NAN NAN RESOURCES ENTERPRISE LIMITED
南南資源實業有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1229)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2026

The board of directors (the "Directors") (the "Board") of Nan Nan Resources Enterprise Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2026 (the "Year") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**2026** *HK$'000*	2025 *HK$'000*
Revenue	*5*	**387,965**	327,049
Cost of services and goods sold		**(241,424)**	(173,523)
Gross profit		**146,541**	153,526
Other revenue		**4,201**	4,593
Selling and distribution expenses		**(9,138)**	(1,770)
Administrative and other operating expenses		**(48,878)**	(59,002)
Exchange (loss)/gain, net		**(2,472)**	565
Finance costs	*6*	**(5,910)**	(5,483)
(Loss)/Gain on fair value change and (loss) arising from modification of convertible bond designated as financial liabilities at fair value through profit or loss ("FVPL"), net		**(65,131)**	11,145
Profit before tax	*6*	**19,213**	103,574
Income tax expenses	*7*	**(26,645)**	(31,786)
(Loss)/Profit for the year		**(7,432)**	71,788

	Notes	2026 HK$'000	2025 HK$'000
Other comprehensive income/(loss), net of nil tax			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of the Company's financial statements to presentation currency		**2,472**	(572)
Loss on fair value change of convertible bond designated as financial liabilities at FVPL arising from change in its credit risk		**–**	(8,944)
Item that has been reclassified to profit or loss:			
Reclassification on exchange reserve upon deregistration of subsidiaries		**1,169**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of functional currency to presentation currency		**22,001**	6,597
Other comprehensive income/(loss) for the year		**25,642**	(2,919)
Total comprehensive income for the year		**18,210**	68,869
(Loss)/Profit for the year attributable to:			
– Owners of the Company		**(6,999)**	72,586
– Non-controlling interests		**(433)**	(798)
		(7,432)	71,788
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**18,103**	70,547
– Non-controlling interests		**107**	(1,678)
		18,210	68,869
(Loss)/Earnings per share (expressed in Hong Kong cents)			
– Basic	*9*	**(0.91)**	9.48
– Diluted	*9*	**(0.91)**	3.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Notes	**2026** *HK$'000*	2025 *HK$'000*
Non-current assets			
Property, plant and equipment		**160,308**	134,121
Intangible assets		**251,186**	237,453
Goodwill		**4,229**	4,229
Prepayments for acquisition of property, plant and equipment	*10*	**1,430**	626
		417,153	376,429
Current assets			
Inventories		**8,565**	11,132
Trade and other receivables	*10*	**4,449**	7,543
Cash and cash equivalents		**362,190**	248,219
		375,204	266,894
Current liabilities			
Trade and other payables	*11*	**126,265**	108,019
Convertible bond designated as financial liabilities at FVPL		**271,079**	205,948
Mining right payables, current portion		**5,568**	4,885
Interest-bearing borrowings		**37,503**	–
Lease liabilities		**1,754**	602
Tax payables		**6,650**	5,730
		448,819	325,184
Net current liabilities		**(73,615)**	(58,290)
Total assets less current liabilities		**343,538**	318,139

	2026	2025
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**76,537**	76,537
Reserves	**183,513**	165,410
Equity attributable to owners of the Company	**260,050**	241,947
Non-controlling interests	**(1,197)**	(1,304)
Total equity	**258,853**	240,643
Non-current liabilities		
Provision for close down, restoration and environmental costs	**2,797**	2,661
Mining right payables, non-current portion	**54,643**	57,297
Lease liabilities	**1,382**	963
Deferred tax liabilities	**25,863**	16,575
	84,685	77,496
	343,538	318,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. BASIS OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2025 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standard that is relevant to the Group and effective from the current year as set out below.

2. ADOPTION OF REVISED HKFRS ACCOUNTING STANDARD

The Group has applied, for the first time, the following revised HKFRS Accounting Standard that is relevant to the Group:

Amendments to HKAS 21	Lack of Exchangeability

Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. GOING CONCERN

As at 31 March 2026, the Group recorded net current liabilities of approximately HK$73,615,000. Based on the estimation of the future cash flows of the Group, after taking into account of (i) the Group had cash and cash equivalents of approximately HK$362,190,000 as at 31 March 2026; (ii) the convertible bond classified as a financial liability at fair value through profit or loss ("FVPL") is repayable on its maturity date of 13 March 2029; and (iii) the Group had unutilised banking facility of approximately HK$18,927,000 as at 31 March 2026, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its normal operation and meet the obligation for its liabilities for the twelve months from the end of the reporting period of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

(1) Coal mining business segment: mining and sales of coal in Chinese Mainland;

(2) Renewable energy business segment: service income from renewable energy solutions in Malaysia; and

(3) IT Services business segment: IT consultancy and technical services (including sales of IT hardware products) and IT outsourcing services in Hong Kong, Malaysia, Singapore and the United Kingdom (the "UK").

Segment revenue represents revenue derived from (i) coal mining business; (ii) renewable energy business; and (iii) IT Services business.

Segment results, which are the measures reported to the CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of changes on fair value and loss arising from modification of convertible bond designated as financial liabilities at FVPL and exchange gain or loss.

Segment assets include property, plant and equipment, intangible assets, goodwill, prepayments for acquisition of property, plant and equipment, inventories, trade and other receivables and cash and cash equivalents. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include convertible bond designated as financial liabilities at FVPL, trade and other payables, lease liabilities, mining right payables, interest-bearing borrowings, tax payables, provision for close down, restoration and environmental costs and deferred tax liabilities. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

In addition, the directors of the Company consider that the Group's place of domicile is Hong Kong, where the central management and control is located.

Segment revenue and results

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Coal mining business HK$'000	Renewable energy business HK$'000	IT Services business HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 31 March 2026					
Revenue from external customers and reportable segment revenue	383,934	4,031	–	–	387,965
Gross profit	144,611	1,930	–	–	146,541
Selling and distribution expenses	(9,138)	–	–	–	(9,138)
Segment results	135,473	1,930	–	–	137,403
Other revenue	3,777	57	15	352	4,201
Administrative and other operating expenses	(25,979)	(1,489)	(2,281)	(19,129)	(48,878)
Finance costs	(5,750)	–	–	(160)	(5,910)
Loss on fair value change and loss arising from modification of convertible bond designated as financial liabilities at FVPL	–	–	–	(65,131)	(65,131)
Exchange loss, net	–	–	–	(2,472)	(2,472)
Profit/(Loss) before tax	107,521	498	(2,266)	(86,540)	19,213
Income tax (expenses)/credit	(26,605)	(41)	1	–	(26,645)
Profit/(Loss) for the year	80,916	457	(2,265)	(86,540)	(7,432)
Additional segment information:					
Amortisation	57,331	65	–	–	57,396
Depreciation	15,904	1,697	–	1,175	18,776
Additions to property, plant and equipment	33,753	10	–	3,518	37,281
Additions to intangible assets	59,069	–	–	–	59,069

	Coal mining business *HK$'000*	Renewable energy business *HK$'000*	IT Services business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Year ended 31 March 2025					
Revenue from external customers and reportable segment revenue	319,597	3,676	3,776	–	327,049
Gross profit/(loss)	151,946	1,741	(161)	–	153,526
Selling and distribution expenses	(1,736)	–	(34)	–	(1,770)
Segment results	150,210	1,741	(195)	–	151,756
Other revenue	3,420	84	528	561	4,593
Administrative and other operating expenses	(28,872)	(2,100)	(3,966)	(24,064)	(59,002)
Finance costs	(5,429)	–	–	(54)	(5,483)
Gain on fair value change of convertible bond designated as financial liabilities at FVPL	–	–	–	11,145	11,145
Exchange gain/(loss), net	11	–	(18)	572	565
Profit/(Loss) before tax	119,340	(275)	(3,651)	(11,840)	103,574
Income tax (expenses)/credit	(31,772)	(26)	12	–	(31,786)
Profit/(Loss) for the year	87,568	(301)	(3,639)	(11,840)	71,788
Additional segment information:					
Amortisation	30,343	65	–	–	30,408
Depreciation	13,927	1,555	–	343	15,825
Additions to property, plant and equipment	10,328	5	–	97	10,430
Additions to intangible assets	87,238	–	–	–	87,238
Charge of loss allowance of trade receivables, net	–	–	1,388	–	1,388
Write-down of inventories	–	–	262	–	262

Segment assets and liabilities

The followings are analysis of the Group's assets and liabilities by reportable and operating segments:

	Coal mining business	Renewable energy business	IT Services business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2026					
Property, plant and equipment	**131,368**	**26,547**	**–**	**2,393**	**160,308**
Intangible assets	**250,054**	**1,132**	**–**	**–**	**251,186**
Goodwill	**–**	**4,229**	**–**	**–**	**4,229**
Other assets	**315,626**	**8,930**	**289**	**51,789**	**376,634**
Total assets	**697,048**	**40,838**	**289**	**54,182**	**792,357**
Convertible bond designated as financial liabilities at FVPL	**–**	**–**	**–**	**(271,079)**	**(271,079)**
Mining right payables	**(60,211)**	**–**	**–**	**–**	**(60,211)**
Other liabilities	**(197,368)**	**(575)**	**(849)**	**(3,422)**	**(202,214)**
Total liabilities	**(257,579)**	**(575)**	**(849)**	**(274,501)**	**(533,504)**
As at 31 March 2025					
Property, plant and equipment	108,419	25,640	–	62	134,121
Intangible assets	236,256	1,197	–	–	237,453
Goodwill	–	4,229	–	–	4,229
Other assets	240,315	6,229	1,177	19,799	267,520
Total assets	584,990	37,295	1,177	19,861	643,323
Convertible bond designated as financial liabilities at FVPL	–	–	–	(205,948)	(205,948)
Mining right payables	(62,182)	–	–	–	(62,182)
Other liabilities	(130,940)	(622)	(1,084)	(1,904)	(134,550)
Total liabilities	(193,122)	(622)	(1,084)	(207,852)	(402,680)

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 property, plant and equipment, intangible assets, goodwill and prepayment for acquisition of property, plant and equipment ("Specified Non-current Assets"). The geographical location of the revenue is presented based on the location of the customers. The geographical location of property, plant and equipment and prepayments for acquisition of property, plant and equipment is presented based on the physical location of the assets and the geographical location of intangible assets and goodwill is presented based on the location of the respective business operations.

Location of revenue

Revenue from external customers

	Year ended 31 March	
	2026	2025
	HK$'000	*HK$'000*
Chinese Mainland	**383,934**	319,597
Hong Kong	**–**	666
Malaysia	**4,031**	3,676
Singapore	**–**	3,110
	387,965	327,049

Location of the Specified Non-current Assets

	As at 31 March	
	2026	2025
	HK$'000	*HK$'000*
Chinese Mainland	**382,852**	345,301
Hong Kong	**2,393**	62
Malaysia	**31,908**	31,066
	417,153	376,429

Information about major customers

Revenue from external customers contributing 10% or more of the total revenue is as follow:

	2026	2025
	HK$'000	*HK$'000*
Customer A from coal mining business segment	**–***	43,521

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group during the year ended 31 March 2026.

There are no customers with whom contribute 10% or more of the total revenue of the Group during the year ended 31 March 2026.

5. REVENUE

	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15		
Coal mining business		
– Sales of coals	**383,934**	319,597
Renewable energy business		
– Service income from renewable energy solutions	**4,031**	3,676
IT Services business		
– IT outsourcing services	**–**	3,307
– IT consultancy and technical services	**–**	469
	–	3,776
	387,965	327,049

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	2026	2025
	HK$'000	*HK$'000*
Timing of revenue recognition:		
– at a point in time		
Sales of coals	**383,934**	319,597
– over time		
Service income from renewable energy solutions	**4,031**	3,676
IT outsourcing services	**–**	3,307
IT consultancy and technical services	**–**	469
	4,031	7,452
	387,965	327,049

6. PROFIT BEFORE TAX

This is stated at after charging/(crediting):

	2026	2025
	HK$'000	*HK$'000*
Finance costs		
Interest on interest-bearing borrowings	**575**	–
Interest on mining right payables	**5,125**	5,405
Interest on lease liabilities	**210**	78
Total finance costs	**5,910**	5,483
Staff costs		
Staff cost (excluding directors' remuneration) (charged to "Cost of services and goods sold", "Selling and distribution expenses" and "Administrative and other operating expenses")		
Salaries, bonus, allowance and other short-term employee benefits	**30,296**	36,520
Contributions to defined contribution retirement plan	**6,750**	4,898
	37,046	41,418
Other items		
Amortisation of intangible assets (charged to "Cost of services and goods sold")	**57,396**	30,408
Auditor's remuneration		
– audit services	**1,500**	1,500
– other services	**360**	360
	1,860	1,860
Cost of inventories sold	**239,323**	167,651
Depreciation of property, plant and equipment and right-of-use assets (charged to "Cost of services and goods sold" and "Administrative and other operating expenses")	**18,776**	15,825
Charge of loss allowance of trade receivables, net	**–**	1,388
Exchange (gain)/loss on financial liabilities at FVPL, net	**(10,348)**	1,249
Other exchange loss/(gain), net	**12,820**	(1,814)
Cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of subsidiaries	**1,169**	-
Expenses recognised payments under short-term leases	**346**	319

7. INCOME TAX EXPENSES

	2026 *HK$'000*	2025 *HK$'000*
Income tax expenses comprise:		
Chinese Mainland Enterprise Income Tax		
– Current year	**15,550**	17,115
– Over-provision in prior year	**–**	(1,350)
– Withholding tax	**2,758**	2,127
Malaysia corporate income tax ("Malaysia CIT")	**57**	39
	18,365	17,931
Deferred tax		
– Origination and reversal of temporary differences	**8,280**	13,855
	26,645	31,786

The Company is incorporated in Bermuda and is exempted from income tax. The Company's subsidiaries established in the BVI and Samoa are exempted from income tax of the respective jurisdictions.

Under the Law of the Chinese Mainland on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Chinese Mainland subsidiaries is 25% for the years ended 31 March 2026 and 2025.

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese Mainland subsequent to 1 January 2008. The Group applied a lower withholding tax rate of 5% under the tax treaty between Chinese Mainland and Hong Kong.

In March 2018, the two-tiered profits tax rates regime was signed into law of Hong Kong, under which the first HK$2 million of profits of qualifying corporations will be taxed at 8.25% (the "graduated tax rate"), and profits above HK$2 million will be taxed at 16.5% for the years ended 31 March 2026 and 2025. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the years ended 31 March 2026 and 2025.

Malaysia CIT is calculated at the rate of 24% of the estimated assessable profits of the Group's entities in Malaysia arising from Malaysia during the years ended 31 March 2026 and 2025. During the years ended 31 March 2026 and 2025, Malaysia incorporated entities with paid-up capital of Malaysia Ringgit ("RM") 2.5 million or less and gross business income of not more than RM50 million enjoy tax rate of 15% on the first RM150,000 and 17% on the next RM450,000 and remaining balance of the estimated assessable profits at the standard rate of 24%.

Singapore corporate income tax ("Singapore CIT") is calculated at the rate of 17% of the estimated assessable profits of the Group's entity in Singapore arising from Singapore.

During the years ended 31 March 2026 and 2025, Singapore incorporated companies can enjoy 75% tax exemption on the first Singapore Dollars ("S$") 10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income.

The UK corporate income tax (the "UK CIT") is calculated at a statutory rate of 25% of the estimated assessable profits of the Group's entities in the UK arising from the UK during the year ended 31 March 2026 and 2025. During the years ended 31 March 2026 and 2025, the Group's entity established in the UK is subject to a 19% small profits rate of corporation tax introduced for companies whose profits do not exceed Great British Pound ("GBP") 50,000.

For the years ended 31 March 2026 and 2025, Hong Kong Profits Tax, Singapore CIT and the UK CIT have not been provided for in the consolidated financial statements as there was either loss for taxation purpose or no assessable profits being derived from Hong Kong, Singapore and the UK, respectively.

The income tax expenses for the year can be reconciled to the profit before tax as follows:

	2026	2025
	HK$'000	*HK$'000*
Profit before tax	**19,213**	103,574
Notional tax on profit before tax, calculated at the rates applicable to profit in the countries concerned	**12,328**	27,326
Tax effect of expenses not deductible for tax purposes	**14,951**	7,763
Tax effect of income not taxable for tax purposes	**(3,307)**	(4,244)
Tax effect of graduated tax rate and tax concession	**(85)**	(24)
Tax effect of tax losses not recognised	**–**	278
Utilisation of previously unrecognised tax losses	**–**	(90)
Over-provision for prior year	**–**	(1,350)
Withholding tax	**2,758**	2,127
Income tax expenses for the year	**26,645**	31,786

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2026, nor has any dividend been proposed since the end of the current reporting period (2025: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to the owners of the Company for the year is based on the following data:

	2026	2025
	HK$'000	*HK$'000*
(Loss)/Profit		
(Loss)/Profit for the purpose of basic (loss)/earnings per share ((Loss)/Profit for the year attributable to owners of the Company)	**(6,999)**	72,586

	2026	2025
	Number of shares	Number of shares
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**765,373,584**	765,373,584

(b) Diluted (loss)/earnings per share

The calculation of the diluted (loss)/earnings per share attributable to the owners of the Company for the year is based on the following data:

(i) (Loss)/Profit for the year attributable to owners of the Company

	2026	2025
	HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to owners of the Company	**(6,999)**	72,586
Loss/(Gain) on fair value change and loss arising from modification of convertible bond designated as financial liabilities at FVPL	**65,131**	(11,145)
Exchange (gain)/loss on convertible bond designated as financial liabilities at FVPL	**(10,348)**	1,249
	47,784	62,690

(ii) Weighted average number of ordinary shares

	2026 Number of shares	2025 Number of shares
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**765,373,584**	765,373,584
Effect of conversion of convertible bond	**1,000,000,000**	1,000,000,000
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,765,373,584**	1,765,373,584

For the year ended 31 March 2026, the Company's outstanding convertible bond had an anti-dilutive effect to the basic loss per share calculation, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore, the basic and diluted loss per share for year ended 31 March 2026 were the same.

10. TRADE AND OTHER RECEIVABLES

	Note	**2026** ***HK$'000***	2025 *HK$'000*
Trade receivables from third parties	*10(a)*	**1,034**	3,633
Prepayments, deposits and other receivables		**3,415**	3,795
Other taxes receivables		**–**	115
Prepayments for acquisition of property, plant and equipment		**1,430**	626
		5,879	8,169

Analysed by:

	2026 ***HK$'000***	2025 *HK$'000*
Non-current assets	**1,430**	626
Current assets	**4,449**	7,543
	5,879	8,169

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expense within one year.

10(a) Trade receivables from third parties

The Group's sales to customers from coal mine business segment are largely done on payment in advance basis. For certain well-established customers, the Group allows an average credit period of 90 days.

The Group grants credit period up to 60 days from the date of issuance of invoice to its customers from renewable energy business segment and IT Services business segment.

Included in the balances are the trade receivables from contracts with customers within HKFRS 15:

	2026	2025
	HK$'000	*HK$'000*
At the beginning of the reporting period	**3,633**	4,159
At the end of the reporting period	**1,034**	3,633

For the year ended 31 March 2026, no charge of loss allowance (2025: approximately HK$1,388,000) was recognised for the trade receivables from contracts with customers within HKFRS 15.

Ageing analysis

At the end of reporting period, the ageing analysis of the trade receivables (presented based on the invoice date), net of loss allowance, was as follows:

	2026	2025
	HK$'000	*HK$'000*
Within 30 days	**346**	2,910
31 – 60 days	**346**	362
61 – 90 days	**345**	361
91 – 365 days	**–**	11
Over 1 year	**2,341**	2,333
	3,378	5,977
Less: Loss allowance	**(2,344)**	(2,344)
	1,034	3,633

11. TRADE AND OTHER PAYABLES

At the end of reporting period, the ageing analysis of the trade payables (presented based on the invoice date) is as follows:

		2026	2025
	Notes	***HK$'000***	*HK$'000*
Within 90 days		**34,021**	29,562
91 – 180 days		**7,517**	5,144
181 – 365 days		**11,901**	12,700
Over 1 year		**262**	715
Trade payables		**53,701**	48,121
Contract liabilities	*11(a)*	**5,021**	8,269
Government levies payable			
– Economic development fees in coal resources areas		**26,605**	25,317
Coal mine environmental restoration fund	*11(b)*	**14,165**	8,505
Accrued expenses		**4,691**	5,029
Other taxes payables		**15,907**	8,074
Other payables		**6,175**	4,704
		126,265	108,019

All of the trade and other payables that are classified as current liabilities are expected to be settled on demand or within one year.

The average credit period of purchases of goods is up to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11(a) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the years ended 31 March 2026 and 2025 are as follows:

	2026	2025
	HK$'000	*HK$'000*
At the beginning of the reporting period	**8,269**	3,300
Receipts in advance	**5,021**	8,269
Recognised as revenue	**(8,269)**	(3,300)
At the end of the reporting period	**5,021**	8,269

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The significant amount of contract liabilities was mainly due to the significant receipts from the customers in advance for purchase of coal resources, which is the normal practice of coal mining business to make sales in advance basis.

11(b) Coal mine environmental restoration fund

The coal mine environmental restoration fund is established for geological environment restoration and land reclamation based on the sales amount of coal resources in accordance with law and regulation related to the coal mining activities in the Chinese Mainland. Coal mine enterprises should, on a monthly basis, calculate and provision for the coal mine environmental restoration fund based on factors such as the coefficient of the mined mineral type, the coefficient of the mining method, and sales revenue, for use in the implementation of the remaining geological environment governance and restoration, land reclamation, and management and protection projects within the mining area.

The movements of coal mine environmental restoration fund during the years ended 31 March 2026 and 2025 are as follows:

	2026	2025
	HK$'000	*HK$'000*
At the beginning of the reporting period	**8,505**	4,944
Provision	**6,486**	5,504
Utilisation	**(1,197)**	(1,925)
Exchange realignment	**371**	(18)
At the end of the reporting period	**14,165**	8,505

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the Year, the Group was engaged in three business segments, (1) coal mining business; (2) renewable energy business; and (3) IT Services (as defined below) business. Our main business is coal mining and sales of coal in Xinjiang Uygur Autonomous Region ("Xinjiang") of the Chinese Mainland. Xinjiang is remote from major industrial cities in the Chinese Mainland, and hence coal produced in Xinjiang is mainly consumed locally due to the logistic and the transportation costs. In recent years, we achieved a significant milestone by successfully completing the final tests, checking, verification and procedures of attaining the Work Safety Permit* (安全生產許可證), which represents an important breakthrough for the Company's compliance and future development, and increased investment in Kaiyuan Company (as defined below) annually in accordance with government requirements, gaining recognition from the local government and providing an important basis for increasing our production capacity. In recent year, Kaiyuan Company had been permitted by local government industry and energy competent department to increase its production capacity at the Enlarged Kaiyuan Mine (as defined below) from 900,000 tonnes per annum to 4,000,000 tonnes per annum, while its mining area remains approximately 4.112 km^2 (References could be made to the announcement of the Company dated 7 March 2025). During the Year, the Group made substantial expenditures in capital assets within the mining operations. These expenditures were aimed at coping with the increased production capacity, advancing automation and technology to achieve an unmanned coal mining operation, enhancing efficiency and operational safety and standards in the coal mining operation, while the administration procedures regarding continuous compliance is being finalized and completed by the relevant authorities. Despite the above, the Company foresees challenges in the upcoming future, particularly, the increased supply and competition in the local industry, as well as the increase of expenditures in capital assets of the coal mining business. Consequently, the Company expects a potential negative impact on its coal mining business.

* *English translation for identification purposes only.*

Since the sustained global economic challenges, the adverse global business climate has significantly reduced demand for IT Services, resulting in a drastic decline in revenue for this segment. In response to these market conditions, the Group has implemented stringent cost control measures, including the reduction of operational scale and the discontinuation of loss-making business lines. As part of these efforts to optimize the business portfolio and focus on long-term sustainability, the Group has recently made the decision to further downsize the IT Services business, which included staff reductions and operational cutbacks. These actions are consistent with the Board's commitment to managing the Group's resources prudently and enhancing overall financial performance and shareholder value.

MAJOR EVENTS

Acquisition of the New Mining Right of the Enlarged Kaiyuan Mine

As disclosed in the announcements of the Company dated 11 November 2011, 21 March 2012, 15 June 2012, 21 March 2014, 15 August 2017, 28 March 2018, 14 December 2018, 31 December 2018, 15 May 2019, 31 May 2019, 4 November 2019 and 15 November 2019, the Group negotiated with the Department of Natural Resources of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區自然資源廳) of the Chinese Mainland (the "Xinjiang Natural Resources Department") regarding the Optimization and Upgrading Plan# relating to the Kaiyuan Open Pit Coal Mine (the "Kaiyuan Mine") (i.e. the operating coal mine of the Group in Xinjiang), in particular, to increase the mining area of the Kaiyuan Mine and obtain the corresponding new mining right.

(i) Mulei County Kai Yuan Company Limited* (木壘縣凱源煤炭有限責任公司) ("Kaiyuan Company"), an indirect wholly-owned subsidiary of the Company, as the transferee and Xinjiang Natural Resources Department as the transferor entered into the transfer agreement (the "Transfer Agreement") dated 2 December 2019, pursuant to which Kaiyuan Company acquired the new mining right (the "New Mining Right") of the Kaiyuan Mine with an enlarged mining area (including the original mining area of approximately 1.1596 km^2) of 4.1123 km^2 in Xinjiang (the "Enlarged Kaiyuan Mine") for 30 years from August 2019 to August 2049 from the Xinjiang Natural Resources Department to conduct mining activities at the Enlarged Kaiyuan Mine at a consideration of Renminbi ("RMB") 160,978,000 (the "Acquisition");

* *English translation for identification purposes only.*

\# *The "Optimization and Upgrading Plan" was previously referred to as the "Management Restructuring Plan" in the announcement of the Company dated 11 November 2011 and in the announcements, notices, circulars, interim reports and annual reports of the Company thereafter.*

(ii) the estimated coal resources of the Enlarged Kaiyuan Mine are 41.6433 million tonnes for the mining life of 30 years under the Transfer Agreement;

(iii) the new mining permit (the "New Mining Permit") in respect of the New Mining Right with mining term of 1 year from 21 December 2018 to 21 December 2019 regarding the New Mining Right was granted to Kaiyuan Company on 3 November 2018, which has been renewed for two years from 21 December 2019 to 21 December 2021; On 10 October 2021, the New Mining Right has been further renewed for ten years from 11 October 2021 to 11 October 2031;

(iv) Kaiyuan Company has the right to apply for the renewal of New Mining Permit for the remaining period of the New Mining Right under the Transfer Agreement;

(v) the consideration of RMB160,978,000 shall be settled in cash and paid by Kaiyuan Company to the Xinjiang Natural Resources Department in fifteen instalments: (a) the first instalment in an amount of RMB32,200,000 was paid by Kaiyuan Company; (b) the second to fourteenth instalments in an amount of RMB9,200,000 each shall be paid before 20 November of every year from 2020 to 2032; and (c) the last instalment in an amount of RMB9,178,000 shall be paid before 20 November 2033;

(vi) the Acquisition constituted a very substantial acquisition for the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and further information on the Acquisition was disclosed in the circular dated 19 August 2020; and

(vii) as part of the Transfer Agreement, Kaiyuan Company is required to pay a supplemental resources fee of RMB76,502,500 (the "Resources Fee") to the Xinjiang Natural Resources Department for 19.8 million tonnes of coal of Kaiyuan Mine, which represented the difference between the accumulated output of 23.65 million tonnes of the Kaiyuan Mine at the end of 2017 and the output of 3.8819 million tonnes (Resources Fee of such output had been paid by Kaiyuan Company to the Xinjiang Natural Resources Department) and recognised in the profit or loss for the year ended 31 March 2020. Based on the advice given by the legal adviser of the Company as to the laws of the Chinese Mainland, other than the payment of the Resources Fee, Kaiyuan Company will not be subject to any fees relating to the original Kaiyuan Mine pursuant to the terms of the Transfer Agreement.

The Testing, Checking and Verification of the 900,000 Tonnes/Year Expansion Project and further Increment to 4,000,000 Tonnes/Year Permission

Since 2010, Kaiyuan Company had been applying for the expansion project to upgrade the coal mine capacity to 900,000 tonnes per year. Due to the time constraints of planning, policies, and other procedures, the Kaiyuan Mine's expansion project experienced several years' time to obtain approval from the local authorities. After the project approval, Kaiyuan Company still needed to undergo the process of obtaining the mining permit and other relevant licences and documentations in order to complete the project. In late 2019, the 900,000 tonnes/year New Mining Permit with mining term of 1 year from 21 December 2018 to 21 December 2019 was obtained.

References are made to the announcements of the Company dated 11 November 2011, 12 March 2012, 21 March 2012, 15 June 2012, 21 March 2014, 28 March 2018, 14 December 2018, 31 December 2018, 15 May 2019, 31 May 2019, 4 November 2019 and 15 November 2019 respectively (collectively, the "Announcements"). In late 2019, Kaiyuan Company had been granted the New Mining Permit in respect of the Kaiyuan Extended Area Mining Right for the Kaiyuan Mine with an enlarged mining area (including the original mining area) from the original mining area of approximately 1.1596 km^2 (the "Original Kaiyuan Mine") to 4.1123 km^2 (the "Enlarged Kaiyuan Mine"). The New Mining Permit covered a mining area of approximately 4.1123 km^2 with designed capacity of 900,000 tonnes/year, representing ten times of the designed annual capacity of 90,000 tonnes of the Original Kaiyuan Mine.

Kaiyuan Company then started to build the necessary facilities to cater for the increased mining capacities. All facilities built needed to be checked, tested and approved by the relevant government authorities and their experts. All building, checking and testing processes were slowed down during the Covid-19 period, but eventually the final checking and testing processes were done and completed in late 2023.

After completing the design, the construction of the 900,000 tonnes/year expansion project started in early 2021. From June to November 2022, the project officially entered the trial operation phase of the 900,000 tonnes/year expansion project. Since the construction period, testing, checking and verification were conducted by experts, which were filed to the local government authorities, and relevant opinion letters and certificates were issued, implying steps forward to the completion of expansion project. In September 2023, a specialized checking of the documents was conducted by a group of experts, and it successfully passed the expert group's evaluation. At the same time, a comprehensive completion testing, checking and verification of the 900,000 tonnes/year expansion project was conducted by a group of experts, and a completion verification opinion letter for the project was issued. In October and November 2023, the Changji Emergency Bureau and Autonomous Region Emergency Department ("Changji EBARED")* (昌吉州應急局及自治區應急廳) organized experts to perform the inspection of the application for the Work Safety Permit and it was successfully approved. The Changji EBARED agreed to issue the Work Safety Permit, the final permit required to complete 900,000 tonnes/year expansion plan.

In previous year, Kaiyuan Company had been permitted by local government industry and energy competent department to increase its production capacity at the Enlarged Kaiyuan Mine from 900,000 tonnes per annum to 4,000,000 tonnes per annum, while its mining area remains approximately 4.112 km^2 (References could be made to the announcement of the Company dated 7 March 2025).

The Enlarged Kaiyuan Mine is a coal mine operating in compliance with local rules and regulations, with complete documentation and permits, which has laid a solid foundation for the Group's sustainable development. The increased production capacity mentioned above would continue to require substantial capital investment into equipment, machinery and facilities to facilitate increased mining operations.

* *English translation for identification purposes only.*

PROSPECTS

The Group actively proceeded with the Optimization and Upgrading Plan since 2011 in relation to the New Mining Right of the Enlarged Kaiyuan Mine. The Acquisition enlarged the Group's coal resources and allowed the Group to enhance the development of its sales operations of Kaiyuan Mine in the future. The Directors consider that the transaction is in line with the Group's strategy to expand the coal mining business of the Group. In 2021, Kaiyuan Company successfully renewed and received the renewed New Mining Permit issued by the Xinjiang Natural Resources Department, pursuant to which the term of the mining right of the Enlarged Kaiyuan Mine is renewed for a period of 10 years from 11 October 2021 to 11 October 2031.

After Kaiyuan Company's achievement in obtaining complete documentation and permits including the New Mining Permit and the Work Safety Permit in 2019 and 2023 respectively, the Company foresees continuing challenges in the upcoming future, particularly, that there has been an unstable trend of coal prices in 2026, as a result of combined effect of various factors, such as the local government granting coal mines in the Zhundong district in the Chinese Mainland additional mining and production capacity (in the case of the Enlarged Kaiyuan Mine, its production capacity was increased from 900,000 tonnes per annum to 4,000,000 tonnes per annum). In such circumstances where there is an increased supply of coal amidst relatively steady demand, with demand being derived mainly from nearby regions due to the considerable geographical distance between the mining area and other parts of the Chinese Mainland. Looking ahead, we will strive to maintain production capacity and financial stability, and continue to ensure proper compliance and governance at the same time. The Company has observed and anticipates that coal prices may remain relatively stable.

In the coming years, there will be (i) a reasonable expected amount of expenditure in capital assets, in particular for the new plants, machines and facilities for the continuous environmental protection works and potential future production upgrades and sustainable development and (ii) reasonable expenditure for works required by the Safety Bureau to maintain safety standard of our coal mine. Sources of funding are expected to come primarily from the coal sales revenue and external banking facilities of the Group if necessary.

While the Group has previously explored new markets and developed its business coverage in technological and renewable energy sectors, the Group is now placing strategic emphasis on strengthening and expanding its core coal mining business, which remains the primary focus for driving sustainable growth and value creation.

In light of the sustained adverse global economic climate and the difficult business environment affecting the IT Services business, the Group downsized such segment during the Year. This formed part of the Group's strategy to streamline its business operations and operating expenses, and concentrate its resources on core business areas that better support its long-term development objectives.

The Board will use its best endeavors to manage the Group's business portfolio with a view to improving the Group's financial performance and enhance shareholders' value.

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of approximately HK$387,965,000 for the Year (2025: approximately HK$327,049,000). It represents an increase of approximately HK$60,916,000 or approximately 18.63% as compared with the previous year.

Coal Mining Business

During the Year, the revenue of the coal mining business increased to approximately HK$383,934,000 from approximately HK$319,597,000 in the previous year, representing an increase of approximately HK$64,337,000 or 20.13%. The increase was mainly attributable to the increase in sales volume during the Year, although the average selling price of coal decreased. The Group sold approximately 4,129,753 tonnes of coal during the Year, compared with approximately 2,704,639 tonnes in the previous year, representing an increase of approximately 1,425,114 tonnes or 52.69%. The average selling price per tonne decreased from approximately HK$118.17 to approximately HK$92.97, representing a decrease of approximately HK$25.20 per tonne or 21.32%.

Renewable Energy Business

During the Year, the renewable energy business recorded revenue of approximately HK$4,031,000 (2025: approximately HK$3,676,000). The increase in revenue of approximately HK$355,000 or 9.66% was mainly attributable to effect of exchange rate during the Year.

IT Services Business

No revenue was generated from the IT Services business during the Year (2025: approximately HK$3,776,000). The absence of revenue contribution from this segment was attributable to the Group's strategic downsizing of the IT Services business, which involved streamlining operations and discontinuing non-performing service lines with a view to controlling costs and mitigating further losses during the Year.

Cost of services and goods sold

Coal Mining Business

The cost of sales of the coal mining business for the Year was approximately HK$239,323,000 (2025: approximately HK$167,651,000). The cost mainly comprises direct labor cost, cost for explosive works, depreciation, amortisation and cost of services and materials, etc. The increase in cost of sales was mainly a result of the increase in sales volumes and increase of production cost and local resource related levies during the Year.

Renewable Energy Business

During the Year, the cost of services of the renewable energy business was approximately HK$2,101,000 (2025: approximately HK$1,935,000). There is no material change in the cost of services during the Year.

IT Services Business

During the Year, the Group did not record revenue from the IT Services business and accordingly there was no cost of services and goods sold for this segment (2025: approximately HK$3,937,000). The change was in line with the downsized IT Services revenue during the Year.

Gross profit

The gross profit of the Group for the Year was approximately HK$146,541,000 (2025: approximately HK$153,526,000), representing a decrease of approximately HK$6,985,000 or approximately 4.55% as compared with last year. Gross profit margin decreased by approximately 9.17 percentage points from approximately 46.94% for the previous year to approximately 37.77% for the Year as the coal mining business faced fierce local market competition that pressured average selling prices. Coal mining business contributed gross profit of approximately HK$144,611,000 (2025: approximately HK$151,946,000), renewable energy business contributed gross profit of approximately HK$1,930,000 (2025: approximately HK$1,741,000), and the IT Services business, which was downsized during the Year in response to sustained adverse market conditions, did not record any gross profit for the Year (2025: gross loss of approximately HK$161,000).

Other revenue

The Group's other revenue for the Year was approximately HK$4,201,000 (2025: approximately HK$4,593,000), representing a decrease of approximately HK$392,000 or approximately 8.53% as compared with previous year. The decrease was mainly attributable to the decreased interest income on bank deposits amounting to approximately HK$839,000 during the Year.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the Year were approximately HK$48,878,000 (2025: approximately HK$59,002,000), representing a decrease of approximately HK$10,124,000 or approximately 17.16% as compared with previous year. The decrease was mainly attributable to the absence of charge on loss allowance of trade receivables during the Year (2025: approximately HK$1,388,000) and a decrease in salaries, bonus and allowances of approximately HK$7,744,000 during the Year.

Loss for the Year

The Group recorded a loss for the Year of approximately HK$7,432,000, as compared with a profit of approximately HK$71,788,000 for the previous year, representing a decrease of approximately HK$79,220,000. Such decrease was mainly attributable to the net effect of the following:

a) a decrease in gross profit of approximately HK$6,985,000;

b) a decrease in other revenue of approximately HK$392,000;

c) an increase in selling and distribution expenses of approximately HK$7,368,000;

d) a decrease in administrative and other operating expenses of approximately HK$10,124,000;

e) a net exchange loss of approximately HK$2,472,000, as compared with a net exchange gain of approximately HK$565,000 for the previous year;

f) an increase in finance costs of approximately HK$427,000;

g) a loss on fair value change and loss arising from modification of convertible bond designated as financial liabilities at FVPL of approximately HK$65,131,000, as compared with a gain on fair value change of approximately HK$11,145,000 for the previous year; and

h) a decrease in income tax expenses of approximately HK$5,141,000.

SEGMENT INFORMATION

Business segment

Information reported to the executive Directors, being identified as the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

(1) Coal mining business segment: mining and sales of coal mine in Xinjiang, Chinese Mainland;

(2) Renewable energy business segment: service income from renewable energy solutions in Malaysia; and

(3) IT Services business segment: provision of IT Services in Hong Kong, Singapore, Malaysia and the UK.

Segment revenue and results

Segment revenue represents revenue derived from (i) coal mining business, (ii) renewable energy business and (iii) IT Services business.

(i) Coal Mining Business

Coal mining remained the Group's major business during the Year. It contributed revenue of approximately HK$383,934,000 for the Year, compared with approximately HK$319,597,000 for the previous year, representing an increase of approximately 20.13% year on year. Segment results from the coal mining business amounted to approximately HK$135,473,000 (2025: approximately HK$150,210,000), representing a decrease of approximately 9.8% as compared with the previous year.

Sale and Production of Coal

During the year, the Group sold approximately 4,129,753 tonnes of coal (2025: approximately 2,704,639 tonnes) with total sales income of approximately HK$383,934,000 (2025: approximately HK$319,597,000). Details of sales of coal in tonnes are listed on the table below:

	2026	2025
Sales of coal	**4,129,753 tonnes**	2,704,639 tonnes

Coal Sales (tonnes) and Percentage of Coal Sales

	Coal Sales *(tonnes)*	Coal Sales in %
Mixed Coal	**3,048,472**	74
Slack Coal	**1,081,281**	26
Total	**4,129,753**	100

(ii) Renewable Energy Business

Service income from the renewable energy business contributed revenue of approximately HK$4,031,000 for the Year (2025: approximately HK$3,676,000), representing an increase of approximately 9.66%. Segment results for the renewable energy business amounted to approximately HK$1,930,000 (2025: approximately HK$1,741,000), representing an increase of approximately 10.86%. The increase was mainly attributable to the continued stable operation of the renewable energy operation and exchange rate movements during the Year.

(iii) IT Services Business

No revenue was recorded from the IT services business during the Year (2025: approximately HK$3,776,000). The segment recorded no segment result for the Year, compared with a segment loss of approximately HK$195,000 in the previous year, was attributable to the Group's strategic downsizing of the IT services business, which involved streamlining operations and discontinuing non-performing service lines with a view to controlling costs and mitigating further losses during the Year.

Reserves and Resources

The Group owns a mining right located in Xinjiang. The estimated remaining reserve in Kaiyuan Mine (excluding the Enlarged Kaiyuan Mine (as defined in "Major Events")) was approximately 5.11 million tonnes as at 31 March 2020.

On 2 December 2019, the Transfer Agreement was officially passed by the Xinjiang Natural Resources Department to Kaiyuan Company. According to the Competent Person's report and valuation report of the Enlarged Kaiyuan Mine dated 19 August 2020, the probable reserve in the Enlarged Kaiyuan Mine was approximately 63.48 million tonnes as at the date of acquisition of the Enlarged Kaiyuan Mine.

During the Year, approximately 3.97 million tonnes of coal were extracted (2025: approximately 2.82 million tonnes).

Total approximate reserve of the mine in Xinjiang as at 31 March 2026 was equivalent to 56.49 million tonnes (i.e. the sum of the estimated remaining coal reserve in Kaiyuan Mine including the Enlarged Kaiyuan Mine) (2025: approximately 60.46 million tonnes).

Coal Reserve as at 31 March 2026 = Coal Reserve as at 31 March 2025 – Amount of coal extracted by the Group during the Year.

The geographical location of customers is determined based on the location where the goods are delivered or services are rendered. The Group's revenue and results from operations are mainly derived from activities in Chinese Mainland and Malaysia. Activities outside these two locations are insignificant. The principal assets of the Group are located in Chinese Mainland, Hong Kong and Malaysia.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

Save as otherwise disclosed, there were neither significant investments held as at 31 March 2026 nor material acquisitions and disposals of subsidiaries during the Year.

Save as otherwise disclosed, the Group does not have any future plans for material investments. There will, however, be a reasonable expected amount of expenditure in capital assets, in particular for the new plants and machines for the environmental protection works and reasonable expenditure for works required by the Safety Bureau to improve safety standard of our coal mine and relevant local compliance requirements. Sources of funding are expected to come primarily from the coal sales revenue and also external banking facilities of the Group if necessary.

Liquidity and Financial Resources

As at 31 March 2026, the Group had:

- net current liabilities of approximately HK$73,615,000 (2025: approximately HK$58,290,000);

- cash and cash equivalents of approximately HK$362,190,000 (2025: approximately HK$248,219,000), which represented the principal component of the Group's current assets of approximately HK$375,204,000 (2025: approximately HK$266,894,000). Cash and cash equivalents were denominated mainly in HK$, Malaysian Ringgit ("RM"), United States Dollars ("US$") and RMB during the Year, whereas in 2025 cash and cash equivalents were denominated in HK$, RM, Singapore Dollars ("S$"), Great Britain Pound ("GBP"), US$ and RMB;

- current liabilities of approximately HK$448,819,000 (2025: approximately HK$325,184,000), comprising mainly trade and other payables of approximately HK$126,265,000 (2025: approximately HK$108,019,000), interest-bearing borrowings of approximately HK$37,503,000 (2025: Nil), current portion of mining right payables of approximately HK$5,568,000 (2025: approximately HK$4,885,000), and convertible bond designated as financial liabilities at fair value through profit or loss of approximately HK$271,079,000 (2025: approximately HK$205,948,000); and

- non-current liabilities of approximately HK$84,685,000 (2025: approximately HK$77,496,000), comprising mainly the non-current portion of mining right payables of approximately HK$54,643,000 (2025: approximately HK$57,297,000), and deferred tax liabilities of approximately HK$25,863,000 (2025: approximately HK$16,575,000).

The Group's gearing ratio, calculated as total debt (including the Convertible Bond, mining right payables, interest-bearing borrowings and lease liabilities) divided by total equity, was approximately 1.44 as at 31 March 2026, compared with approximately 1.12 as at 31 March 2025.

Capital Structure

The capital of the Group comprises only ordinary shares.

As at 31 March 2026, the Company had 765,373,584 ordinary shares in issue.

The Convertible Bond of the Company with an aggregate principal amount of HK$200,000,000 was issued on 14 March 2008. Its maturity date was subsequently extended by 36 months to 13 March 2029, as approved by the shareholders of the Company on 11 March 2026. Reference may be made to the announcement of the Company dated 11 March 2026 for further details.

Charges on Group's Assets

As at 31 March 2026, the Group had pledged its mining right with carrying amount of approximately HK$82,935,000 (31 March 2025: Nil) to secure a bank facility granted to the Group.

Foreign Exchange Exposure

The Group mainly earns revenue in RMB, HK$ and RM and incurs costs in RMB, HK$ and RM. The Group is exposed to foreign exchange risk based on fluctuations of exchange rates of HK$ and RM against RMB. The currency exchange risk for the Year is mainly derived from the exchange difference on convertible bond designated as financial liabilities at FVPL, which is a result from the depreciation of HK$ against RMB, as the Convertible Bond is demoniated in HK$ while the function currency of the Group is RMB. In order to minimise the foreign currency risk exposure between these two currencies, the Group maintained cash balances in both currencies that are sufficient to meet several months' operating cash flows requirements of the Group.

Treasury Policies

Apart from the issuance of Convertible Bond at the face value of HK$200,000,000, the Group finances its operation mainly by internal generated resources and Interest-bearing borrowings.

Contingent Liabilities

As at 31 March 2026, the Group did not have any material contingent liabilities (2025: Nil).

Employees

As at 31 March 2026, the Group had 157 employees (2025: 148) spreading amongst Hong Kong, Malaysia and Chinese Mainland. In recognition of the Company's recent operational performance and achievements, and as a gesture of appreciation for staff's dedication and hard work, the Company distributed bonuses during the Year. Total staff costs (excluding Directors' emoluments) for the Year amounted to approximately HK$37,046,000 (2025: approximately HK$41,418,000), representing the decrease in bonus of the Group, but an increase in number of staff and salaries in the coal mining business. Employment relationship has been well maintained by the Group with its employees. The Group has adopted an extensive training policy for its employees.

DIVIDEND

The Board does not recommend the payment of any dividend for the Year (2025: Nil).

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules during the Year, save for the deviation from code provision C.2.1 as disclosed below:

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive (the "CE") should be separate and should not be performed by the same individual. During the Year, the Company did not have any officer with CE title. Mr. Kwan Man Fai, the chairman and managing director of the Company also carried out the responsibility of CE during the Year. In view of the size of operation of the Group, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company's strategies.

COMPLIANCE WITH MODEL CODE

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 code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was set up in March 1999 with specific terms of reference. The terms of reference of the Audit Committee which are available on the websites of the Stock Exchange and the Company have included the duties which are set out in code provision D.3.3 of the Code, with appropriate modifications when necessary. The terms of reference of the Audit Committee were amended on 15 March 2016 in order to comply with the amendments to the Listing Rules.

The Audit Committee currently consists of three independent non-executive directors namely, Mr. Pak Wai Keung Martin, the chairman of the Audit Committee, Dr. Wong Man Hin Raymond and Mr. Chan Yiu Fai Youdey.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of this announcement of the Group for the Year have been reviewed and agreed by the Company's auditor, Forvis Mazars CPA Limited ("Forvis Mazars"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Forvis Mazars 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

This announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited at https://www.hkexnews.hk and the Company at https://www.nannanlisted.com. The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Nan Nan Resources Enterprise Limited
Kwan Man Fai
Chairman and Managing Director

Hong Kong, 23 June 2026

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Kwan Man Fai, Mr. Wong Sze Wai, Mr. Li Chun Fung and Ms. Tong Yuk Ying Angel; and three independent non-executive Directors, namely Dr. Wong Man Hin Raymond, Mr. Chan Yiu Fai Youdey and Mr. Pak Wai Keung Martin.