

**REPORT ON REVIEW OF
HISTORICAL FINANCIAL INFORMATION OF
PERPETUAL GOODLUCK LIMITED
AND ITS SUBSIDIARIES**

**FOR THE YEARS ENDED
31 DECEMBER 2022,
31 DECEMBER 2023
AND 31 DECEMBER 2024**

**APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP
REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF
PERPETUAL GOODLUCK LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)****To the Board of Directors of China Qinfu Group Limited****Introduction**

We have reviewed the unaudited historical financial information set out on pages 3 to 10 which comprise the unaudited combined statements of financial position of Perpetual Goodluck Limited (the "Disposal Company") and its subsidiaries (together, the "Disposal Group") as at 31 December 2022, 2023 and 2024 and the unaudited combined statements of comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows for the year then ended 31 December 2022, 2023 and 2024 ("Relevant Periods") and explanatory notes (the "Historical Financial Information"). The Historical Financial Information has been prepared by the directors of the Company solely for the purpose of inclusion in the circular to be issued by China Qinfu Group Limited (the "Company") in connection with the disposal of the 100% equity interests in the Disposal Company in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule").

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information of the Disposal Group in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information and Rule 14.68(2)(a)(i) of the Listing Rule. The directors are also responsible for such internal control as management determines is necessary to enable the preparation and presentation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB"). Our responsibility is to express a conclusion on the Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA") and with reference to Practice Note 750, Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal issued by the HKICPA. A review of the Historical Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP
REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF
PERPETUAL GOODLUCK LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY) (CONTINUED)**

To the Board of Directors of China Qinfu Group Limited

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Disposal Group for the Relevant Period is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to note 3 to the Historical Financial Information, which states that as at 31 December 2024, the Disposal Group has net current liabilities of RMB2,325,460,000. The directors of the Company are of the opinion that on the basis of the successful implementation of the measures as set forth in note 3 to the Historical Financial Information in the foreseeable future and after assessing the Group's current and forecasted cash positions, the Group will be able to meet in full the Group's financial obligations as they fall due for the twelve months from 31 December 2024.

These conditions, along with other matters as set forth in note 3 to the Historical Financial Information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Moore CPA LHM

Moore CPA Limited
Certified Public Accountants

Leung Man Chung
Practising Certificate Number: P08074

Hong Kong, 25 June 2025

Perpetual Goodluck Limited

Unaudited Combined Statement of Comprehensive Income For the year ended 31 December 2022, 2023 and 2024

	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	2,768,575	2,182,657	1,672,258
Cost of sales	(2,165,319)	(1,815,210)	(1,468,229)
Gross profit	603,256	367,447	204,029
Other income, gains and losses	8,857	(116,892)	589,428
Distribution expenses	(307)	(118)	(16)
Administrative expenses	(110,851)	(109,576)	(73,253)
Impairment losses on coal mining rights	-	(12,443)	(34,907)
Impairment losses on property, plant and equipment (Impairment losses)/reversal of impairment losses on prepayments and other receivables, net	(1,932)	301	(344)
Other expenses	(27,271)	(11,466)	(23,371)
Operating profit	471,752	84,541	646,641
Finance income	37	98	84
Finance costs	(166,769)	(127,285)	(150,085)
Net finance costs	(166,732)	(127,187)	(150,001)
Profit/(loss) before taxation	305,020	(42,646)	496,640
Income tax (expense)/credit	(151,347)	(39,209)	3,024
Profit/(loss) after taxation	153,673	(81,855)	499,664
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(14,775)	(2,963)	(2,652)
Other comprehensive loss for the year, net of tax	(14,775)	(2,963)	(2,652)
Total comprehensive income/(loss) for the year	138,898	(84,818)	497,012
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company	120,179	(73,536)	437,288
Non-controlling interests	33,494	(8,319)	62,376
Profit/(loss) for the year	153,673	(81,855)	499,664
Total comprehensive income/(loss) for the year attributable to:			
Equity shareholders of the Company	105,404	(76,499)	434,636
Non-controlling interests	33,494	(8,319)	62,376
Total comprehensive income/(loss) for the year	138,898	(84,818)	497,012

Perpetual Goodluck Limited

Unaudited Combined Statement of Financial Position For the year ended 31 December 2022, 2023 and 2024

	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Non-current assets			
Coal mining rights	2,333,653	1,830,198	1,378,451
Property, plant and equipment	2,700,576	2,410,614	2,136,786
Right-of-use assets	4,234	4,094	3,954
	5,038,463	4,244,906	3,519,191
Current assets			
Inventories	160,053	39,238	33,319
Trade receivables	1,459,635	835,389	679,994
Prepayments and other receivables	1,565,777	3,764,471	6,240,187
Pledged and restricted deposits	3,023	46,295	30,663
Cash and cash equivalents	64,146	3,301	31,954
	3,252,634	4,688,694	7,016,117
Current liabilities			
Trade payables	(315,526)	(376,360)	(320,265)
Other payables and contract liabilities	(5,170,767)	(6,953,838)	(8,399,191)
Borrowings	(2,108,543)	(1,151,944)	(408,000)
Tax payable	(286,591)	(242,991)	(214,121)
	(7,881,427)	(8,725,133)	(9,341,577)
Net current liabilities	(4,628,793)	(4,036,439)	(2,325,460)
Total assets less current liabilities	409,670	208,467	1,193,731
Non-current liabilities			
Accrued reclamation obligations	(154,483)	(113,596)	(102,658)
Borrowings	-	(698,956)	(11,000)
Deferred taxation	(600,610)	(499,012)	(395,405)
	(755,093)	(1,311,564)	(509,063)
Net (liabilities)/assets	(345,423)	(1,103,097)	684,668
Capital and reserves			
Share capital	1	1	1,600,001
Deficit	(1,145,527)	(1,894,882)	(1,769,493)
Total deficit attributable to equity shareholders of the Disposal Company	(1,145,526)	(1,894,881)	(169,492)
Non-controlling interests	800,103	791,784	854,160
Total (deficit)/equity	(345,423)	(1,103,097)	684,668

Perpetual Goodluck Limited

Unaudited Combined Statement of Changes in Equity For the year ended 31 December 2022, 2023 and 2024

	Attributable to equity shareholders of the Disposal Company							
	Share capital RMB'000 (Unaudited)	Merger Reserve RMB'000 (Unaudited)	Reserves RMB'000 (Unaudited)	Exchange reserve RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non- controlling interests RMB'000 (Unaudited)	Total deficit RMB'000 (Unaudited)
At 1 January 2022	1	18,606	387,909	(183)	(1,657,263)	(1,250,930)	766,609	(484,321)
Profit for the year	-	-	-	-	120,179	120,179	33,494	153,673
<i>Other comprehensive loss</i>								
Foreign currency translation differences for foreign operations	-	-	-	(14,775)	-	(14,775)	-	(14,775)
Appropriation to maintenance and production funds	-	-	167,508	-	(167,508)	-	-	-
Utilisation of maintenance and production funds	-	-	(139,215)	-	139,215	-	-	-
At 31 December 2022	1	18,606	416,202	(14,958)	(1,565,377)	(1,145,526)	800,103	(345,423)
Loss for the year	-	-	-	-	(73,536)	(73,536)	(8,319)	(81,855)
<i>Other comprehensive loss</i>								
Foreign currency translation differences for foreign operations	-	-	-	(2,963)	-	(2,963)	-	(2,963)
Appropriation to maintenance and production funds	-	-	167,943	-	(167,943)	-	-	-
Utilisation of maintenance and production funds	-	-	(80,104)	-	80,104	-	-	-
Provision for dividend to non-controlling interest	-	-	-	-	(672,856)	(672,856)	-	(672,856)

Perpetual Goodluck Limited

Unaudited Combined Statement of Changes in Equity (Continued) For the year ended 31 December 2022, 2023 and 2024

	Attributable to equity shareholders of the Disposal Company							
	Share Capital RMB'000 (Unaudited)	Merger reserve RMB'000 (Unaudited)	Reserves RMB'000 (Unaudited)	Exchange reserve RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non- controlling interests RMB'000 (Unaudited)	Total deficit RMB'000 (Unaudited)
At 31 December 2023	1	18,606	504,041	(17,921)	(2,399,608)	(1,894,881)	791,784	(1,103,097)
Profit for the year	-	-	-	-	437,288	437,288	62,376	499,664
Other comprehensive loss								
Foreign currency translation differences for foreign operations	-	-	-	(2,652)	-	(2,652)	-	(2,652)
Others	-	-	-	-	(469,103)	(469,103)	-	(469,103)
Issued of ordinary shares	1,600,000	-	-	-	-	1,600,000	-	1,600,000
Appropriation to maintenance and production funds	-	-	148,497	-	(148,497)	-	-	-
Utilisation of maintenance and production funds	-	-	(102,663)	-	102,663	-	-	-
Reversal of provision for dividend to non- controlling interest	-	-	-	-	159,856	159,856	-	159,856
At 31 December 2024	1,600,001	18,606	549,875	(20,573)	(2,317,401)	(169,492)	854,160	684,668

Perpetual Goodluck Limited

Unaudited Combined Statement of Cash Flows For the year ended 31 December 2022, 2023 and 2024

	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flow from operating activities			
Cash generated from operations	728,589	1,308,664	994,111
Interest paid	(196,847)	(195,387)	(200,286)
PRC Corporate Income tax paid	(355,705)	(184,407)	(129,453)
Net cash generated from operating activities	<u>176,037</u>	<u>928,870</u>	<u>664,372</u>
Investing activities			
Interest received	37	98	84
Proceeds from disposal of property, plant and equipment	264	208	8,142
Payments for property, plant and equipment (Placement)/withdrawal of pledged and restricted deposits	(133,078)	(141,931)	(173,029)
	<u>(3,023)</u>	<u>(43,272)</u>	<u>15,632</u>
Net cash used in investing activities	<u>(135,800)</u>	<u>(184,897)</u>	<u>(149,171)</u>
Financing activities			
Proceeds from borrowings	564,990	485,000	434,000
Repayments of borrowings	(606,000)	(74,597)	(1,126,807)
Repayments of principal portion of lease liabilities	(4,178)	(4,178)	-
Advances from/(repayments to) related parties	80,195	(1,208,080)	208,911
Net cash from/(used in) financing activities	<u>35,007</u>	<u>(801,855)</u>	<u>(483,896)</u>
Net increase/(decrease) in cash and cash equivalents	75,244	(57,882)	31,305
Cash and cash equivalents at 1 January	3,677	64,146	3,301
Effect of foreign exchange rate changes	<u>(14,775)</u>	<u>(2,963)</u>	<u>(2,652)</u>
Cash and cash equivalents at 31 December	<u>64,146</u>	<u>3,301</u>	<u>31,954</u>

Notes to the unaudited historical financial information For the year ended 31 December 2022, 2023 and 2024

1. GENERAL

China Qinfu Group Limited (the "Company") was incorporated in the Cayman Islands on 4 March 2008 as an exempted company with limited liability under the Companies Law, Cap. 22 (2007 Revision) of the Cayman Islands. The directors of the Company consider the immediate and ultimate holding companies of the Group to be Fortune Pearl International Limited ("Fortune Pearl"), a company incorporated in the British Virgin Islands and the ultimate controlling shareholder to be Mr. Xu Jihua ("Mr. Xu"), the sole shareholder of Fortune Pearl. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 3 July 2009 (the "Listing Date"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Unit Nos. 2201 to 2208, level 22, South Tower, Poly International Plaza, No. 1 Pazhou Avenue East, Haizhu District, Guangzhou City, the People's Republic of China (the "PRC").

The principal activities of the Company and its subsidiaries (together, the "Group") are coal mining, purchases and sales, filtering, storage, blending of coal in the PRC and Indonesia.

Perpetual Goodluck Limited (the "Disposal Company") is a private company incorporated in Hong Kong. The Disposal Company is an indirect wholly-owned subsidiary of the Company. The address of its registered office and principal place of business is Suite 5703, 57/F., Central Plaza 18 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Disposal Company and its subsidiaries (together, the "Disposal Group") are coal mining, purchases and sales, filtering, storage, blending of coal in PRC.

On 25 June 2025 (after trading hours), Hong Kong Qinfu International Trading Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability (the "Vendor") and Add Harmony Group Limited, a company established in the British Virgin Islands with limited liability (the "Purchaser") which is wholly-owned by Mr. Xu, the controlling shareholder of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 100% shareholding interest in the Disposal Company, at a cash consideration of RMB30,000,000. Upon the completion of the disposal of 100% equity interest of the Disposal Company (the "Completion"), the Disposal Company will cease to be a subsidiary of the Group and its financial results, assets and liabilities will no longer be consolidated into the consolidated financial statements of the Group.

Notes to the unaudited historical financial information (Continued) For the year ended 31 December 2022, 2023 and 2024

2. REORGANISATION

Pursuant to the reorganisation at 15 April 2025, the 100% equity of Baotou Danghui Materials Trading Co., Limited (包頭市黨惠物資貿易有限公司) ("Baotou") were transferred by Zhuhai Qinfa Logistics Co., Limited (珠海秦發物流有限公司), a subsidiary of the Company, to Xinzhou Qinfa Yisheng Trade Co., Limited (忻州秦發易盛貿易有限公司), a direct subsidiary of the Disposal Company, at a consideration of RMB9,393,854 ("Reorganisation").

After completing the Reorganisation at 15 April 2025, Baotou becomes indirectly wholly-owned subsidiary of the Disposal Company.

3. BASIS OF PREPARATION AND PRESENTATION

The historical financial information comprising the unaudited combined statements of financial position of Disposal Group as at 31 December 2022, 2023 and 2024 and the unaudited combined statements of comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows for the year then ended 31 December 2022, 2023 and 2024 ("Relevant Periods") and explanatory notes (the "Historical Financial Information") has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule"), and solely for the purposes of inclusion in this circular.

The unaudited Historical Financial Information for each of the years ended 31 December 2022, 2023 and 2024 has been prepared by the directors of the Company in accordance with the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2024, which conforms with the IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"), and the principle of the conventions applicable for group reorganisation. The unaudited Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as described in International Accounting Standard 1 "Presentation of Financial Statements" issued by the IASB and should be read in connection with the relevant published annual report of the Company.

The unaudited combined statements of comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows of the Disposal Group for the years ended 31 December 2022, 2023 and 2024 which include the financial performance, changes in equity and cash flows of the Disposal Group have been prepared as if the Reorganisation had been in existence throughout the Relevant Periods.

The unaudited combined statements of financial position of the Disposal Group as at 31 December 2022, 2023 and 2024 have been prepared to present the assets and liabilities of the Disposal Group as if the Reorganisation had been in existence as at the end of each of the reporting periods in the Relevant Periods.

As at 31 December 2022, 2023 and 2024, the Disposal Group had net current liabilities of approximately RMB4,628,793,000, RMB4,036,439,000 and RMB2,325,460,000 respectively. As at 31 December 2022, 2023 and 2024, there are a number of litigations against the Disposal Group mainly requesting the Disposal Group to settle long outstanding payables with interests. And the Disposal Group's bank deposits of approximately RMB23,000, RMB458,000, and RMB1,146,000 respectively were restricted for use in relation to the litigation proceeding.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Disposal Group's ability to continue as a going concern.

Notes to the unaudited historical financial information (Continued) For the year ended 31 December 2022, 2023 and 2024

3. BASIS OF PREPARATION AND PRESENTATION(CONTINUED)

The unaudited Historical Financial Information has been prepared on the assumptions that the Disposal Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2024 and subsequently thereto up to the date when the unaudited Historical Financial Information are authorised for issue. In order to improve the Disposal Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Disposal Group as a going concern, the directors of the Disposal Company have adopted several measures together with other measures in progress at the date when the combined financial statements are authorised for issue, which include but not limited to, the followings:

- (i) for borrowings which will be maturing before 31 December 2025, the Disposal Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds will be in place to meet the Disposal Group's working capital and financial requirements in the future will continue to be met. The directors of the Company are of the view that based on past experience and the current communication with banks/lenders, no significant difficulties are expected in renewing the lender's borrowings and banks' short-term revolving borrowings upon their maturities;
- (ii) given the stability of demand in coal market and coal prices still within moderately favourable range, the Disposal Group will accelerate the coal production of those coal mines currently under production, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, and closely monitoring of the timing of settlements for the Disposal Group's trade and other payables, to increase the Disposal Group's internally generated funds and operating cash inflows in coming years continuously; and
- (iii) the Disposal Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims, especially the litigation claims relating to dividends to non-controlling shareholders of Shangxi Huameiao Energy Group Co., Ltd ("Huameiao Energy"). In respect of some of the litigations, the directors of the Company are of the opinion that the Disposal Group has valid grounds to defend against the claims.

On the basis of the successful implementation of the measures described above in the foreseeable future and after assessing the Disposal Group's current and forecasted cash positions, the directors of the Company are optimistic that the Disposal Group will be able to meet in full the Disposal Group's financial obligations as they fall due for the twelve months from 31 December 2024. Accordingly, the unaudited Historical Financial Information has been prepared on the going concern basis.

Should the Disposal Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Disposal Group's assets to their recoverable amounts, to provide for any further liabilities and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the unaudited Historical Financial Information.

4. SHARE CAPITAL

On 30 December 2024, the Group has issued additional share capital of RMB1,600,000,000 into the Disposal Company, and the Group has settled it by intra-group balance included in other payables and contract liabilities.