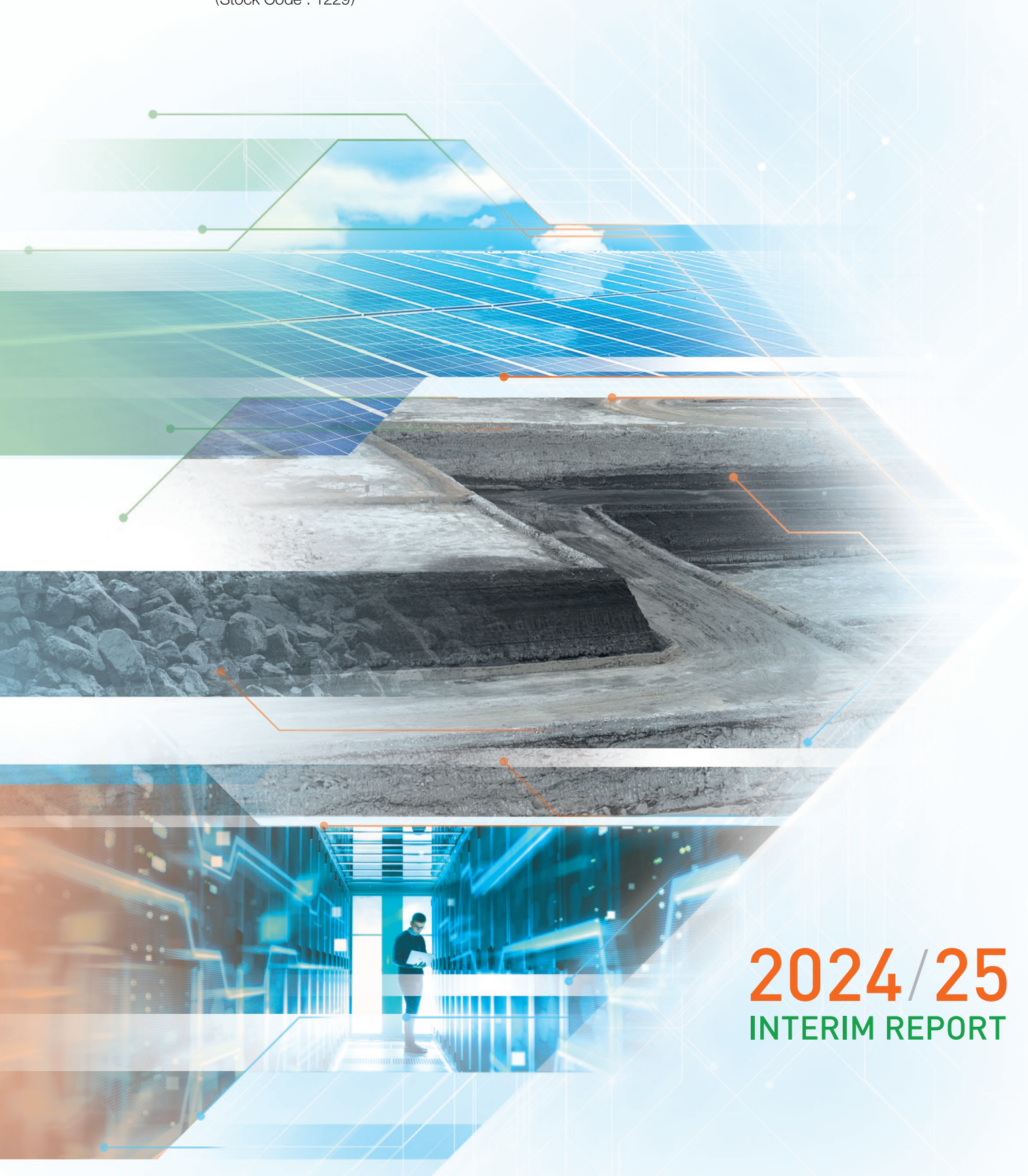




**NAN NAN RESOURCES
ENTERPRISE LIMITED**
南南資源實業有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code : 1229)




2024/25
INTERIM REPORT

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This interim report is prepared in English and Chinese. In case of inconsistency, please refer to the English version as it shall prevail.

 This interim report is printed on environmentally friendly paper.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kwan Man Fai (Chairman & Managing Director)
Wong Sze Wai
Li Chun Fung
Tong Yuk Ying Angel (appointed on 1 October 2024)

Independent Non-executive Directors

Wong Man Hin Raymond
Chan Yiu Fai Youdey
Pak Wai Keung Martin

AUDIT COMMITTEE

Pak Wai Keung Martin (Chairman)
Wong Man Hin Raymond
Chan Yiu Fai Youdey

REMUNERATION COMMITTEE

Wong Man Hin Raymond (Chairman)
Kwan Man Fai
Wong Sze Wai
Chan Yiu Fai Youdey
Pak Wai Keung Martin

NOMINATION COMMITTEE

Kwan Man Fai (Chairman)
Wong Man Hin Raymond
Chan Yiu Fai Youdey
Pak Wai Keung Martin

COMPANY SECRETARY

Li Chun Fung

AUDITOR

Forvis Mazars CPA Limited
(Formerly known as Mazars CPA Limited)
42/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong

LEGAL ADVISER

Conyers Dill and Pearman
29/F., One Exchange Square
8 Connaught Place
Central, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia)
Limited
China CITIC Bank International Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11/F., Tower 2
Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

HONG KONG STOCK EXCHANGE STOCK CODE

1229

WEBSITE

<https://www.nannanlisted.com>

INDEPENDENT AUDITOR'S REVIEW REPORT



FORVIS MAZARS CPA LIMITED

富睿瑪澤會計師事務所有限公司

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF NAN NAN RESOURCES ENTERPRISE LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 35 which comprises the condensed consolidated statement of financial position of Nan Nan Resources Enterprise Limited (the "Company") and its subsidiaries (together the "Group") as at 30 September 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim 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 HKICPA. A review of the interim 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, 20 November 2024

Lam Kwok Sun

Practising Certificate number: P08281

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	178,204	54,100
Cost of services and goods sold		(82,033)	(46,348)
Gross profit		96,171	7,752
Other revenue		1,408	1,699
Selling and distribution expenses		(634)	(511)
Administrative and other operating expenses		(32,372)	(30,160)
Exchange gain/(loss), net		14,538	(3,170)
Finance costs	5	(2,842)	(3,097)
(Loss)/Gain on fair value change of convertible bond designated as financial liabilities at fair value through profit or loss ("FVPL")	16	(10,128)	42,293
Profit before tax	5	66,141	14,806
Income tax (expenses)/credit	6	(18,998)	2,565
Profit for the period		47,143	17,371
Other comprehensive loss:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange difference on translation of the Company's financial statements to presentation currency		(11,167)	1,235
Loss on fair value change of convertible bond designated as financial liabilities at FVPL arising from change in its credit risk		(14,522)	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of functional currency to presentation currency		1,787	(20,366)
Other comprehensive loss for the period		(23,902)	(19,131)
Total comprehensive income/(loss) for the period		23,241	(1,760)
Profit/(Loss) for the period attributable to:			
– Owners of the Company		47,334	18,176
– Non-controlling interests		(191)	(805)
		47,143	17,371
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		23,353	(1,046)
– Non-controlling interests		(112)	(714)
		23,241	(1,760)
Earnings/(Loss) per share (expressed in Hong Kong cents)			
– Basic	8	6.18	2.38
– Diluted	8	2.88	(0.36)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	142,851	138,848
Intangible assets	10	219,659	182,121
Goodwill	11	4,229	4,229
Prepayments for acquisition of property, plant and equipment	12	117	227
		366,856	325,425
Current assets			
Inventories		939	2,031
Trade and other receivables	12	6,586	8,229
Cash and cash equivalents		250,149	189,307
		257,674	199,567
Current liabilities			
Trade and other payables	13	105,390	68,352
Mining right payables, current portion		4,956	4,541
Lease liabilities	14	146	1,029
Tax payables		8,458	2,599
		118,950	76,521
Net current assets		138,724	123,046
Total assets less current liabilities		505,580	448,471

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Capital and reserves			
Share capital	15	76,537	76,537
Reserves		118,216	94,863
Equity attributable to owners of the Company		194,753	171,400
Non-controlling interests		262	374
		195,015	171,774
Non-current liabilities			
Convertible bond designed as financial liabilities of FVPL	16	232,799	208,149
Provision for close down, restoration and environmental costs		2,757	2,678
Mining right payables, non-current portion		67,000	62,559
Lease liabilities	14	–	267
Deferred tax liabilities		8,009	3,044
		310,565	276,697
		505,580	448,471

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company								Non-controlling interests	Total deficit/equity	
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange translation reserve	Fair value reserve	Special reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 15)	(Note i)	(Note ii)	(Note iii)	(Note iv)	(Note v)	(Note vi)				
As at 1 April 2024 (audited)	76,537	191,534	14,882	39,495	(50,595)	28,429	27,143	(156,025)	171,400	374	171,774
Profit for the period	-	-	-	-	-	-	-	47,334	47,334	(191)	47,143
Other comprehensive loss:											
<i>Item that will not be reclassified to profit or loss:</i>											
Exchange difference on translation of the Company's financial statements to presentation currency	-	-	-	-	(11,167)	-	-	-	(11,167)	-	(11,167)
Loss on fair value change of convertible bond designated as financial liabilities at FVPL arising from change in its credit risk	-	-	-	-	-	(14,522)	-	-	(14,522)	-	(14,522)
<i>Item that may be reclassified subsequently to profit or loss:</i>											
Exchange difference on translation of functional currency to presentation currency	-	-	-	-	1,708	-	-	-	1,708	79	1,787
Other comprehensive loss for the period	-	-	-	-	(9,459)	(14,522)	-	-	(23,981)	79	(23,902)
Total comprehensive income for the period	-	-	-	-	(9,459)	(14,522)	-	47,334	23,353	(112)	23,241
Transactions with owners:											
Contributions and distributions											
Appropriation for maintenance and production funds	-	-	-	19,480	-	-	-	(19,480)	-	-	-
Utilisation of maintenance and production funds	-	-	-	(19,480)	-	-	-	19,480	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
As at 30 September 2024 (unaudited)	76,537	191,534	14,882	39,495	(60,054)	13,907	27,143	(108,691)	194,753	262	195,015
As at 1 April 2023 (audited)	76,537	191,534	14,882	39,495	(29,023)	-	27,143	(195,120)	125,448	1,868	127,316
Profit for the period	-	-	-	-	-	-	-	18,176	18,176	(805)	17,371
Other comprehensive loss:											
<i>Item that will not be reclassified to profit or loss:</i>											
Exchange difference on translation of the Company's financial statements to presentation currency	-	-	-	-	1,235	-	-	-	1,235	-	1,235
<i>Item that may be reclassified subsequently to profit or loss:</i>											
Exchange difference on translation of functional currency to presentation currency	-	-	-	-	(20,457)	-	-	-	(20,457)	91	(20,366)
Other comprehensive loss for the period	-	-	-	-	(19,222)	-	-	-	(19,222)	91	(19,131)
Total comprehensive loss for the period	-	-	-	-	(19,222)	-	-	18,176	(1,046)	(714)	(1,760)
Transactions with owners:											
Contributions and distributions											
Appropriation for maintenance and production funds	-	-	-	2,943	-	-	-	(2,943)	-	-	-
Utilisation of maintenance and production funds	-	-	-	(2,943)	-	-	-	2,943	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
As at 30 September 2023 (unaudited)	76,537	191,534	14,882	39,495	(48,245)	-	27,143	(176,944)	124,402	1,154	125,556

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2024

Notes:

(i) Share premium

The application of share premium is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Capital reserve

Capital reserve arose from the acquisition of the additional equity interest of subsidiaries in prior years. It represents the difference between the carrying amount of the net assets of the subsidiaries attributable to the additional interest at the dates of acquisition and the fair value of consideration paid by the Group.

(iii) Statutory reserves

Statutory surplus reserve

In accordance with the People's Republic of China (the "Mainland China") regulations, all of the Group's subsidiaries in the Mainland China are required to transfer part of their profit after tax to the statutory surplus reserve, which are non-distributable, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies in accordance with their articles of association.

Specific reserve for maintenance and production funds

Pursuant to the relevant Mainland China regulations, the Group is required to transfer maintenance and production funds at fixed rates based on relevant bases to a specific reserve account. The maintenance and production funds can be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve account to retained earnings.

(iv) Exchange translation reserve

Exchange translation reserve comprises all foreign exchange differences arising from the translation of functional currency to presentation currency. The reserve is dealt with in accordance with the accounting policy.

(v) Fair value reserve

Fair value reserve comprises the fair value changes of the financial liabilities designated as FVPL arising from change in the financial liabilities' credit risk. The reserve is dealt in accordance with the accounting policy.

(vi) Special reserve

The amount in special reserve represents the difference between the consideration paid for acquiring a further 49% equity interest in Star Fortune International Investment Company Limited ("Star Fortune") and the decrease in the carrying amount of the non-controlling interests of Star Fortune in a previous year.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Operating activities		
Cash generated from/(used in) operations	125,300	(11,360)
Interest paid	(49)	(108)
Income tax paid	(5,345)	(5,244)
Net cash generated from/(used in) operating activities	119,906	(16,712)
Investing activities		
Purchase of property, plant and equipment	(3,711)	(8,578)
Additions to intangible assets	(53,368)	(5,152)
Prepayments for acquisition of property, plant and equipment	–	(2,250)
Interest received	754	1,559
Net cash used in investing activities	(56,325)	(14,421)
Financing activities		
Repayment of interest-bearing borrowings	–	(3,477)
Repayment of lease liabilities	(673)	(1,001)
Net cash used in financing activities	(673)	(4,478)
Net increase/(decrease) in cash and cash equivalents	62,908	(35,611)
Cash and cash equivalents as at 1 April	189,307	234,113
Effect on foreign exchange rate changes	(2,066)	(17,479)
Cash and cash equivalents as at 30 September	250,149	181,023
Analysis of the balances of cash and cash equivalents		
Bank balances	215,430	157,578
Short term deposit with an original maturity of three months or less	34,488	23,265
Cash on hand	231	180
	250,149	181,023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Nan Nan Resources Enterprise Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors of the Company, its holding company is Ascent Goal Investments Limited (“Ascent Goal”), a company incorporated in the British Virgin Islands with limited liability, and its ultimate holding company is New Bright International Development Limited, a company incorporated in Hong Kong with limited liability. Its ultimate controlling party is Ms. Fung Yuen Kwan, Veronica.

The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 11/F., Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong. The condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), rounded to the nearest thousand except when otherwise indicated, for the convenience of the shareholders as the Company is listed in Hong Kong. The functional currency of the Company is Renminbi (“RMB”).

The Company is an investment holding company and the subsidiaries of the Company (together the “Group”) are principally engaged in (i) mining and sales of coal; (ii) renewable energy solutions; and (iii) information technology (“IT”) outsourcing, consultancy and technical services (together referred to as “IT Services”).

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Preparation of the condensed consolidated interim financial information requires the directors of the Company to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The condensed consolidated interim financial information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2024 and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2024 (the “2023/2024 Audited Financial Statements”).

In preparing the condensed consolidated interim financial information, significant judgements made by the directors of the Company in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2023/2024 Audited Financial Statements.

The condensed consolidated interim financial information is unaudited, but has been reviewed by the Company’s audit committee and the Company’s external auditor 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 HKICPA.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 September 2024

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for convertible bond designated as financial liabilities at fair value through profit or loss (“FVPL”), which is measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 September 2024 are consistent with those followed in the preparation of the 2023/2024 Audited Financial Statements.

The adoption of the new/revised HKFRSs which are relevant to the Group and effective for current period does not have any significant impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

At the date of authorisation of the condensed consolidated interim financial information, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results and the financial position of the Group.

3. 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 coals in the Mainland China;
- (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 change in fair value of convertible bond designated as financial liabilities at FVPL and net exchange gain or loss.

Segment assets include property, plant and equipment, intangible assets, goodwill, prepayment 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

3. SEGMENT INFORMATION (Continued)

Segment liabilities include trade and other payables, mining right payables, lease liabilities, tax payables, convertible bond designated as financial liabilities at FVPL, 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
Six months ended 30 September 2024 (unaudited)					
Revenue from external customers and reportable segment revenue	173,906	1,814	2,484	–	178,204
Gross profit/(loss)	95,311	890	(30)	–	96,171
Selling and distribution expenses	(600)	–	(34)	–	(634)
Segment results	94,711	890	(64)	–	95,537
Other revenue	737	64	501	106	1,408
Administrative and other operating expenses	(13,221)	(539)	(3,284)	(15,328)	(32,372)
Finance costs	(2,793)	–	(39)	(10)	(2,842)
Loss on fair value change of convertible bond designated as financial liabilities at FVPL	–	–	–	(10,128)	(10,128)
Exchange gain, net	–	–	–	14,538	14,538
Profit/(Loss) before tax	79,434	415	(2,886)	(10,822)	66,141
Income tax expenses	(18,981)	(17)	–	–	(18,998)
Profit/(Loss) for the period	60,453	398	(2,886)	(10,822)	47,143
Additional segment information:					
Amortisation	21,941	33	–	–	21,974
Depreciation	5,298	774	–	143	6,215
Additions to property, plant and equipment	3,825	–	–	–	3,825
Additions to intangible assets	53,368	–	–	–	53,368
Charge of loss allowance of trade receivables, net	–	1	1,396	–	1,397

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

3. SEGMENT INFORMATION (Continued) Segment revenue and results (Continued)

	Coal mining business HK\$'000	Renewable energy business HK\$'000	IT Services business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Six months ended 30 September 2023 (unaudited)					
Revenue from external customers and reportable segment revenue	42,744	1,759	9,597	–	54,100
Gross profit	6,252	820	680	–	7,752
Selling and distribution expenses	(470)	–	(41)	–	(511)
Segment results	5,782	820	639	–	7,241
Other revenue	1,003	66	43	587	1,699
Administrative and other operating expenses	(19,698)	(481)	(3,891)	(6,090)	(30,160)
Finance costs	(3,042)	–	(25)	(30)	(3,097)
Gain on fair value change of convertible bond designated as financial liabilities at FVPL	–	–	–	42,293	42,293
Exchange loss, net	–	–	–	(3,170)	(3,170)
(Loss)/Profit before tax	(15,955)	405	(3,234)	33,590	14,806
Income tax credit/(expenses)	2,567	(2)	–	–	2,565
(Loss)/Profit for the period	(13,388)	403	(3,234)	33,590	17,371
Additional segment information:					
Amortisation	3,826	33	–	–	3,859
Depreciation	5,046	762	380	497	6,685
Additions to property, plant and equipment	9,452	–	1,026	297	10,775
Additions to intangible assets	5,152	–	–	–	5,152
Charge of loss allowance of trade receivables, net	–	–	1,056	–	1,056
Supplemental environmental related fees	7,043	–	–	–	7,043

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The followings are analysis of the Group's assets and liabilities 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
As at 30 September 2024 (unaudited)					
Property, plant and equipment	114,281	28,398	-	172	142,851
Intangible assets	218,428	1,231	-	-	219,659
Goodwill	-	4,229	-	-	4,229
Other assets	214,513	6,111	2,397	34,770	257,791
Total assets	547,222	39,969	2,397	34,942	624,530
Convertible bond designated as financial liabilities at FVPL	-	-	-	(232,799)	(232,799)
Mining right payables	(71,956)	-	-	-	(71,956)
Other liabilities	(121,925)	(488)	(1,556)	(791)	(124,760)
Total liabilities	(193,881)	(488)	(1,556)	(233,590)	(429,515)
As at 31 March 2024 (audited)					
Property, plant and equipment	112,997	25,533	-	318	138,848
Intangible assets	180,857	1,264	-	-	182,121
Goodwill	-	4,229	-	-	4,229
Other assets	172,178	7,889	5,963	13,764	199,794
Total assets	466,032	38,915	5,963	14,082	524,992
Convertible bond designated as financial liabilities at FVPL	-	-	-	(208,149)	(208,149)
Mining right payables	(67,100)	-	-	-	(67,100)
Other liabilities	(72,283)	(824)	(2,526)	(2,336)	(77,969)
Total liabilities	(139,383)	(824)	(2,526)	(210,485)	(353,218)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

3. SEGMENT INFORMATION (Continued)

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 prepayments 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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
The Mainland China	173,906	42,744
Hong Kong	839	6,809
Malaysia	1,814	1,764
Singapore	1,645	2,556
The UK	–	227
	178,204	54,100

Location of the Specified Non-current Assets

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
	The Mainland China	332,827
Hong Kong	171	318
Malaysia	33,858	31,026
	366,856	325,425

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

3. SEGMENT INFORMATION (Continued)

Information about major customers

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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Customer A from coal mining business segment	*	6,550
Customer B from coal mining business segment	*	5,975

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group during the six months ended 30 September 2024.

4. REVENUE

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue from contracts with customers within HKFRS 15		
Coal mining business		
– Sales of coals	173,906	42,744
Renewable energy business		
– Service income from renewable energy solutions	1,814	1,759
IT Services business		
– Sales of IT hardware products	248	2,597
– IT outsourcing services	1,843	2,555
– IT consultancy and technical services	393	4,445
	2,484	9,597
	178,204	54,100

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 September 2024

4. REVENUE (Continued)

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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<i>Timing of revenue recognition:</i>		
– at a point of time		
Sales of coals	173,906	42,744
Sales of IT hardware products	248	2,597
	174,154	45,341
– over time		
Service income from renewable energy solutions	1,814	1,759
IT outsourcing services	1,843	2,555
IT consultancy and technical services	393	4,445
	4,050	8,759
	178,204	54,100

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

5. PROFIT BEFORE TAX

This is stated at after charging/(crediting):

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Finance costs		
Interest on interest-bearing borrowings	–	37
Interest on mining right payables	2,793	2,989
Interest on lease liabilities	49	71
	2,842	3,097
Staff costs (charged to “Cost of services and goods sold”, “Selling and distribution expenses” and “Administrative and other operating expenses”)		
Staff costs (excluding directors’ remuneration)		
Salaries, bonus, allowance and other short-term employee benefits	14,810	14,608
Contributions to defined contribution retirement plan	2,523	1,771
	17,333	16,379
Other items		
Amortisation of intangible assets (charged to “Cost of services and goods sold”)	21,974	3,859
Cost of inventories sold	62,150	37,102
Bank interest income (included in “Other revenue”)	(754)	(1,559)
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”)	6,215	6,685
Charge of loss allowance of trade receivables, net	1,397	1,056
Supplemental environmental related fees (charged to “Administrative and other operating expenses”) (Note)	–	7,043
Gain on early termination of lease contracts	(481)	–

Note:

During the six months ended 30 September 2023, the relevant authorities in Xinjiang Uygur Autonomous Region of the Mainland China have interpreted the existing rules and regulations on the measurement requirements for the imposition of environmental related fees. The implementation of the new measurement requirements required 木壘縣凱源煤炭有限責任公司 (Mulei County Kai Yuan Coal Company Limited*, “Kaiyuan Company”) to pay a higher environmental related fees to the local government.

Taking into consideration of the potential negative impact on the operation of coal mine from further negotiation with local government about the supplemental environment related fees, Kaiyuan Company decided not to further negotiate with the local government and to make an one-off voluntary settlement of approximately HK\$7,043,000 to the local government during the six months ended 30 September 2023.

* English translation for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 September 2024

6. INCOME TAX (EXPENSES)/CREDIT

The major components of income tax (expenses)/credit in the condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax		
The Mainland China Enterprise Income Tax ("Mainland China EIT")		
– Current year	9,462	–
– Under/(Over)-provision in respect of prior year	1,654	(1,905)
– Withholding tax	2,127	–
Malaysia corporate income tax ("Malaysia CIT")	26	10
	13,269	(1,895)
Deferred tax		
Reversal of temporary differences	5,729	(670)
	18,998	(2,565)

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

Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both six months ended 30 September 2024 and 2023.

Dividends payable by a foreign invested enterprise in the Mainland China to its foreign investors are subject to 5% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the Mainland China that provides for a different withholding arrangements.

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%, and profits above HK\$2 million will be taxed at 16.5% for the six months ended 30 September 2024 and 2023. 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 six months ended 30 September 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 September 2024

6. INCOME TAX (EXPENSES)/CREDIT *(Continued)*

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 six months ended 30 September 2024 and 2023. During the six months ended 30 September 2024 and 2023, 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 six months ended 30 September 2024 and 2023, Singapore incorporated companies can enjoy 75% tax exemption on the first Singapore Dollars ("S\$") 10,000 of normal taxable income and a further 50% tax exemption on the next S\$190,000 of normal taxable 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 six months ended 30 September 2024 (30 September 2023: 25%). During the six months ended 30 September 2024 and 2023, 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 50,000.

For the six months ended 30 September 2024, Hong Kong Profits Tax, Singapore CIT and the UK CIT (30 September 2023: Hong Kong Profits Tax, Malaysia CIT, Singapore CIT and the UK CIT) have not been provided for in the condensed consolidated interim financial information as there was either loss for taxation purpose or no assessable profits being derived from Hong Kong, Singapore and the UK (30 September 2023: Hong Kong, Malaysia, Singapore and the UK), respectively.

7. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 September 2024 and 2023. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit		
Profit for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	47,334	18,176

	Six months ended 30 September	
	2024 Number of shares (unaudited)	2023 Number of shares (unaudited)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	765,373,584	765,373,584

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

8. EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted earnings/(loss) per share

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

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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit for the period attributable to owners of the Company	47,334	18,176
Loss/(Gain) on fair value change of convertible bond designated as financial liabilities at FVPL	10,128	(42,293)
Exchange (gain)/loss on convertible bond designated as financial liabilities at FVPL	(6,626)	17,759
	50,836	(6,358)

(ii) Weighted average number of ordinary shares

	Six months ended 30 September	
	2024 Number of shares (unaudited)	2023 Number of shares (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	765,373,584	765,373,584
Effect of conversion of convertible bond designated as financial liabilities at FVPL	1,000,000,000	1,000,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	1,765,373,584	1,765,373,584

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

9. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK\$'000	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, equipment and motor vehicles HK\$'000	Construction- in-progress HK\$'000	Total HK\$'000
Cost							
As at 1 April 2024 (audited)	6,519	79,145	295	114,823	10,951	3,060	214,793
Exchange realignment	65	2,436	(8)	7,003	256	16	9,768
Additions	-	-	-	2,200	792	833	3,825
Transfers	-	3,909	-	-	-	(3,909)	-
Disposal	-	(464)	-	(372)	-	-	(836)
As at 30 September 2024 (unaudited)	6,584	85,026	287	123,654	11,999	-	227,550
Accumulated depreciation and impairment losses							
As at 1 April 2024 (audited)	5,879	14,410	247	46,793	8,616	-	75,945
Exchange realignment	60	456	(5)	2,134	179	-	2,824
Charge for the period	433	1,028	-	3,950	804	-	6,215
Disposal	-	(79)	-	(206)	-	-	(285)
As at 30 September 2024 (unaudited)	6,372	15,815	242	52,671	9,599	-	84,699
Net carrying amount							
As at 30 September 2024 (unaudited)	212	69,211	45	70,983	2,400	-	142,851
As at 31 March 2024 (audited)	640	64,735	48	68,030	2,335	3,060	138,848

10. INTANGIBLE ASSETS

During the six months ended 30 September 2024, the Group incurred capital expenditure in respect of stripping activities with cost of approximately HK\$53,368,000 (30 September 2023: approximately HK\$5,152,000).

During the six months ended 30 September 2024 and 2023, no impairment loss was made on the intangible assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

11. GOODWILL

	Coal Mining CGU HK\$'000 (Note (a))	Renewable Energy CGU HK\$'000 (Note (b))	IT Services CGU HK\$'000 (Note (c))	Total
Cost				
As at 1 April 2024 (audited) and 30 September 2024 (unaudited)	37,469	4,229	24,148	65,846
Accumulated impairment losses				
As at 1 April 2024 (audited) and 30 September 2024 (unaudited)	37,469	–	24,148	61,617
Net carrying amount				
As at 30 September 2024 (unaudited)	–	4,229	–	4,229
As at 31 March 2024 (audited)	–	4,229	–	4,229

11(a) Coal Mining CGU

The goodwill arising on acquisition of Kaiyuan Company and its subsidiary was fully impaired during the year ended 31 March 2011.

11(b) Renewable Energy CGU

The goodwill arising from the acquisition of 90% equity interests in NEFIN Leasing Technologies Limited and its subsidiary on 8 October 2018 was included in the cash generating units engaged in renewable energy solutions (the “Renewable Energy CGU”).

As at 30 September 2024, the directors of the Company assessed the recoverable amount of the Renewable Energy CGU with reference to value-in-use (“VIU”) calculations using cash flow projections based on financial budgets and forecasts covering a five-year period and extrapolation of cash flows beyond such period conducted by ValQuest Advisory (Hong Kong) Limited (“ValQuest”), an independent professional valuer. The directors of the Company concluded that there is no material change in key assumptions in the VIU calculation as at 30 September 2024 as compared with 31 March 2024.

As at 30 September 2024, the recoverable amount of the Renewable Energy CGU is higher than its carrying amount. Accordingly, there was no impairment on the goodwill during the six months ended 30 September 2024.

11(c) IT Services CGU

The goodwill arising from the acquisition of 80.86% equity interests in Harbour Group Holdings Limited and its subsidiaries on 23 April 2019 was included in the cash generating units engaged in IT Services (the “IT Services CGU”). The goodwill was fully impaired during the year ended 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

12. TRADE AND OTHER RECEIVABLES

	Note	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade receivables			
From third parties		3,928	5,115
Loss allowance		(2,353)	(956)
	12(a)	1,575	4,159
Other receivables			
Prepayments, deposits and other receivables		4,882	3,959
Other taxes receivables		129	111
Prepayments for acquisition of property, plant and equipment		117	227
		5,128	4,297
		6,703	8,456
Analysed by:			
Non-current		117	227
Current		6,586	8,229
		6,703	8,456

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

12. TRADE AND OTHER RECEIVABLES (Continued)

12(a) Trade receivables

The Group's sales to coal customers 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.

Ageing analysis

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Within 30 days	796	1,142
31-60 days	376	895
61-90 days	379	273
Over 90 days	2,377	2,805
Less: Loss allowance	(2,353)	(956)
	1,575	4,159

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

13. TRADE AND OTHER PAYABLES

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Within 90 days	41,195	11,494
91-180 days	4,575	1,213
181-365 days	2,061	3,569
Over 1 year	1,365	3,571
Trade payables	49,196	19,847
Contract liabilities	5,046	3,300
Government levies payable		
– Economic development fees in coal resources areas	26,228	25,471
Accrued expenses	2,507	4,269
Other taxes payable	8,610	5,863
Other payables	13,803	9,602
Total trade and other payables	105,390	68,352

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

14. LEASE LIABILITIES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Carrying amount of right-of-use assets (Note 9)		
Leased properties	212	640
Lease liabilities		
Current	146	1,029
Non-current	–	267
	146	1,296

In addition to the information disclosed in Note 9, the Group had the following amounts relating to leases during the six months ended 30 September 2024 and 2023:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Depreciation charge of right-of-use assets		
Leased properties	433	1,021

The total cash outflow for leases for the six months ended 30 September 2024 was approximately HK\$780,000 (30 September 2023: approximately HK\$1,013,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

14. LEASE LIABILITIES (Continued)

Commitments under leases

As at 30 September 2024, the Group was committed to lease contracts in relation to leased properties that have not yet commenced. The related lease payments that were not paid and not reflected in the measurement of lease liabilities were approximately HK\$168,000 (31 March 2024: approximately HK\$195,000).

Lease liabilities:

	Lease payments		Present value of lease payments	
	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Amount payable:				
Within one year	155	1,105	146	1,029
More than one year, but not exceeding two years	–	277	–	267
	155	1,382	146	1,296
Less: future finance charges	(9)	(86)	–	–
Total lease liabilities	146	1,296	146	1,296

15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
Ordinary shares		
Authorised:		
Balance as at 1 April 2023 (audited), 31 March 2024 (audited), 1 April 2024 (audited) and 30 September 2024 (unaudited)	5,000,000,000	500,000
Issued and fully paid:		
Balance as at 1 April 2023 (audited), 31 March 2024 (audited), 1 April 2024 (audited) and 30 September 2024 (unaudited)	765,373,584	76,537

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

16. CONVERTIBLE BOND

On 14 March 2008, the Company issued zero-coupon convertible bond with an aggregate principal amount of HK\$200,000,000 to Ascent Goal simultaneously upon completion of the issue and allotment of 400,000,000 ordinary shares of HK\$0.10 each. The bond is denominated in HK\$ and entitles the holders to convert any parts of it into ordinary shares of the Company at any time between the date of issue of the bond and its settlement date on 13 March 2011 in multiples of HK\$1,000,000 at a conversion price HK\$0.20 (subject to adjustments) per share. The shares to be issued and allotted upon conversions shall rank *pari passu* in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue. If the convertible bond has not been converted, the Company shall repay the principal amount of the outstanding convertible bond to Ascent Goal as at 13 March 2011.

On 11 February 2011, the Company entered into a deed of amendment with Ascent Goal (“1st extended Convertible Bond”), to extend the maturity date of the convertible bond for 36 months and the conversion period will accordingly be extended for 36 months from 14 March 2011 (date of extension) to 13 March 2014. Apart from the extension of the maturity date and the conversion period, all terms of the convertible bond remain unchanged from the original terms.

Following the change of functional currency from HK\$ to RMB, the directors of the Company are of the view that the convertible bond upon extension of maturity date (“Convertible Bond”) was no longer convertible at a fixed for fixed relationship. Accordingly, the Convertible Bond was designated as a financial liability at FVPL in the condensed consolidated statement of financial position.

On 21 January 2014, the Company entered into a second deed of amendment with Ascent Goal (“2nd extended Convertible Bond”) to extend the maturity date of 1st extended Convertible Bond for 36 months and the conversion period will accordingly be extended for 36 months from 14 March 2014 (date of extension) to 13 March 2017 (“2nd extended Maturity Date”). Apart from the extension of maturity date and the conversion period, all terms of the 2nd extended Convertible Bond remain unchanged from the original terms.

The 2nd extended Maturity Date was considered to be a substantial modification of terms of 1st extended Convertible Bond as the discounted present value of the cash flows of the 2nd extended Convertible Bond is more than 10% different from the discounted present value of the cash flows of the outstanding 1st extended Convertible Bond prior to the extension of maturity date. As such, the 1st extended Convertible Bond was derecognised and the 2nd extended Convertible Bond was recognised.

On 25 January 2017, the Company entered into a third deed of amendment with Ascent Goal (“3rd extended Convertible Bond”), to further extend the maturity date of the 2nd extended Convertible Bond for 36 months and the conversion period will accordingly be extended for 36 months from 14 March 2017 (date of extension) to 13 March 2020 (“3rd extended Maturity Date”). Apart from the extension of maturity date and the conversion period, all terms of the convertible bond remain unchanged from the original terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 September 2024

16. CONVERTIBLE BOND (Continued)

The 3rd extended Maturity Date was considered to be a substantial modification of terms of the 2nd extended Convertible Bond as the discounted present value of the cash flows of the 3rd extended Convertible Bond is more than 10% different from the discounted present value of the cash flows of the 2nd extended Convertible Bond prior to the extension of maturity date. As such, the 2nd extended Convertible Bond was derecognised and the 3rd extended Convertible Bond was recognised.

On 3 February 2020, the Company entered into a fourth deed of amendment with Ascent Goal (“4th extended Convertible Bond”), to further extend the maturity date of the 3rd extended Convertible Bond for 36 months and the conversion period will accordingly be extended for 36 months from 13 March 2020 (date of extension) to 13 March 2023 (“4th extended Maturity Date”). Apart from the extension of maturity date and the conversion period, all terms of the convertible bond remain unchanged from the original terms.

The 4th extended Maturity Date was considered to be a substantial modification of terms of the 3rd extended Convertible Bond as the discounted present value of the cash flows of the 4th extended Convertible Bond was more than 10% different from the discounted present value of the outstanding 3rd extended Convertible Bond prior to the extension of maturity date. As such, the 3rd extended Convertible Bond was derecognised and the 4th extended Convertible Bond was recognised.

On 11 August 2022, the Company entered into a fifth deed of amendment with Ascent Goal (“5th extended Convertible Bond”), to further extend the maturity date of the 4th extended Convertible Bond for 36 months and the conversion period will accordingly be extended for 36 months from 13 March 2023 (date of extension) to 13 March 2026 (“5th extended Maturity Date”). Apart from the extension of maturity date and the conversion period, all terms of the convertible bond remain unchanged from the original terms.

The 5th extended Maturity Date was considered to be a substantial modification of terms of the 4th extended Convertible Bond as the discounted present value of the cash flows of the 5th extended Convertible Bond was more than 10% different from the discounted present value of the outstanding 4th extended Convertible Bond prior to the extension of maturity date. As such, the 4th extended Convertible Bond was derecognised and the 5th extended Convertible Bond was recognised.

The 5th extended Convertible Bond was valued by the directors of the Company with reference to valuation reports issued by ValQuest (31 March 2024: ValQuest) as at 30 September 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

16. CONVERTIBLE BOND (Continued)

The movements of the 5th extended Convertible Bond for the period/year are set out below:

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Balance at beginning of the reporting period	208,149	299,372
Loss/(Gain) on fair value change charged/(credited) to the profit or loss	10,128	(62,794)
Loss/(Gain) on fair value change arising from change in Convertible Bond's credit risk charged/(credited) to other comprehensive income	14,522	(28,429)
(Gain)/Loss on translation of 5th extended Convertible Bond denominated in a foreign currency into the functional currency	(6,626)	13,878
Exchange adjustment arising on translation of functional currency to presentation currency and recorded in other comprehensive income	6,626	(13,878)
Balance at end of the reporting period	232,799	208,149
Analysed for reporting as: Non-current liabilities	232,799	208,149
Difference between carrying amount and maturity amount: 5th extended Convertible Bond at fair value	232,799	208,149
Amount payable on maturity	(200,000)	(200,000)
	32,799	8,149

None of the 5th extended Convertible Bond had been converted into ordinary shares of the Company during the six months ended 30 September 2024 and the year ended 31 March 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 September 2024 and 31 March 2024.

Fair value hierarchy

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

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 (lowest level): unobservable inputs for the asset or liability.

The Group engaged an independent professional valuer to perform valuation of financial instruments which are categorised into Level 2 and Level 3 of the fair value hierarchy. Valuation reports with analysis of changes in fair value measurement are prepared by the independent professional valuer at each interim and annual reporting date, and are reviewed and approved by the financial controller. Discussion of the valuation process and results with the financial controller is held twice a year to coincide with the reporting dates.

	Fair value as at 30 September 2024 HK\$'000	Unaudited Fair value measurements as at 30 September 2024 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Financial liabilities designated as at FVPL:				
Convertible bond designated as financial liabilities at FVPL	232,799	-	-	232,799
	Fair value as at 31 March 2024 HK\$'000	Audited Fair value measurements as at 31 March 2024 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Financial liabilities designated as at FVPL:				
Convertible bond designated as financial liabilities at FVPL	208,149	-	-	208,149

During the six months ended 30 September 2024 and year ended 31 March 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Information about Level 3 fair value measurements

Convertible bond designated as financial liabilities at FVPL

The fair value of the convertible bond is determined with reference to fair value of the liability component and conversion option component, calculated by using discounted cash flows and binomial model, respectively. The assumptions adopted for the valuation of the convertible bond are as follows:

- (i) The estimation of risk free rate has made reference to the yield of Exchange Fund Bill with same duration as the convertible bond;
- (ii) The estimation of volatility for the underlying share price has considered the historical price movements of the Company;
- (iii) The discount rate was determined based on the Company's credit rating and comparable corporate bonds with similar maturity and credit risk for which the range of comparable yield to maturity as of date of valuation was determined and the average has been adopted; and
- (iv) The estimation of dividend yield is based on historical dividend payment of the Company.

Major parameters adopted in the calculation of the fair value are summarised below:

	As at 30 September 2024 (unaudited)	As at 31 March 2024 (audited)
Stock price	HK\$0.172	HK\$0.139
Exercise price	HK\$0.2	HK\$0.2
Risk free rate	2.81%	3.69%
Discount rate	10.13%	22.92%
Dividend yield	0%	0%
Time to expiration	1.45 years	1.95 years
Stock price volatility	81.22%	110.56%

The significant unobservable input used in the fair value measurement is expected stock price volatility. The fair value measurement is positively correlated to the expected stock price volatility. If the expected stock price volatility has been 10% (31 March 2024: 10%) higher with all other variables held constant, the Group's pre-tax profit for the six months ended 30 September 2024 would decrease by approximately HK\$7,126,000 (31 March 2024: approximately HK\$5,328,000). If the expected stock price volatility has been 10% (31 March 2024: 10%) lower with all other variables held constant, the Group's pre-tax profit for the six months ended 30 September 2024 would increase by approximately HK\$7,345,000 (31 March 2024: HK\$7,352,000).

Reconciliation of Level 3 fair value measurements

The movements during the reporting periods in the balance of financial liability of level 3 fair value measurement is set out in Note 16.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 September 2024

18. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the condensed consolidated interim financial information, the Group had the following transactions with related parties.

Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management for the six months ended 30 September 2024 and 2023 were as follows:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Salaries, bonus, allowances and other short-term employee benefits	12,294	4,655
Contributions to defined contribution retirement plans	142	136
	12,436	4,791

The remuneration of the directors of the Company was determined by the remuneration committee having regard to the performance of individuals and the market trends.

19. CAPITAL EXPENDITURE COMMITMENTS

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Contracted but not provided net of deposit paid for acquisition of property, plant and equipment	5,780	7,308

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the six months ended 30 September 2024 (the “Reporting Period”), 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 People’s Republic of China (the “Mainland China”). Xinjiang is remote from major industrial cities in the Mainland China, and hence coal produced in Xinjiang is mainly consumed locally due to the logistic and the transportation costs. On 8 October 2018, we completed the acquisition of NEFIN Leasing Technologies Limited and its wholly owned subsidiary, NEFIN Technologies (Malaysia) Sdn. Bhd. (together the “NEFIN Group”) which is principally engaged in renewable energy solutions in Malaysia. We further allocated resources into the solar energy projects since then so as to enable higher efficiency together with the existing solar assets. On 23 April 2019, we completed the acquisition of Harbour Group Holdings Limited (“Harbour Group Holdings”) and its subsidiaries (collectively the “Harbour Group”) which is principally engaged in the provision of information technology (“IT”) outsourcing, consultancy and technical services (together referred to as “IT Services”) mainly in Hong Kong. We are committed to optimizing our service offerings and focusing on areas that best support our long-term business goals. 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.

Revenue

The Group recorded a revenue of approximately HK\$178,204,000 for the Reporting Period (2023: approximately HK\$54,100,000). It represents an increase of approximately HK\$124,104,000 or approximately 229.4% as compared with the previous corresponding period.

Coal Mining Business

During the Reporting Period, revenue of approximately HK\$173,906,000 of the coal mining business increased by approximately HK\$131,162,000 or approximately 306.9% as compared to approximately HK\$42,744,000 in the previous corresponding period. The increase in revenue was mainly due to the increase in sales volume of coal during the Reporting Period. The Group sold approximately 1,391,693 tonnes (2023: approximately 300,971 tonnes) of coal during the Reporting Period, increased by 1,090,722 tonnes or approximately 362.4% compared to that in the previous corresponding period. The significant revenue increase was due to the net effect of the increase in sales volume, and the decrease in average selling prices per ton by approximately HK\$17.06 or approximately 12.0% to approximately HK\$124.96 per ton during the Reporting Period (2023: HK\$142.02 per ton).

Renewable Energy Business

During the Reporting Period, the renewable energy business recorded a revenue of approximately HK\$1,814,000 (2023: approximately HK\$1,759,000). The slight increase in revenue of approximately HK\$55,000 or approximately 3.1% of the renewable energy business was mainly due to the effect of exchange rate during the Reporting Period.

IT Services Business

During the Reporting Period, the IT Services business contributed a revenue of approximately HK\$2,484,000 (2023: approximately HK\$9,597,000). Due to the sustained adverse economic climate in Hong Kong and worldwide, the business of IT services experienced challenges and therefore revenue decreased drastically by approximately HK\$7,113,000 or approximately 74.1% as compared with the previous corresponding period.

BUSINESS OVERVIEW (Continued)

Cost of services and goods sold

Coal Mining Business

The cost of sales of the coal mining business for the Reporting Period was approximately HK\$78,595,000 (2023: approximately HK\$36,492,000). 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 during the Reporting Period was mainly a result of the increase of production cost and staff cost during the Reporting Period.

Renewable Energy Business

During the Reporting Period, the cost of services of the renewable energy business is approximately HK\$924,000 (2023: approximately HK\$939,000). There is no material change in the cost of services during the Reporting Period as compared with the previous corresponding period.

IT Services Business

During the Reporting Period, the cost of services and goods sold of the IT Services business is approximately HK\$2,514,000 (2023: approximately HK\$8,917,000). The decrease in cost of sales was in line with the decrease of revenue during the Reporting Period as compared with the previous corresponding period.

Gross profit/loss

The gross profit of the Group for the Reporting Period was approximately HK\$96,171,000 (2023: gross profit of approximately HK\$7,752,000). The gross profit increased by approximately HK\$88,419,000 or approximately 1,140.6% and the gross profit margin is approximately 54.0% for the Reporting Period (2023: approximately 14.3%). Coal mining business contributed gross profit of approximately HK\$95,311,000 (2023: approximately HK\$6,252,000), IT Services business contributed gross loss of approximately HK\$30,000 (2023: gross profit of approximately HK\$680,000) and renewable energy business contributed gross profit of approximately HK\$890,000 (2023: approximately HK\$820,000).

Other revenue

The Group's other revenue for the Reporting Period was approximately HK\$1,408,000 (2023: approximately HK\$1,699,000), representing an decrease of approximately HK\$291,000 or approximately 17.1% as compared with the previous corresponding period. This is mainly due to the lower bank interest income of approximately HK\$754,000 (2023: approximately HK\$1,559,000) during the Reporting Period.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the Reporting Period was approximately HK\$32,372,000 (2023: approximately HK\$30,160,000), representing an increase of approximately HK\$2,212,000 or approximately 7.3% as compared with the previous corresponding period. This was mainly due to the combined effect of the increase in salaries, bonus and allowances of approximately HK\$8,327,000 during the Reporting Period, and no supplemental environmental related fees incurred during the Reporting Period (2023: approximately HK\$7,043,000).

BUSINESS OVERVIEW (Continued)

Profit for the Reporting Period

Profit of the Group for the Reporting Period was approximately HK\$47,143,000, representing an increase of approximately HK\$29,772,000 during the Reporting Period. Such increase of profit was mainly due to the net effect of the following:

- (a) Loss on fair value change of convertible bond designated as financial liabilities at fair value through profit or loss ("FVPL") of approximately HK\$10,128,000 (2023: gain on fair value change of approximately HK\$42,293,000);
- (b) the net exchange gain of approximately HK\$14,538,000 (2023: net exchange loss of approximately HK\$3,170,000);
- (c) the decrease of other revenue by approximately HK\$291,000;
- (d) the increase of gross profit by approximately HK\$88,419,000;
- (e) the increase of administrative and other operating expenses by approximately HK\$2,212,000;
- (f) the decrease of finance costs by approximately HK\$255,000; and
- (g) the income tax expenses of approximately HK\$18,998,000 (2023: income tax credit of approximately HK\$2,565,000).

Change in fair value of convertible bond designated as financial liabilities at FVPL

The zero coupon convertible bond (the "Convertible Bond") of the Company in the principal amount of HK\$200,000,000 was issued on 14 March 2008 with a conversion price of HK\$0.20 per share (subject to adjustments) and maturity date of 17 March 2011 (details of which were set out in the announcements of the Company dated 28 January 2008 and 14 March 2008).

The maturity date of the Convertible Bond was then extended to 13 March 2014, 13 March 2017, 13 March 2020, 13 March 2023 and further extended to 13 March 2026 (details of which were respectively set out in the circulars of the Company dated 21 February 2011, 13 February 2014, 17 February 2017, 24 February 2020 and 16 November 2022 and announcements of the Company dated 11 March 2011, 10 March 2014, 7 March 2017, 11 March 2020 and 9 December 2022).

As at the date of this interim report, the outstanding principal amount of the Convertible Bond is HK\$200,000,000.

BUSINESS OVERVIEW (Continued)

Profit for the Reporting Period (Continued)

Change in fair value of convertible bond designated as financial liabilities at FVPL (Continued)

The Company conducted valuation for the fair value of the Convertible Bond every financial year after its issuance in compliance with the relevant accounting policies. The Company has engaged ValQuest Advisory (Hong Kong) Limited as its independent professional valuer for the purpose of assessing the fair value of the Convertible Bond as at 30 September 2024. In assessing the fair value of the Convertible Bond, the binomial option pricing model was adopted and factors including stock price of the Company, specific terms and structure of the Convertible Bond, trading conditions and liquidity of the Convertible Bond, and ancillary effects associated with the exercise or conversion and partial conversion of the Convertible Bond were taken into account. The credit rating of our Company is estimated to be B on 30 September 2024 (31 March 2024: CCC with reference to Standard & Poor's Corporate Rating Criteria) with reference to Moody's Rating Methodology – Mining, where Corporate Bond with issuer credit rating of B (31 March 2024: CCC) and similar time to maturity were selected, the discount rate is 10.1% (31 March 2024: 22.9%).

The fair values of the Convertible Bond were approximately HK\$232,799,000 and approximately HK\$208,149,000 as at 30 September 2024 and 31 March 2024, respectively. The amounts were assessed and reviewed by the directors of the Company (the "Directors") and reviewed by the auditor of the Company. According to the relevant accounting policies, the decrease in fair value of the Convertible Bond represents a decrease in liabilities of the Company. The amount of the change in fair value of the Convertible Bond of approximately HK\$24,650,000 was derived by taking the difference between the fair value of the Convertible Bond as at 30 September 2024 and 31 March 2024. The change in fair value of the Convertible Bond was mainly due to the change in the stock price and credit rating of the Company during the Reporting Period. The closing stock prices of the Company were HK\$0.172 and HK\$0.139 as at 30 September 2024 and 31 March 2024, respectively, and the expected volatility of the stock price of the Company was 81.2% and 110.6% based on the historical price volatility of the Company for the six months ended 30 September 2024 and for the year ended 31 March 2024, respectively. The credit rating of our Company is changed to a rating of B on 30 September 2024, with reference to Moody's Rating Methodology – Mining (31 March 2024: credit rating of CCC with reference to Standard & Poor's Corporate Rating Criteria).

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 the Xinjiang of the Mainland China;
- (2) Renewable energy business segment: provision of service for renewable energy solutions in Malaysia; and
- (3) IT Services business segment: provision of IT Services in Hong Kong, Singapore, Malaysia and the UK.

SEGMENT INFORMATION (Continued)

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 is the major business of the Group at present. It contributed a revenue of approximately HK\$173,906,000 for the Reporting Period (2023: approximately HK\$42,744,000), representing an increase of approximately HK\$131,162,000 or approximately 306.9% as compared with the previous corresponding period.

Sales and Production of Coals

During the Reporting Period, the Group sold approximately 1,391,693 tonnes of coals (2023: approximately 300,971 tonnes) with total sales income of approximately HK\$173,906,000 (2023: approximately HK\$42,744,000). Details of sales of coals in tonnes are listed in the below table:

	Six months ended 30 September	
	2024	2023
Sales of coals	1,391,693 tonnes	300,971 tonnes

Coal Sales (tonnes) and Percentage of Coal Sales

	Coal Sales (tonnes)	Coal Sales in %
Mixed Coal	1,345,107	96.7
Slack Coal	46,586	3.3
Total	1,391,693	100.0

(ii) Renewable Energy Business

Service income from renewable energy business contributed a revenue of approximately HK\$1,814,000 for the Reporting Period (2023: approximately HK\$1,759,000).

(iii) IT Services Business

Service income from IT Services business contributed a revenue of approximately HK\$2,484,000 for the Reporting Period (2023: approximately HK\$9,597,000).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SEGMENT INFORMATION (Continued)

Reserves and Resources

The Group owns a mining right located in Xinjiang. The estimated remaining reserve in Kaiyuan Open Pit Coal Mine (the “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, a transfer agreement was officially passed by Department of Natural Resources of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區自然資源廳) of the Mainland China (the “Xinjiang Natural Resources Department”) to Mulei County Kai Yuan Coal 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. 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 Reporting Period, approximately 1.39 million tonnes of coal was extracted (2023: approximately 0.30 million tonnes).

Total approximate reserve of the mine in Xinjiang as at 30 September 2024 is equivalent to 61.89 million tonnes (i.e. the sum of the estimated remaining coal reserve in Kaiyuan Mine including the Enlarged Kaiyuan Mine) (31 March 2024: approximately 63.28 million tonnes).

Coal Reserve as at 30 September 2024 = Coal Reserve as at 31 March 2024 – Amount of coal extracted by the Group during the period from 1 April 2024 to 30 September 2024.

Geographical segment

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 the Mainland China, Hong Kong, Singapore, the UK and Malaysia. Activities outside these five locations are insignificant. The principal assets of the Group are located in the Mainland China, Hong Kong and Malaysia.

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 Xinjiang Natural Resources Department regarding the Optimization and Upgrading Plan[#] relating to 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.

* English translation for identification purpose only.

[#] “Optimization and Upgrading Plan” was previously referred to as “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.

MAJOR EVENTS (Continued)

Acquisition of the New Mining Right of the Enlarged Kaiyuan Mine (Continued)

As announced by the Company on 6 December 2019 and 16 March 2020,

- (i) Kaiyuan 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 km²) of 4.1123 km² 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”);
- (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 (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 Mainland China, 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.

MAJOR EVENTS (Continued)

The Testing, Checking and Verification of the 900,000 Tonnes/Year Expansion Project

Since 2010, Kaiyuan Company had been applying for the expansion project to upgrade the coal mine capacity to 900,000 tonnes/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 km² (the "Original Kaiyuan Mine") to 4.1123 km² (the "Enlarged Kaiyuan Mine"). The New Mining Permit covered a mining area of approximately 4.1123 km² 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.

Currently, Kaiyuan Mine is a coal mine operating in compliance with local rules and regulations, with complete documentation and permit (including business licence, 900,000 tonnes/year mining permit, and Work Safety Permit), which has laid a solid foundation for future capacity upgrades and sustainable development.

* English translation for identification purpose 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. On 10 October 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, looking ahead, we will strive to further increase production capacity, maintain financial stability, and continue to ensure proper compliance and governance at the same time. 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 capacity 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.

In addition to coal mining, the Group has been exploring new markets and developing its business coverage on technological and renewable energy sectors. It is one of the objectives of the Group to diversify its business portfolio into sectors offering higher growth momentum.

Due to the sustained adverse economic climate in Hong Kong and worldwide, we are facing a difficult business environment, which has negatively impacted our IT Services business. The board is currently evaluating strategic options that may include phasing out our IT Services business. This consideration aligns with our commitment to optimizing our service offerings and focusing on areas that best support our long-term business goals.

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.

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 30 September 2024 nor material acquisitions and disposals of subsidiaries during the Reporting Period.

Save as otherwise disclosed, the Group does not have any future plan 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 remedial works. Sources of funding are expected to come primarily from the coal sales revenue and also external banking facilities of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had:

- net current assets and net assets of approximately HK\$138,724,000 and approximately HK\$505,580,000, respectively (31 March 2024: net current assets and net assets of approximately HK\$123,046,000 and approximately HK\$448,471,000, respectively).
- cash and cash equivalents of approximately HK\$250,149,000 (31 March 2024: approximately HK\$189,307,000) and the bank balances and cash were the major components of the Group's current assets of approximately HK\$257,674,000 (31 March 2024: approximately HK\$199,567,000). All the cash and cash equivalents are denominated in Hong Kong dollars ("HK\$"), Malaysian Ringgit ("MYR"), Singapore Dollars ("S\$"), Great Britain Pound ("GBP"), United States Dollars ("US\$") and RMB (31 March 2024: HK\$, MYR, S\$, GBP, US\$ and RMB).
- current liabilities of approximately HK\$118,950,000 (31 March 2024: approximately HK\$76,521,000) which comprised trade and other payables of approximately HK\$105,390,000 (31 March 2024: approximately HK\$68,352,000) and tax payables of approximately HK\$8,458,000 (31 March 2024: approximately HK\$2,599,000).
- non-current liabilities of approximately HK\$310,565,000 (31 March 2024: approximately HK\$276,697,000) which comprised Convertible Bond of approximately HK\$232,799,000 (31 March 2024: approximately HK\$208,149,000), non-current portion payable related to mining right payables of approximately HK\$67,000,000 (31 March 2024: approximately HK\$62,559,000).

The Group's gearing ratio was approximately 1.56 (31 March 2024: approximately 1.61). The computation is based on total debt (Convertible Bond, mining right payables and lease liabilities) divided by total equity.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares.

As at 30 September 2024, there were 765,373,584 (31 March 2024: 765,373,584) ordinary shares of the Company in issue.

Zero coupon convertible bonds of the Company with an aggregate principal amount of HK\$200,000,000 were issued on 14 March 2008 the maturity date of which was approved to be further extended for 36 months to 13 March 2026 by the shareholders of the Company on 9 December 2022.

CHARGES ON GROUP'S ASSETS

As at 30 September 2024 and 31 March 2024, there were no assets pledged by the Group.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in RMB, HK\$ and MYR and incurs costs in RMB, HK\$ and MYR. The Group is exposed to foreign exchange risk based on fluctuations of exchange rates of HK\$ and MYR against RMB. The currency exchange risk for the Reporting Period is mainly derived from the exchange difference on convertible bond designated as financial liabilities at FVPL, which is a result from the depreciation of RMB against HK\$. 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 their face value of HK\$200,000,000 (31 March 2024: Convertible Bond at face value of HK\$200,000,000), the Group finances its operation mainly by internal generated resources.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any material contingent liabilities (31 March 2024: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group had 149 employees (30 September 2023: 142; 31 March 2024: 136) spreading amongst Hong Kong, Malaysia, Singapore, the UK and the Mainland China. Total staff costs (excluding Directors' emoluments) for the Reporting Period amounted to approximately HK\$17,333,000 (30 September 2023: approximately HK\$16,379,000; 31 March 2024: approximately HK\$33,715,000). Employment relationship has been well maintained by the Group with its employees. The Group has adopted an extensive training policy for its employees.

Remuneration policy of the Company is reviewed regularly, making reference to market condition and performance of the Company and individual staff (including the Directors).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (2023: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, none of the directors or chief executives of the Company, had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for those disclosed under the headings "Share Option Scheme" below, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors (including their spouses and children under the age of 18) to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Group has not adopted any share option scheme after the expiration of the old share option scheme on 27 August 2013. There was no outstanding share option under the share option scheme as at 30 September 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, the following persons (other than directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares or underlying shares of the Company

Name of shareholder	Notes	Nature of interest	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Approximate percentage of the total number of issued shares of the Company in issue (Note 5)
Ascent Goal Investments Limited ("Ascent Goal")	1,4	Beneficial owner	569,616,589	1,000,000,000	1,569,616,589	205.08%
CSIL Limited ("CSIL")	2,4	Interests of controlled corporation	569,616,589	1,000,000,000	1,569,616,589	205.08%
New Bright International Development Limited ("New Bright")	2,4	Interests of controlled corporation	569,616,589	1,000,000,000	1,569,616,589	205.08%
Ms. Fung Yuen Kwan Veronica	3,4	Interests of controlled corporation	569,616,589	1,000,000,000	1,569,616,589	205.08%

OTHER INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in shares or underlying shares of the Company (Continued)

Notes:

1. Ascent Goal was directly interested in 569,616,589 shares and further 1,000,000,000 underlying shares which may be fully allotted and issued if the Convertible Bond are converted at the conversion price of HK\$0.20 per share. These 1,569,616,589 shares were held by Ascent Goal directly as beneficial owner. It includes (i) interests in 569,616,589 shares and (ii) the Convertible Bond giving rise to an interest in 1,000,000,000 underlying shares.
2. Since Ascent Goal is a wholly-owned subsidiary of CSIL which is beneficially owned as to 70% by New Bright, the interests of Ascent Goal is deemed to be the interests of CSIL and in turn the interests of New Bright under the SFO.
3. Ms. Fung Yuen Kwan Veronica is deemed to have interests in the shares and underlying shares through her 70% interests in New Bright.
4. The 569,616,589 shares and 1,000,000,000 underlying shares under the Convertible Bond represent approximately 74.42% and approximately 130.66% of the total number of issued shares of the Company respectively, thus the total of 569,616,589 shares and 1,000,000,000 underlying shares represent approximately 205.08% of the total number of issued shares of the Company. The conversion rights attaching to the Convertible Bond will not be exercised and the Company will not issue the conversion shares if, immediately following the conversion, the Company would be unable to meet the public float requirement under the Listing Rules.
5. The approximate percentage of shareholdings is based on 765,373,584 shares as at 30 September 2024, not the enlarged number of issued shares of the Company upon full conversion of the Convertible Bond.

Save as disclosed above, the Directors are not aware of any other persons who, as at 30 September 2024, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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 Reporting Period.

OTHER INFORMATION *(Continued)*

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the “Code”) contained in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period, 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 Reporting Period, the Company did not have any officer with CE title. Mr. Kwan Man Fai, the chairman and managing Director, also carried out the responsibility of CE during the Reporting Period. 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.

CHANGE IN DIRECTOR’S INFORMATION

Changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the annual report of the Company for the year ended 31 March 2024 are set out below:

1. The service agreement of the executive Director, Mr. Li Chun Fung, entered with the Company expired on 16 September 2024 and a new service agreement had been entered with the Company for one year commencing on 17 September 2024;
2. The service agreement of the independent non-executive Director, Mr. Pak Wai Keung Martin, entered with the Company expired on 18 September 2024 and his service agreement had been extended for one year commencing on 19 September 2024;
3. The service agreement of the executive Director, Mr. Wong Sze Wai, entered with the Company expired on 19 November 2024 and a new service agreement had been entered with the Company for one year commencing on 20 November 2024;
4. A new service agreement of the executive Director, Mr. Kwan Man Fai, had been entered with the Company for one year commencing on 26 September 2024; and
5. Ms. Tong Yuk Ying Angel has been appointed as an executive director of the Company with effect from 1 October 2024.

OTHER INFORMATION *(Continued)*

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 made by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely Mr. Pak Wai Keung Martin as the chairman of the Audit Committee, Dr. Wong Man Hin Raymond and Mr. Chan Yiu Fai Youdey. The Audit Committee together with the management and external auditor of the Company have reviewed the accounting principles and practices adopted by the Group and discussed and reviewed the unaudited condensed consolidated interim financial information of the Group for the Reporting Period. The review was conducted by the external auditor of the Company 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.

By Order of the Board

Kwan Man Fai

Chairman and Managing Director

Hong Kong, 20 November 2024