing (the "**Court**") to go through an auction process to sale the entire of equity interests of the Deemed Disposal Group to recover the debts owned by the Group ("**Auction**").

The Court granted the permission for the Auction request and during the year ended 31 December 2024, an independent third party completed the auction process and obtained the entire equity interests of the Deemed Disposal Group, which was confirmed by the Court.

The directors of the Company obtained a legal advice and, in the opinion that, upon the completion of the Auction which was approved by the Court, the Group did not have control over the Deemed Disposal Group and the corporate guarantee provided by the Group's non-wholly subsidiary was released.

## **PROSPECTS**

As we enter into 2025, our Group is striving to build resilience in a time of uncertainty.

The economic outlook remains uncertain in 2025. Global economies will continue to face multiple macroeconomic headwinds, including geopolitical uncertainties, inflation and tightened financial conditions. Many industries are still plagued by supply chain issues that emerged in recent years. Ongoing inflation and subdued economic growth are expected. In order to combat this, our Group aims to improve our resilience in through strategic management, development and expansion of our two core businesses as well as building protective measures into supply chains to deal with shortages and rising business costs.

For mining operation, the Group has successful renewed the mining licence of molybdenum mine and will further invest in and upgrade the mining operation machine system in production to improve the production efficiency, safety and environmental level. For chemical operation, through research and development and additional production facilities, we continue to improve our product quality and increase our product competitiveness.

The Group will continue to be receptive to the market's views candidly and humbly. It will endeavor to maintain effective communication with stakeholders. As a way to gauge capital markets' perception of the Group, we will continue to improve the quality of investor relations management and will ponder on investors' concerns and advices in order to further enhance the Group's operating management and cooperate governance. The investor relations department will maintain professionalism at its work so that capital markets will be able to gain a thorough understanding of the Group's business. This will help unlock the potential investment value and contribute to the long term and healthy development of the Group.

## **Molybdenum market**

The operation environment of China's steel industry is the key factor that affects the development of the country's molybdenum market. As required by China's environmental protection policy and supply-side reform policy, steel factories have no alternative but to transform and shift to produce high quality special steel. Meanwhile, the normalization of fall/winter production restriction will further accelerate the enhancement and reconstruction of the steel industry, there are still ample room to increase the production of stainless steel and high strength steel. All the factors stated above will further drive up the demand for molybdenum, and it was expected that the demand for molybdenum in China will keep increasing. It was expected that the molybdenum market would continue to improve in 2025.

The Group will make every endeavor to keep abreast of the changing market conditions, to proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability, and fine tune its business strategies when appropriate. Moreover, the Group is seeking for further operating efficiency for its business. We are confident in the future prospect and committed to the continuous growth of the Company.

## **Chemical trading market**

Chemical market in China has stringent regulatory requirements for safety and environmental protection, which have inevitably created short-term operation pressure on the chemicals manufacturing industry. However, corporate with competitive advantage on environmental protection will eventually capture the opportunities emerged in an operation environment with sound regulation. The Group will continue to invest on safety and environmental protection, impose stringent control over its costs, enhance its production efficiency, and will formulate effective marketing strategy to meeting the challenges of increasing competition in the market. The Group will make every endeavor to keep abreast of the challenging market conditions, proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability, and fine tune its business strategies when the Directors of the Company think appropriate. Moreover, the Group is seeking for further operating efficiency across the business. We are confident in the future and committed to continuous growth of the Company.



## **EQUITY TRANSFER**

On 28 March 2024, the Company completed the acquisition of 51% equity interests in Foshan Chuangwanli Resource Technology Co., Limited (“**Foshan**”), a company established in the PRC. The principal activities of Foshan were in research and development and sales of non-ferrous metals. The acquisition of Foshan involved no consideration as the Group aimed to cooperate with Foshan for developing the market of non-ferrous metals through their platform.

In view of recent economy downturn and the overall economic landscape of the PRC’s non-ferrous metal industry is very competitive, as a new competitor in the market, the Group faced pressure on financing to develop the non-ferrous metal business. After careful consideration by the board of directors of the Company, in particular, the Group’s liquidity position, the Group decided not to develop the non-ferrous metal industry and therefore, the Group cancelled the acquisition and transfer the equity interests of Foshan back to the vendor, Mr. Chen, at zero consideration. The equity transfer was completed on 29 July 2024. Since the Group’s cooperation with Foshan was not materialised, and the amount of expenses incurred during this period was immaterial, the board of directors of the Company did not consolidate Foshan’s financial information to the audited condensed consolidated financial statements for the year ended 31 December 2024.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flow and proceeds from suitable source of funding. During the year ended 31 December 2024, the Group recorded an increase in cash and cash equivalents from HK\$5,941,000 as at 31 December 2023 to approximately HK\$15,247,000 as at 31 December 2024. As at 31 December 2024, the Group had outstanding bank loans and other borrowings at the amount of approximately HK\$426,731,000 (2023: approximately HK\$696,948,000).

As at 31 December 2024, the Group’s current ratio was approximately 0.24 (2023: approximately 0.17). The increase in current ratio was mainly due to the resumption production of mining operation, making positive impact of the Group during the year ended 31 December 2024.

As at 31 December 2024, the Group's debt to equity ratio was approximately 48.72 (2023: approximately deficit 52.44). The increase in debt to equity ratio was mainly due to release a debt of the Group during the year ended 31 December 2024. The ratio was calculated by dividing the total liabilities of approximately HK\$2,109,133,000 (2023: approximately HK\$2,096,113,000) by equity attributable to owners of the Company of approximately HK\$43,287,000 (2023: approximately deficit HK\$39,972,000). It is confident that the Group would have adequate financial resources to satisfy full repayment of the current liabilities.

## **CAPITAL STRUCTURE AND TREASURY POLICIES**

### **Capital Structure**

The Group's capital structure as at 31 December 2024 mainly comprised of current assets of approximately HK\$464,328,000 (2023: approximately HK\$321,732,000), current liabilities of approximately HK\$1,953,133,000 (2023: approximately HK\$1,842,120,000) and equity attributable to owners of the Company of approximately HK\$43,287,000 (2023: approximately deficit HK\$39,972,000). Current assets mainly comprised of (i) cash and cash equivalents of approximately HK\$15,247,000 (2023: approximately HK\$5,941,000); (ii) inventories of approximately HK\$317,949,000 (2023: approximately HK\$156,176,000); (iii) Trade and bill receivables of approximately HK\$45,145,000 (2023: approximately HK\$116,001,000) and (iv) prepayments, deposits and other receivables of approximately HK\$85,987,000 (2023: approximately HK\$43,614,000). Current liabilities mainly comprised of (i) bank loans and other borrowings of approximately HK\$409,079,000 (2023: approximately HK\$669,415,000); (ii) trade and bill payables of approximately HK\$264,698,000 (2023: approximately HK\$373,998,000); and (iii) other payables and accruals of approximately HK\$720,692,000 (including interest payables) (2023: approximately HK\$682,241,000).

### **Treasury Policies**

During the year ended 31 December 2024, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. It is not considered that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever such financial impact is material to the Group. For the years ended 31 December 2024 and 2023, the Group did not employ any financial instruments for hedging purpose and was not engaged in foreign currency speculative activities.



## **BANK LOANS AND OTHER BORROWING AND CHARGES OF GROUP ASSETS**

As at 31 December 2024, the Group had bank loans and other borrowings in current liabilities and non-current liabilities amounted to approximately HK\$426,731,000 (2023: HK\$696,948,000). As at 31 December 2024, the Group's interest bearing bank loans and other borrowings were carried at effective interest rates from 6.09% to 15% per annum and were secured by (i) guarantees from a subsidiary of the Group and the subsidiary's minority shareholders; (ii) pledged property, plant and equipment; (iii) pledged prepaid land lease; and (iv) pledged equity of subsidiaries.

## **EVENTS AFTER REPORTING PERIOD**

Reference is made to the announcement dated 3 January 2025, the Company, 上海乘襲實業有限公司 (Shanghai Cheng Long Shiyie Company Limited), 久龍投資(上海)有限公司 (Jiulong Investment (Shanghai) Company Limited) and 上海銘勝企業管理有限公司 (Shanghai MingShen Corporate Management Company Limited), being wholly owned subsidiaries of the Company in the People's Republic of China ("PRC"), and 安徽同心新材料科技有限公司 (Anhui Tongxin New Material Technology Company Limited) ("Tongxin"), being a non-wholly owned subsidiary of the Company in the PRC, have received a civil complaint filed with the Shanghai Financial Court by 上海鼎庫資產管理有限公司 (Shanghai Dingku Asset Management Company Limited) (the "**Plaintiff**") and a notice to produce evidence issued by the Shanghai Financial Court, and recently Shanghai Financial Court will held an interview on 15 January 2025 at 9:00 a.m., and formally applied for this case under the proceedings (2024) 滬74民初727號, with the hearing will be held before the Shanghai Financial Court on 2 April 2025 at 9:00 a.m. The subject matter relates to the failure to settle an indebted of the principal of RMB300 million together with outstanding interest of approximately RMB337 million being the alleged outstanding amount owed by Tongxin to the Plaintiff under a loan agreement entered into between Tongxin and the Plaintiff on 4 January 2018.

The Group is currently seeking legal advice and intends to dispute its liability. As the litigation proceedings are still in early stage, the Group will closely monitor the effects and impact of this litigation on the Group.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 December 2024, the Group employed 678 full time employees (2023: 659 employees). Employees' remuneration packages are generally structured by reference to market norms, individual qualifications, relevant experience and performance.

## DIVIDEND

No dividend is recommended for the year ended 31 December 2024.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

## CHANGE IN DIRECTORS' INFORMATION

During the year ended 31 December 2024 and up to the date of this announcement, the following changes in the composition of the board of the Company (the “**Board**”) and Board committees took place:

Ms. Qian Si Qun has been appointed as an executive director with effect from 28 March 2025.

## CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024, the Company had applied the principles of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the Code, except the following code provisions:

1. Under the 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.

Mr. Yang Ying Min, being the chairman and chief executive officer of the Company, has in-depth knowledge and considerable experience in the Group's business, and is responsible for the overall strategic planning and general management of the Group. It was considered that vesting the roles of chairman and chief executive officer in the same person will lead to consistent leadership of the Group and enable the Group to make and implement decisions promptly, thus achieving the Group's objectives efficiently and effectively in response to the changing environment.

The Company has formulated a board diversity policy (the “**Policy**”) for achieving diversity on the Board of the Company. The Policy enables the sustainable and balanced development of the Company's strategic objectives. The Board reviewed the Policy annually to ensure the effectiveness of the Policy.

The Company considers that sufficient measures had been taken to ensure that the Company complied with the Code for the year ended 31 December 2024.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of relevant corporate governance requirements.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the Company confirmed that all directors had fully complied with the required standard set out in the Model Code for the year ended 31 December 2024.

## **AUDIT COMMITTEE**

The audit committee comprises three independent non-executive Directors, namely Mr. Shek Man Ho, Mr. Shen Ming Jie and Mr. Feng Jia Wei. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process, risk management and internal control systems of the Group. The audit committee has reviewed the Group’s financial statements for the year ended 31 December 2024.

## **SCOPE OF WORK OF INDEPENDENT AUDITOR**

The figures in respect of the consolidated financial statements as set out in this result announcement have been agreed by the Group’s independent auditor, Suya WWC CPA Limited, to the amounts set out in the consolidated financial statements for the year ended 31 December 2024. The work performed by Suya WWC CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Suya WWC CPA Limited on this result announcement.

## **PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

The result announcement is published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company's website at [www.northmining.com.hk](http://www.northmining.com.hk). The Annual Report containing all the information required by the Listing Rules will be despatched to its shareholders and published on the above websites in due course.

**Shareholders and potential investors of the Company are advised to exercise extreme caution when dealings in the shares of the Company.**

For and on behalf of  
**North Mining Shares Company Limited**  
**Yang Ying Min**  
*Chairman*

Hong Kong, 31 March 2025

*As at the date of this announcement, the Board of the Company comprises Mr. Yang Ying Min, Mr. Qian Yi Dong, Mr. Huang Zhidan, Mr. Shen Jian and Ms. Qian Si Qun as Executive Directors; and Mr. Shek Man Ho, Mr. Shen Ming Jie and Mr. Feng Jia Wei as Independent Non-executive Directors.*