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NAN NAN RESOURCES ENTERPRISE LIMITED

南南資源實業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1229)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

The board of directors (the “Directors”) (the “Board”) of Nan Nan Resources Enterprise Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2025 (the “Year”) together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	5	327,049	116,069
Cost of services and goods sold		(173,523)	(72,931)
Gross profit		153,526	43,138
Other revenue		4,593	3,563
Selling and distribution expenses		(1,770)	(1,181)
Administrative and other operating expenses		(59,002)	(61,588)
Exchange gain/(loss), net		565	(3,464)
Finance costs	6	(5,483)	(3,762)
Gain on fair value change of convertible bond designated as financial liabilities at fair value through profit or loss (“FVPL”)		11,145	62,794
Impairment loss on property, plant and equipment		–	(1,016)
Profit before tax	6	103,574	38,484
Income tax expenses	7	(31,786)	(787)
Profit for the year		71,788	37,697

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Other comprehensive (loss)/income, net of nil tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		(572)	1,350
(Loss)/Gain on fair value change of convertible bond designated as financial liabilities at FVPL arising from change in its credit risk		(8,944)	28,429
 <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of functional currency to presentation currency		<u>6,597</u>	<u>(23,018)</u>
Other comprehensive (loss)/income for the year		<u>(2,919)</u>	<u>6,761</u>
Total comprehensive income for the year		<u>68,869</u>	<u>44,458</u>
Profit/(Loss) for the year attributable to:			
– Owners of the Company		72,586	39,095
– Non-controlling interests		<u>(798)</u>	<u>(1,398)</u>
		<u>71,788</u>	<u>37,697</u>
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		70,547	45,952
– Non-controlling interests		<u>(1,678)</u>	<u>(1,494)</u>
		<u>68,869</u>	<u>44,458</u>
Earnings/(Loss) per share (expressed in Hong Kong cents)			
– Basic	9	<u>9.48</u>	<u>5.11</u>
– Diluted	9	<u>3.55</u>	<u>(0.56)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		134,121	138,848
Intangible assets		237,453	182,121
Goodwill		4,229	4,229
Prepayments for acquisition of property, plant and equipment	<i>10</i>	626	227
		376,429	325,425
Current assets			
Inventories		11,132	2,031
Trade and other receivables	<i>10</i>	7,543	8,229
Cash and cash equivalents		248,219	189,307
		266,894	199,567
Current liabilities			
Trade and other payables	<i>11</i>	108,019	68,352
Convertible bond designated as financial liabilities at FVPL		205,948	–
Mining right payables, current portion		4,885	4,541
Lease liabilities		602	1,029
Tax payables		5,730	2,599
		325,184	76,521
Net current (liabilities) assets		(58,290)	123,046
Total assets less current liabilities		318,139	448,471

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Capital and reserves		
Share capital	76,537	76,537
Reserves	165,410	94,863
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Equity attributable to owners of the Company	241,947	171,400
Non-controlling interests	(1,304)	374
	<hr/>	<hr/>
Total equity	240,643	171,774
	<hr/>	<hr/>
Non-current liabilities		
Convertible bond designated as financial liabilities at FVPL	–	208,149
Provision for close down, restoration and environmental costs	2,661	2,678
Mining right payables, non-current portion	57,297	62,559
Lease liabilities	963	267
Deferred tax liabilities	16,575	3,044
	<hr/>	<hr/>
	77,496	276,697
	<hr/>	<hr/>
	318,139	448,471
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. BASIS OF COMPLIANCE

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

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year as set out below.

2. ADOPTION OF NEW/REVISED HKFRS ACCOUNTING STANDARDS

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

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

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

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

3. GOING CONCERN

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$58,290,000 as at 31 March 2025. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company considered that (i) the holder of the convertible bond is the holding company of the Group, Ascent Goal Investments Limited ("**Ascent Goal**"), (ii) after negotiation with Ascent Goal about the extension of the maturity date of the convertible bond, together with past experience of successfully extension for five times in previous years, (iii) even if the convertible bond was not extended, Ascent Goal had committed to provide financial support to the Group as is necessary to enable the Group to meet its financial obligation as they fall due as alternative, (iv) the potential available sources of financing to the Group, and (v) the Group's cash flow forecast prepared by the management which covers a period of not less than twelve months from 31 March 2025, they are therefore of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measure is successful, the directors of the Company are of the opinion that, in the light of the measure taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The directors of the Company believe that the aforementioned measure will be successful, based on the continuous efforts by the management of the Group.

However, should the above measure not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

4. SEGMENT INFORMATION

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

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

- (1) Coal mining business segment: mining and sales of coals in the Mainland China;
- (2) Renewable energy business segment: service income from renewable energy solutions in Malaysia; and
- (3) IT Services business segment: information technology (“IT”) consultancy and technical services (including sales of IT hardware products) and IT outsourcing services in Hong Kong, Malaysia, Singapore and the United Kingdom (the “UK”).

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

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

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

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

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

Segment revenue and results

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

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

	Coal mining business HK\$'000	Renewable energy business HK\$'000	IT Services business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 March 2024					
Revenue from external customers and reportable segment revenue	98,060	3,487	14,522	–	116,069
Gross profit	39,975	1,633	1,530	–	43,138
Selling and distribution expenses	(1,075)	–	(106)	–	(1,181)
Segment results	38,900	1,633	1,424	–	41,957
Other revenue	2,361	176	78	948	3,563
Administrative and other operating expenses	(39,174)	(1,376)	(7,436)	(13,602)	(61,588)
Finance costs	(3,632)	–	–	(130)	(3,762)
Impairment loss on property, plant and equipment	–	–	(1,016)	–	(1,016)
Gain on fair value change of convertible bond designated as financial liabilities at FVPL	–	–	–	62,794	62,794
Exchange loss, net	–	–	–	(3,464)	(3,464)
(Loss)/Profit before tax	(1,545)	433	(6,950)	46,546	38,484
Income tax expenses	(741)	(23)	(23)	–	(787)
(Loss)/Profit for the year	(2,286)	410	(6,973)	46,546	37,697
<i>Additional segment information:</i>					
Amortisation	7,751	66	–	–	7,817
Depreciation	12,149	1,507	734	1,005	15,395
Additions to property, plant and equipment	27,668	14	1,026	310	29,018
Additions to intangible assets	10,154	–	–	–	10,154
Charge of loss allowance of trade receivables, net	–	1	424	–	425
Supplemental environmental related fees	7,043	–	–	–	7,043

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 31 March 2025					
Property, plant and equipment	108,419	25,640	–	62	134,121
Intangible assets	236,256	1,197	–	–	237,453
Goodwill	–	4,229	–	–	4,229
Other assets	240,315	6,229	1,177	19,799	267,520
Total assets	<u>584,990</u>	<u>37,295</u>	<u>1,177</u>	<u>19,861</u>	<u>643,323</u>
Convertible bond designated as financial liabilities at FVPL	–	–	–	(205,948)	(205,948)
Mining right payables	(62,182)	–	–	–	(62,182)
Other liabilities	(130,940)	(622)	(1,084)	(1,904)	(134,550)
Total liabilities	<u>(193,122)</u>	<u>(622)</u>	<u>(1,084)</u>	<u>(207,852)</u>	<u>(402,680)</u>
As at 31 March 2024					
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	<u>466,032</u>	<u>38,915</u>	<u>5,963</u>	<u>14,082</u>	<u>524,992</u>
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	<u>(139,383)</u>	<u>(824)</u>	<u>(2,526)</u>	<u>(210,485)</u>	<u>(353,218)</u>

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill and prepayment for acquisition of property, plant and equipment ("Specified Non-current Assets"). The geographical location of the revenue is presented based on the location of the customers. The geographical location of property, plant and equipment and prepayments for acquisition of property, plant and equipment is presented based on the physical location of the assets and the geographical location of intangible assets and goodwill is presented based on the location of the respective business operations.

Location of revenue

Revenue from external customers

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
The Mainland China	319,597	98,060
Hong Kong	666	10,118
Malaysia	3,676	3,492
Singapore	3,110	4,172
The UK	–	227
	<u>327,049</u>	<u>116,069</u>

Location of the Specified Non-current Assets

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
The Mainland China	345,301	294,081
Hong Kong	62	318
Malaysia	31,066	31,026
	<u>376,429</u>	<u>325,425</u>

Information about major customers

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

	2025	2024
	HK\$'000	HK\$'000
Customer A from coal mining business segment	<u>43,521</u>	<u>*</u>

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group during the year ended 31 March 2024.

5. REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15		
Coal mining business		
– Sales of coals	<u>319,597</u>	<u>98,060</u>
Renewable energy business		
– Service income from renewable energy solutions	<u>3,676</u>	<u>3,487</u>
IT Services business		
– Sales of IT hardware products	–	2,597
– IT outsourcing services	3,307	5,081
– IT consultancy and technical services	<u>469</u>	<u>6,844</u>
	<u>3,776</u>	<u>14,522</u>
	<u>327,049</u>	<u>116,069</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<i>Timing of revenue recognition:</i>		
– at a point in time		
Sales of coals	319,597	98,060
Sales of IT hardware products	<u>–</u>	<u>2,597</u>
	<u>319,597</u>	<u>100,657</u>
– over time		
Service income from renewable energy solutions	3,676	3,487
IT outsourcing services	3,307	5,081
IT consultancy and technical services	<u>469</u>	<u>6,844</u>
	<u>7,452</u>	<u>15,412</u>
	<u>327,049</u>	<u>116,069</u>

6. PROFIT BEFORE TAX

This is stated at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance costs		
Interest on interest-bearing borrowings	–	37
Interest on mining right payables	5,405	5,822
Interest on lease liabilities	78	156
	<hr/>	<hr/>
Total finance costs	5,483	6,015
Less: Capitalised into construction in progress (<i>Note (i)</i>)	–	(2,253)
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	5,483	3,762
	<hr/>	<hr/>
Staff costs		
Staff cost (excluding directors' remuneration) (charged to “cost of services and goods sold”, “selling and distribution expenses” and “administrative and other operating expenses”)		
Salaries, bonus, allowance and other short-term employee benefits	36,520	30,366
Contributions to defined contribution retirement plan	4,898	3,349
	41,418	33,715
Other items		
Amortisation of intangible assets (charged to “cost of services and goods sold”)	30,408	7,817
Auditor's remuneration		
– audit services	1,500	1,500
– other services	360	360
	1,860	1,860
Cost of inventories sold	167,651	55,080
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”)	15,825	15,395
Charge of loss allowance of trade receivables, net	1,388	425
Exchange loss on financial liabilities at FVPL, net	1,249	13,878
Other exchange gain, net	(1,814)	(10,414)
Expenses recognised payments under short-term leases	319	788
Supplemental environmental related fees (charged to “Administrative and other operating expenses”) (<i>Note (ii)</i>)	–	7,043
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Notes:

- (i) The borrowing costs have been capitalised at a rate of nil% (2024: 7.3%) per annum for the year ended 31 March 2025.
- (ii) During the year ended 31 March 2024, 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.

* English translation for identification purposes only.

7. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
Income tax expenses comprise:		
The Mainland China Enterprise Income Tax		
– Current year	17,115	386
– Over-provision in prior year	(1,350)	(1,906)
– Withholding tax	2,127	–
Malaysia corporate income tax	39	38
Singapore corporate income tax (“Singapore CIT”)	–	23
	<u>17,931</u>	<u>(1,459)</u>
Deferred tax		
– Origination and reversal of temporary differences	<u>13,855</u>	<u>2,246</u>
	<u>31,786</u>	<u>787</u>

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 years.

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

In March 2018, the two-tiered profits tax rates regime was signed into law of Hong Kong, under which the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25% (the “graduated tax rate”), and profits above HK\$2 million will be taxed at 16.5% for the years ended 31 March 2025 and 2024. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the years ended 31 March 2025 and 2024.

Malaysia corporate income tax is calculated at the rate of 24% of the estimated assessable profits of the Group’s entities in Malaysia arising from Malaysia during the years ended 31 March 2025 and 2024. During the years ended 31 March 2025 and 2024, 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%.

During the year ended 31 March 2025, Singapore CIT is calculated at the rate of 17% (2024: 17%) of the estimated chargeable income of the Group’s entities in Singapore arising from Singapore.

During the years ended 31 March 2025 and 2024, Singapore incorporated companies can enjoy 75% tax exemption on the first Singapore Dollars (“S\$”) 10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income.

The Group’s entity established in the UK is subject to the corporate income tax at a statutory rate of 25% (2024: 25%) for the year ended 31 March 2025.

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

	2025	2024
	HK\$’000	HK\$’000
Profit before tax	103,574	38,484
Notional tax on profit before tax, calculated at the rates applicable to profit in the countries concerned	27,326	5,960
Tax effect of expenses not deductible for tax purposes	7,763	6,163
Tax effect of income not taxable for tax purposes	(4,244)	(10,404)
Tax effect of graduated tax rate and tax concession	(24)	(25)
Tax effect of tax losses not recognised	278	736
Utilisation of previously unrecognised tax losses	(90)	(89)
Over-provision for prior year	(1,350)	(1,906)
Withholding tax	2,127	–
Others	–	352
Income tax expenses for the year	31,786	787

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the current reporting period (2024: Nil).

9. 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 year is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit		
Profit for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	<u>72,586</u>	<u>39,095</u>
	2025 Number of shares	2024 Number of shares
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>765,373,584</u>	<u>765,373,584</u>

(b) Diluted earnings/(loss) per share

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	72,586	39,095
Gain on fair value change of convertible bond designated as financial liabilities at FVPL	(11,145)	(62,794)
Exchange loss on convertible bond designated as financial liabilities at FVPL	<u>1,249</u>	<u>13,878</u>
	<u>62,690</u>	<u>(9,821)</u>

(ii) *Weighted average number of ordinary shares*

	2025	2024
	Number of shares	Number of shares
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	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>1,765,373,584</u>	<u>1,765,373,584</u>

10. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2025	2024
		HK\$'000	HK\$'000
Trade receivables from third parties	<i>10(a)</i>	3,633	4,159
Prepayments, deposits and other receivables		3,795	3,959
Other taxes receivables		115	111
Prepayments for acquisition of property, plant and equipment		<u>626</u>	<u>227</u>
		<u>8,169</u>	<u>8,456</u>

Analysed by:

	2025	2024
	HK\$'000	HK\$'000
Non-current assets	626	227
Current assets	<u>7,543</u>	<u>8,229</u>
	<u>8,169</u>	<u>8,456</u>

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

10(a) Trade receivables from third parties

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

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the reporting period	<u>4,159</u>	<u>4,105</u>
At the end of the reporting period	<u>3,633</u>	<u>4,159</u>

For the year ended 31 March 2025, a charge of loss allowance of approximately HK\$1,388,000 (2024: approximately HK\$425,000) is recognised for the trade receivables from contracts with customers within HKFRS 15.

Ageing analysis

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	2,910	1,142
31 – 60 days	362	895
61 – 90 days	361	273
91 – 365 days	11	2,194
Over 1 year	<u>2,333</u>	<u>611</u>
	5,977	5,115
Less: Loss allowance	<u>(2,344)</u>	<u>(956)</u>
	<u>3,633</u>	<u>4,159</u>

11. TRADE AND OTHER PAYABLES

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

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 90 days		29,562	11,494
91 – 180 days		5,144	1,213
181 – 365 days		12,700	3,569
Over 1 year		715	3,571
Trade payables		48,121	19,847
Contract liabilities	<i>11(a)</i>	8,269	3,300
Government levies payable			
– Economic development fees in coal resources areas		25,317	25,471
Accrued expenses		5,029	4,269
Other taxes payables		8,074	5,863
Other payables		13,209	9,602
		108,019	68,352

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

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

11(a) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the years ended 31 March 2025 and 2024 are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the reporting period	3,300	4,778
Receipts in advance	8,269	3,300
Recognised as revenue	(3,300)	(4,778)
	<hr/>	<hr/>
At the end of the reporting period	8,269	3,300

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the Year, the Group was engaged in three business segments, (1) coal mining business; (2) renewable energy business; and (3) IT Services (as defined below) business. Our main business is coal mining and sales of coal in Xinjiang Uygur Autonomous Region (“Xinjiang”) of the 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. In recent years, we achieved a significant milestone by successfully completing the final tests, checking, verification and procedures of attaining the Work Safety Permit* (安全生產許可證), which represents an important breakthrough for the Company’s compliance and future development, and increased investment in Kaiyuan Company (as defined below) annually in accordance with government requirements, gaining recognition from the local government and providing an important basis for increasing our production capacity. During the Year, Kaiyuan Company has been permitted by local government industry and energy competent department to increase its production capacity at the Enlarged Kaiyuan Mine (as defined below) from 900,000 tonnes per annum to 4,000,000 tonnes per annum, while its mining area remains approximately 4.112 km² (References could be made to the announcement of the Company dated 7 March 2025). During the Year, the Group made substantial expenditures in capital assets within the mining operations. These expenditures were aimed at advancing automation and technology to achieve an unmanned coal mining operation, enhancing efficiency and operational safety. Despite the above, the Company foresees challenges in the upcoming future, particularly, the downward trend of coal prices resulting from increased supply and competition in the local industry, as well as the increase of expenditures in capital assets of the coal mining business. Consequently, the Company expects a potential negative impact on its coal mining business.

Due to the adverse economic climate in Hong Kong and worldwide for the Year, 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. Yet, our Group will continue our focus on developing the existing business including coal mining capacity and technology upgrades, while in the long run, we continue to maintain a diversified business.

* *English translation for identification purposes only.*

MAJOR EVENTS

Acquisition of the New Mining Right of the Enlarged Kaiyuan Mine

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

- (i) Mulei County Kai Yuan Company Limited* (木壘縣凱源煤炭有限責任公司) (“Kaiyuan Company”), an indirect wholly-owned subsidiary of the Company, as the transferee and Xinjiang Natural Resources Department as the transferor entered into the transfer agreement (the “Transfer Agreement”) dated 2 December 2019, pursuant to which Kaiyuan Company acquired the new mining right (the “New Mining Right”) of the Kaiyuan Mine with an enlarged mining area (including the original mining area of approximately 1.1596 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;

* *English translation for identification purposes 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.

- (iv) Kaiyuan Company has the right to apply for the renewal of New Mining Permit for the remaining period of the New Mining Right under the Transfer Agreement;
- (v) the consideration of RMB160,978,000 shall be settled in cash and paid by Kaiyuan Company to the Xinjiang Natural Resources Department in fifteen instalments: (a) the first instalment in an amount of RMB32,200,000 was paid by Kaiyuan Company; (b) the second to fourteenth instalments in an amount of RMB9,200,000 each shall be paid before 20 November of every year from 2020 to 2032; and (c) the last instalment in an amount of RMB9,178,000 shall be paid before 20 November 2033;
- (vi) the Acquisition constituted a very substantial acquisition for the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and further information on the Acquisition was disclosed in the circular dated 19 August 2020; and
- (vii) as part of the Transfer Agreement, Kaiyuan Company is required to pay a supplemental resources fee of RMB76,502,500 (the “Resources Fee”) to the Xinjiang Natural Resources Department for 19.8 million tonnes of coal of Kaiyuan Mine, which represented the difference between the accumulated output of 23.65 million tonnes of the Kaiyuan Mine at the end of 2017 and the output of 3.8819 million tonnes (Resources Fee of such output had been paid by Kaiyuan Company to the Xinjiang Natural Resources Department) and recognised in the profit or loss for the year ended 31 March 2020. Based on the advice given by the legal adviser of the Company as to the laws of the 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.

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

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

References are made to the announcements of the Company dated 11 November 2011, 12 March 2012, 21 March 2012, 15 June 2012, 21 March 2014, 28 March 2018, 14 December 2018, 31 December 2018, 15 May 2019, 31 May 2019, 4 November 2019 and 15 November 2019 respectively (collectively, the “Announcements”). In late 2019, Kaiyuan Company had been granted the New Mining Permit in respect of the Kaiyuan Extended Area Mining Right for the Kaiyuan Mine with an enlarged mining area (including the original mining area) from the original mining area of approximately 1.1596 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.

During the Year, Kaiyuan Company has been permitted by local government industry and energy competent department to increase its production capacity at the Enlarged Kaiyuan Mine from 900,000 tonnes per annum to 4,000,000 tonnes per annum, while its mining area remains approximately 4.112 km² (References could be made to the announcement of the Company dated 7 March 2025).

* *English translation for identification purpose only*

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

PROSPECTS

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

Despite Kaiyuan Company's achievement in obtaining complete documentation and permits including the New Mining Permit and the Work Safety Permit in 2019 and 2023 respectively, the Company foresees continuing challenges in the upcoming future, particularly, that there has been a downward trend of coal prices in 2025. This may be a combined effect of various factors, such as (i) the local government granting coal mines in the Zhundong district in the Mainland China additional mining and production capacity (in the case of the Enlarged Kaiyuan Mine, its production capacity has been increased from 900,000 tonnes per annum to 4,000,000 tonnes per annum). In such circumstances where there is an increased supply of coal amidst relatively steady demand, the Company has observed and anticipates a possible continuing significant decrease in coal prices as a result of the increased competition in the region; and (ii) the Company evaluating any need to make substantial expenditures in capital assets (including advancing automation and technology, and making relevant electricity enhancements utilizing green energy) to accommodate the aforementioned increased mining operations, enhancing efficiency and maintaining operational safety. In aggregate, the Group expects a potential decrease in the profit margin of its coal mining business in the coming months. Nonetheless, 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 and technology upgrades, infrastructural development and sustainable development and (ii) reasonable expenditures 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 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.

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

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of approximately HK\$327,049,000 for the Year (2024: approximately HK\$116,069,000). It represents an increase of approximately HK\$210,980,000 or approximately 181.77% as compared with the previous year.

Coal Mining Business

During the Year, revenue of approximately HK\$319,597,000 of the coal mining business is increased by approximately HK\$221,537,000 or approximately 225.92% as compared to approximately HK\$98,060,000 in the previous year. The increase in revenue was mainly due to the increase in sales volume but decrease in average selling price of coal during the Year. The Group sold approximately 2,704,639 tonnes (2024: approximately 630,302 tonnes) of coal during the Year, increased by 2,074,337 tonnes or approximately 329.10% compared to that in the previous year. The revenue increased significantly due to the net effect of sales volume increase, and the average selling prices per ton decreased from HK\$155.58 to HK\$118.17, that is by approximately HK\$37.41 per ton or 24.05% per ton during the Year.

Renewable Energy Business

During the Year, the renewable energy business recorded a revenue of approximately HK\$3,676,000 (2024: approximately HK\$3,487,000). The increase in revenue of the renewable energy business amounting to approximately HK\$189,000 or 5.42% was mainly due to the effect of exchange rate during the Year.

IT Services Business

During the Year, the IT Services business contributed a revenue of approximately HK\$3,776,000 (2024: approximately HK\$14,522,000). The drastic decrease in revenue of approximately HK\$10,746,000 or approximately 74.00% was mainly due to the sustained adverse economic climate in Hong Kong and worldwide and keen competition in IT service sector, in which the business of IT Services experienced challenges.

Cost of services and goods sold

Coal Mining Business

The cost of sales of the coal mining business for the Year was approximately HK\$167,651,000 (2024: approximately HK\$58,085,000). The cost mainly comprises direct labor cost, cost for explosive works, depreciation, amortisation and cost of materials, etc. The increase in cost of sales was mainly a result of the increase in production cost and local resource related levies during the Year.

Renewable Energy Business

During the Year, the cost of services of the renewable energy business was approximately HK\$1,935,000 (2024: approximately HK\$1,854,000). The increase in cost of services of the renewable energy business was mainly due to the effect of exchange rate during the Year.

IT Services Business

During the Year, the cost of services and goods sold of the IT Services business is approximately HK\$3,937,000 (2024: approximately HK\$12,992,000). The decrease in cost of services and goods sold was largely in line with the decrease of revenue during the Year.

Gross profit

The gross profit of the Group for the Year increased to approximately HK\$153,526,000 (2024: approximately HK\$43,138,000). It represents an increase of approximately HK\$110,388,000 or approximately 255.90% and gross profit margin increased by approximately 9.78 percentage points from approximately 37.17% for the previous year to approximately 46.94% for the Year. Coal mining business contributed significantly amounting to approximately HK\$151,946,000 (2024: approximately HK\$39,975,000); IT Services business contributed a gross loss of approximately HK\$161,000 (2024: gross profit of approximately HK\$1,530,000); and renewable energy business contributed approximately HK\$1,741,000 (2024: approximately HK\$1,633,000).

Other revenue

The Group's other revenue for the Year was approximately HK\$4,593,000 (2024: approximately HK\$3,563,000), representing an increase of approximately HK\$1,030,000 or approximately 28.91% as compared with the previous year. This is mainly due to the net effect of 1) increase of government grants in Mainland China from local Special Fund for Foreign Trade and Economic Development provided amounting to approximately HK\$2,795,000 (2024: Nil); and 2) decreased interest income to approximately HK\$1,495,000 (2024: approximately HK\$2,745,000).

Administrative and other operating expenses

The Group's administrative and other operating expenses for the Year was approximately HK\$59,002,000 (2024: approximately HK\$61,588,000), representing a decrease in approximately HK\$2,586,000 or approximately 4.20% as compared with the previous year. This was mainly due to the net effect of 1) the increase in salaries and bonus of approximately HK\$13,295,000; 2) no supplemental environmental related fees for the Year (2024: approximately HK\$7,043,000); 3) the decrease in amortisation and depreciation charged by approximately HK\$1,493,000; and 4) the decrease of other operating expenses of approximately HK\$8,867,000.

Profit for the Year

Profit for the Year of the Group was approximately HK\$71,788,000 (2024: profit of approximately HK\$37,697,000), representing an increase of profit of approximately HK\$34,091,000 as compared with the previous year. The increase was mainly due to the net effect of the following:

- a) the exchange gain of approximately HK\$565,000 (2024: exchange loss of approximately HK\$3,464,000);
- b) the increase in gross profit by approximately HK\$110,388,000;
- c) the increase in other revenue by approximately HK\$1,030,000;
- d) the decrease in administrative and other operating expenses by approximately HK\$2,586,000;
- e) gain on fair value change of convertible bond designated as financial liabilities at fair value through profit or loss (“FVPL”) of approximately HK\$11,145,000 (2024: approximately HK\$62,794,000);
- f) the increase in the finance costs by approximately HK\$1,721,000;
- g) no impairment loss on property, plant and equipment during the Year (2024: approximately HK\$1,016,000); and
- h) the increase in income tax expenses by approximately HK\$30,999,000.

SEGMENT INFORMATION

Business segment

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

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

- (1) Coal mining business segment: mining and sales of coal mine in the Xinjiang of the Mainland China;
- (2) Renewable energy business segment: service income from renewable energy solutions in Malaysia; and
- (3) IT Services business segment: provision of IT Services in Hong Kong, Singapore, Malaysia and the UK.

Segment revenue and results

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

(i) Coal Mining Business

Coal mining is the major business of the Group at present. It contributed a revenue of approximately HK\$319,597,000 for the Year (2024: approximately HK\$98,060,000), representing an increase of approximately 225.92% as compared with the previous year.

Sale and Production of Coals

During the Year, the Group sold approximately 2,704,639 tonnes of coals (2024: approximately 630,302 tonnes) with total sales income of approximately HK\$319,597,000 (2024: approximately HK\$98,060,000). Details of sales of coals in tonnes are listed in the below table:

	2025	2024
Sales of coals	2,704,639 tonnes	630,302 tonnes

Coal Sales (tonnes) and Percentage of Coal Sales

	Coal Sales <i>(tonnes)</i>	Coal Sales <i>in %</i>
Mixed Coal	2,398,239	89
Slack Coal	306,400	11
Total	2,704,639	100

(ii) *Renewable Energy Business*

Service income from renewable energy business contributed a revenue of approximately HK\$3,676,000 for the Year (2024: approximately HK\$3,487,000). The increase in revenue of the renewable energy business was mainly due to the effect of exchange rate during the Year.

(iii) *IT Services Business*

Service income from IT Services business contributed a revenue of approximately HK\$3,776,000 for the Year (2024: approximately HK\$14,522,000). The drastic decrease in revenue was due to the sustained adverse economic climate in Hong Kong and worldwide and keen competition in the IT Service sector.

Reserves and Resources

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

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

During the Year, approximately 2.82 million tonnes of coal was extracted (2024: approximately 0.63 million tonnes).

Total approximate reserve of the mine in Xinjiang as at 31 March 2025 is equivalent to 60.46 million tonnes (i.e. the sum of the estimated remaining coal reserve in Kaiyuan Mine including the Enlarged Kaiyuan Mine) (2024: approximately 63.28 million tonnes).

Coal Reserve as at 31 March 2025 = Coal Reserve as at 31 March 2024 – Amount of coal extracted by the Group during the Year.

The geographical location of customers is determined based on the location where the goods are delivered or services are rendered. The Group’s revenue and results from operations are mainly derived from activities in 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.

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

Save as otherwise disclosed, there were neither significant investments held as at 31 March 2025 nor material acquisitions and disposals of subsidiaries during the Year.

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

Liquidity and Financial Resources

As at 31 March 2025, the Group had:

- net current liabilities of approximately HK\$58,290,000 (2024: net current assets approximately HK\$123,046,000).
- cash and cash equivalents of approximately HK\$248,219,000 (2024: approximately HK\$189,307,000), which comprised the bank balances and cash of approximately HK\$248,219,000 (2024: approximately HK\$189,307,000), were the major components of the Group's current assets of approximately HK\$266,894,000 (2024: approximately HK\$199,567,000). All the cash and cash equivalents are denominated in HK\$, Malaysian Ringgit ("RM"), Singapore Dollars ("S\$"), Great Britain Pound ("GBP"), United States Dollars ("US\$") and RMB (2024: HK\$, RM, S\$, GBP, US\$ and RMB).
- current liabilities of approximately HK\$325,184,000 (2024: approximately HK\$76,521,000) which comprised mainly trade and other payables of approximately HK\$108,019,000 (2024: approximately HK\$68,352,000), and current portion of Convertible Bond of approximately HK\$205,948,000 (2024: Nil).
- non-current liabilities of approximately HK\$77,496,000 (2024: approximately HK\$276,697,000) which comprised non-current portion of Convertible Bond of HK\$Nil (2024: approximately HK\$208,149,000) and non-current portion payable related to mining right payables of approximately HK\$57,297,000 (2024: approximately HK\$62,559,000).

The Group's gearing ratio was approximately 1.12 (2024: approximately 1.61). The computation is based on total debt (Convertible Bond, mining right payables, lease liabilities and interest-bearing borrowings) divided by total equity.

Capital Structure

The capital of the Group comprises only ordinary shares.

As at 31 March 2025, there were 765,373,584 ordinary shares of the Company in issue.

The Convertible Bond 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. Reference could be made to the announcement on 9 December 2022.

Charges on Group's Assets

During the previous year, the interest-bearing borrowings were fully settled and the pledge of the mining right was released. As at 31 March 2025, there were no assets pledged by the Group.

Foreign Exchange Exposure

The Group mainly earns revenue in RMB, HK\$ and RM and incurs costs in RMB, HK\$ and RM. The Group is exposed to foreign exchange risk based on fluctuations between HK\$ and RMB arising from its core operation in the Mainland China as well as HK\$ and RM arising from its operation in Malaysia. The currency exchange risk for the Year is mainly derived from the net exchange difference on Convertible Bond, which is a result from the currency 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, the Group finances its operation mainly by internal generated resources.

Contingent Liabilities

As at 31 March 2025, the Group did not have any material contingent liabilities (2024: Nil).

Employees

As at 31 March 2025, the Group had 148 employees (2024: 136) spreading amongst Hong Kong, Malaysia, Singapore, the UK and the Mainland China. In recognition of the Company's recent operational performance and achievements, and as a gesture of appreciation for staff's dedication and hard work, the Company distributed bonuses during the Year. Total staff costs (excluding Directors' emoluments) for the Year amounted to approximately HK\$41,418,000 (2024: approximately HK\$33,715,000), representing the increase in salaries and bonus of the Group, while there is a decrease in number of staff in the IT Services business and an increase in number of staff in the coal mining business. Employment relationship has been well maintained by the Group with its employees.

DIVIDEND

The Board does not recommend the payment of any dividend for the Year (2024: Nil).

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Year.

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of this announcement of the Group for the Year have been reviewed and agreed by the Company’s auditor, Forvis Mazars CPA Limited (“Forvis Mazars”), to the amounts set out in the Group’s consolidated financial statements for the Year. The work performed by Forvis Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

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

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

Hong Kong, 20 June 2025

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