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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

The board of directors (the “Directors”) (the “Board”) of Nan Nan Resources Enterprise Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2025 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

		Six months ended 30 September	
	<i>Notes</i>	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	4	193,652	178,204
Cost of services and goods sold		(118,370)	(82,033)
Gross profit		75,282	96,171
Other revenue		1,141	1,408
Selling and distribution expenses		(7,391)	(634)
Administrative and other operating expenses		(24,899)	(32,372)
Exchange (loss)/gain, net		(915)	14,538
Finance costs	5	(2,748)	(2,842)
Loss on fair value change of convertible bond designated as financial liabilities at fair value through profit or loss (“FVPL”)		(31,725)	(10,128)
Profit before tax	5	8,745	66,141
Income tax expenses	6	(12,186)	(18,998)
(Loss)/Profit for the period		(3,441)	47,143

		Six months ended 30 September	
		2025	2024
<i>Note</i>		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other comprehensive income/(loss):			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange difference on translation of the Company's financial statements to presentation currency		915	(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)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of functional currency to presentation currency		9,606	1,787
Other comprehensive income/(loss) for the period		10,521	(23,902)
Total comprehensive income for the period		7,080	23,241
(Loss)/Profit for the period attributable to:			
– Owners of the Company		(3,375)	47,334
– Non-controlling interests		(66)	(191)
		(3,441)	47,143
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		6,974	23,353
– Non-controlling interests		106	(112)
		7,080	23,241
(Loss)/Earnings per share (expressed in Hong Kong cents)			
– Basic	8	(0.44)	6.18
– Diluted	8	(0.44)	2.88

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		30 September 2025	31 March 2025
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		144,682	134,121
Intangible assets		253,023	237,453
Goodwill		4,229	4,229
Prepayments for acquisition of property, plant and equipment	9	9,558	626
		<u>411,492</u>	<u>376,429</u>
Current assets			
Inventories		7,272	11,132
Trade and other receivables	9	6,675	7,543
Cash and cash equivalents		282,336	248,219
		<u>296,283</u>	<u>266,894</u>
Current liabilities			
Trade and other payables	10	108,343	108,019
Mining right payables, current portion		5,187	4,885
Interest-bearing borrowings		15,884	–
Lease liabilities		1,502	602
Tax payables		1,883	5,730
Convertible bond designated as financial liabilities at FVPL		237,673	205,948
		<u>370,472</u>	<u>325,184</u>
Net current liabilities		<u>(74,189)</u>	<u>(58,290)</u>
Total assets less current liabilities		<u>337,303</u>	<u>318,139</u>

		30 September 2025	31 March 2025
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Capital and reserves			
Share capital	11	76,537	76,537
Reserves		<u>172,384</u>	<u>165,410</u>
Equity attributable to owners of the Company		248,921	241,947
Non-controlling interests		<u>(1,198)</u>	<u>(1,304)</u>
		247,723	240,643
Non-current liabilities			
Provision for close down, restoration and environmental costs		2,713	2,661
Mining right payables, non-current portion		60,838	57,297
Lease liabilities		2,199	963
Deferred tax liabilities		<u>23,830</u>	<u>16,575</u>
		<u>89,580</u>	<u>77,496</u>
		337,303	318,139

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2025

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 2025 and therefore, do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“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 2025 (the “2024/2025 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 2024/2025 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.

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 2025 are consistent with those followed in the preparation of the 2024/2025 Audited Financial Statements.

The adoption of the new/revised HKFRS Accounting Standards 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 HKFRS Accounting Standards 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 HKFRS Accounting Standards in future periods will have any material impact on the results and the financial position of the Group.

Going concern

In preparing the condensed consolidated interim financial information, 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\$74,189,000 as at 30 September 2025. These figures are mainly attributable to the convertible bond designated as financial liabilities at FVPL of approximately HK\$237,673,000. There is 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. Upon consideration of the following factors that: (i) the holder of the convertible bond is the holding company of the Group, Ascent Goal, (ii) the Company had entered into a fifth deed of amendment with Ascent Goal on 11 August 2022, pursuant to which the maturity date and the conversion period of the convertible bond was extended for 36 months to 13 March 2026, (iii) Ascent Goal confirmed its intention to extend the convertible bond, if necessary, and (iv) 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, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations, and that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

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.

Segment liabilities include trade and other payables, mining right payables, interest-bearing borrowings, 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 <i>HK\$'000</i>	Renewable energy business <i>HK\$'000</i>	IT Services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 September 2025 (unaudited)					
Revenue from external customers and reportable segment revenue	<u>191,690</u>	<u>1,962</u>	<u>–</u>	<u>–</u>	<u>193,652</u>
Gross profit	74,340	942	–	–	75,282
Selling and distribution expenses	<u>(7,391)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(7,391)</u>
Segment results	66,949	942	–	–	67,891
Other revenue	962	43	21	115	1,141
Administrative and other operating expenses	(12,115)	(651)	(350)	(11,783)	(24,899)
Finance costs	(2,663)	–	–	(85)	(2,748)
Loss on fair value change of convertible bond designated as financial liabilities at FVPL	–	–	–	(31,725)	(31,725)
Exchange loss, net	<u>–</u>	<u>–</u>	<u>–</u>	<u>(915)</u>	<u>(915)</u>
Profit/(Loss) before tax	53,133	334	(329)	(44,393)	8,745
Income tax expenses	<u>(12,145)</u>	<u>(41)</u>	<u>–</u>	<u>–</u>	<u>(12,186)</u>
Profit/(Loss) for the period	<u>40,988</u>	<u>293</u>	<u>(329)</u>	<u>(44,393)</u>	<u>(3,441)</u>
<i>Additional segment information:</i>					
Amortisation	24,436	32	–	–	24,468
Depreciation	6,789	827	–	585	8,201
Additions to property, plant and equipment	11,867	10	–	3,518	15,395
Additions to intangible assets	<u>35,366</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>35,366</u>

	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
<i>Additional segment information:</i>					
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

Segment assets and liabilities

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

	Coal mining business <i>HK\$'000</i>	Renewable energy business <i>HK\$'000</i>	IT Services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 September 2025 (unaudited)					
Property, plant and equipment	115,533	26,166	–	2,983	144,682
Intangible assets	251,858	1,165	–	–	253,023
Goodwill	–	4,229	–	–	4,229
Other assets	291,148	7,375	449	6,869	305,841
Total assets	<u>658,539</u>	<u>38,935</u>	<u>449</u>	<u>9,852</u>	<u>707,775</u>
Convertible bond designated as financial liabilities at FVPL	–	–	–	(237,673)	(237,673)
Mining right payables	(66,025)	–	–	–	(66,025)
Other liabilities	<u>(151,774)</u>	<u>(361)</u>	<u>(560)</u>	<u>(3,659)</u>	<u>(156,354)</u>
Total liabilities	<u>(217,799)</u>	<u>(361)</u>	<u>(560)</u>	<u>(241,332)</u>	<u>(460,052)</u>
As at 31 March 2025 (audited)					
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	<u>(130,940)</u>	<u>(622)</u>	<u>(1,084)</u>	<u>(1,904)</u>	<u>(134,550)</u>
Total liabilities	<u>(193,122)</u>	<u>(622)</u>	<u>(1,084)</u>	<u>(207,852)</u>	<u>(402,680)</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 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	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The Mainland China	191,690	173,906
Hong Kong	–	839
Malaysia	1,962	1,814
Singapore	–	1,645
	193,652	178,204

Location of the Specified Non-current Assets

	30 September	31 March
	2025	2025
	HK\$'000	HK\$'000
	(unaudited)	(audited)
The Mainland China	376,949	345,301
Hong Kong	2,983	62
Malaysia	31,560	31,066
	411,492	376,429

Information about major customers

There are no customers with whom contribute 10% or more of the total revenue of the Group during the six months ended 30 September 2025 and 2024.

4. REVENUE

	Six months ended	
	30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within HKFRS 15		
Coal mining business		
– Sales of coals	<u>191,690</u>	<u>173,906</u>
Renewable energy business		
– Service income from renewable energy solutions	<u>1,962</u>	<u>1,814</u>
IT Services business		
– Sales of IT hardware products	–	248
– IT outsourcing services	–	1,843
– IT consultancy and technical services	<u>–</u>	<u>393</u>
	<u>–</u>	<u>2,484</u>
	<u>193,652</u>	<u>178,204</u>

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	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Timing of revenue recognition:</i>		
– at a point of time		
Sales of coals	191,690	173,906
Sales of IT hardware products	–	248
	191,690	174,154
– over time		
Service income from renewable energy solutions	1,962	1,814
IT outsourcing services	–	1,843
IT consultancy and technical services	–	393
	1,962	4,050
	193,652	178,204

5. PROFIT BEFORE TAX

This is stated at after charging/(crediting):

	Six months ended	
	30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance costs		
Interest on interest-bearing borrowings	20	–
Interest on mining right payables	2,616	2,793
Interest on lease liabilities	112	49
	<u>2,748</u>	<u>2,842</u>
Staff costs (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	14,262	14,810
Contributions to defined contribution retirement plan	3,487	2,523
	<u>17,749</u>	<u>17,333</u>
Other items		
Amortisation of intangible assets (charged to “Cost of services and goods sold” and “Administrative and other operating expenses”)	24,468	21,974
Cost of inventories sold	96,202	62,150
Bank interest income (included in “Other revenue”)	(308)	(754)
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”)	8,201	6,215
Charge of loss allowance of trade receivables, net	–	1,397
Gain on early termination of lease contracts	(3)	(481)

6. INCOME TAX EXPENSES

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

	Six months ended	
	30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
The Mainland China Enterprise Income Tax (“Mainland China EIT”)		
– Current year	3,882	9,462
– Under-provision in respect of prior year	1,362	1,654
– Withholding tax	–	2,127
Malaysia corporate income tax (“Malaysia CIT”)	49	26
	5,293	13,269
Deferred tax		
Origination and reversal of temporary differences	6,893	5,729
Total income tax expenses	12,186	18,998

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 2025 and 2024.

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%, and profits above HK\$2 million will be taxed at 16.5% for the six months ended 30 September 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 six months ended 30 September 2025 and 2024.

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 2025 and 2024. During the six months ended 30 September 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%.

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 2025 and 2024, 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 2025 (30 September 2024: 25%). During the six months ended 30 September 2025 and 2024, 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 2025, Hong Kong Profits Tax, Singapore CIT and the UK CIT (30 September 2024: Hong Kong Profits Tax, 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 2024: Hong Kong, Singapore and the UK), respectively.

7. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 September 2025 and 2024. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2025 and 2024.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/Profit		
(Loss)/Profit for the purpose of basic (loss)/earnings per share		
((Loss)/Profit for the period attributable to owners of the Company)	<u>(3,375)</u>	<u>47,334</u>
	Six months ended 30 September	
	2025	2024
	Number of	Number of
	shares	shares
	(unaudited)	(unaudited)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>765,373,584</u>	<u>765,373,584</u>

(b) Diluted (loss)/earnings per share

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

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

	Six months ended	
	30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/Profit for the period attributable to owners of the Company	(3,375)	47,334
Loss on fair value change of convertible bond designated as financial liabilities at FVPL	31,725	10,128
Exchange gain on convertible bond designated as financial liabilities at FVPL	(4,214)	(6,626)
	24,136	50,836

(ii) Weighted average number of ordinary shares

	Six months ended	
	30 September	
	2025	2024
	Number of	Number of
	shares	shares
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	765,373,584	765,373,584
Effect of conversion of convertible bond 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 (loss)/earnings per share	1,765,373,584	1,765,373,584

For the six months ended 30 September 2025, the Company's outstanding convertible bond had an anti-dilutive effect to the basic loss per share calculation, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore, the basic and diluted loss per share for the six months ended 30 September 2025 were the same.

9. TRADE AND OTHER RECEIVABLES

	30 September 2025 <i>Note</i> HK\$'000 (unaudited)	31 March 2025 <i>HK\$'000</i> (audited)
Trade receivables		
From third parties	5,519	5,977
Loss allowance	(2,344)	(2,344)
	<u>3,175</u>	<u>3,633</u>
Other receivables		
Prepayments, deposits and other receivables	3,413	3,795
Other taxes receivables	87	115
Prepayments for acquisition of property, plant and equipment	9,558	626
	<u>13,058</u>	<u>4,536</u>
	<u>16,233</u>	<u>8,169</u>
Analysed by:		
Non-current	9,558	626
Current	6,675	7,543
	<u>16,233</u>	<u>8,169</u>

9(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 2025 <i>HK\$'000</i> (unaudited)	31 March 2025 <i>HK\$'000</i> (audited)
Within 30 days	2,516	2,910
31-60 days	330	362
61-90 days	329	361
91-365 days	–	11
Over 1 year	2,344	2,333
	5,519	5,977
Less: Loss allowance	(2,344)	(2,344)
	3,175	3,633

10. TRADE AND OTHER PAYABLES

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

	30 September 2025 <i>HK\$'000</i> (unaudited)	31 March 2025 <i>HK\$'000</i> (audited)
Within 90 days	31,143	29,562
91-180 days	6,308	5,144
181-365 days	221	12,700
Over 1 year	391	715
Trade payables	38,063	48,121
Contract liabilities	10,179	8,269
Government levies payable		
– Economic development fees in coal resources areas	25,809	25,317
Accrued expenses	3,786	5,029
Other taxes payable	12,251	8,074
Other payables	18,255	13,209
Total trade and other payables	108,343	108,019

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. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
Ordinary shares		
Authorised:		
Balance as at 1 April 2024 (audited), 31 March 2025 (audited), 1 April 2025 (audited) and 30 September 2025 (unaudited)	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Balance as at 1 April 2024 (audited), 31 March 2025 (audited), 1 April 2025 (audited) and 30 September 2025 (unaudited)	<u>765,373,584</u>	<u>76,537</u>

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the six months ended 30 September 2025 (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. Since the onset of the COVID-19 pandemic and the sustained global economic challenges, the adverse global business climate has significantly reduced demand for IT services, resulting in a drastic decline in revenue for this segment. In response to these market conditions, the Group has implemented stringent cost control measures, including the reduction of operational scale and the discontinuation of loss-making business lines. As part of these efforts to optimize the business portfolio and focus on long-term sustainability, the Group has recently made the decision to further downsize the IT Services segment, which included staff reductions and operational cutbacks. These actions are consistent with the Board’s commitment to managing the Group’s resources prudently and enhancing overall financial performance and shareholder value.

Revenue

The Group recorded a revenue of approximately HK\$193,652,000 for the Reporting Period (2024: approximately HK\$178,204,000). It represents an increase of approximately HK\$15,448,000 or approximately 8.67% as compared with the previous corresponding period.

Coal Mining Business

During the Reporting Period, revenue of approximately HK\$191,690,000 of the coal mining business increased by approximately HK\$17,784,000 or approximately 10.23% as compared to approximately HK\$173,906,000 in the previous corresponding period. The increase in revenue was mainly due to the increase in sales volumes of coal during the Reporting Period. The Group sold approximately 2,179,834 tonnes (2024: approximately 1,391,693 tonnes) of coal during the Reporting Period, increased by 788,141 tonnes or approximately 56.63% compared to that in the previous corresponding period. The revenue increase was due to the net effect of the increase in sales volumes and the decrease in average selling prices per ton by approximately HK\$37.02, or approximately 29.63%, to approximately HK\$87.94 per ton during the Reporting Period (2024: approximately HK\$124.96 per ton), with the decline in average selling price primarily attributable to keen local market competition.

Renewable Energy Business

During the Reporting Period, the renewable energy business recorded a revenue of approximately HK\$1,962,000 (2024: approximately HK\$1,814,000). The slight increase in revenue of approximately HK\$148,000 or approximately 8.16% 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 no revenue (2024: approximately HK\$2,484,000), as the sustained adverse global economic climate led to significant challenges for the segment, resulting in a drastic revenue decrease of approximately HK\$2,484,000 or 100% compared with the previous corresponding period, as the Group undertook a comprehensive downsizing of the IT Services business through streamlining operations, reducing staff, and discontinuing non-performing service lines to control costs and mitigate further losses.

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\$117,350,000 (2024: approximately HK\$78,595,000). 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 in sales volumes and increase of production cost and local resource related levies during the Reporting Period.

Renewable Energy Business

During the Reporting Period, the cost of services of the renewable energy business is approximately HK\$1,020,000 (2024: approximately HK\$924,000). 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 nil (2024: approximately HK\$2,514,000). The decrease in cost of sales was in line with the decrease of revenue to nil 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\$75,282,000 (2024: gross profit of approximately HK\$96,171,000). The gross profit decreased by approximately HK\$20,889,000 or approximately 21.72% and the gross profit margin is approximately 38.87% for the Reporting Period (2024: approximately 53.97%) as the coal mining business faced fierce local market competition that pressured average selling prices. Coal mining business contributed gross profit of approximately HK\$74,340,000 (2024: approximately HK\$95,311,000), IT Services business, having downsized in response to sustained adverse market conditions, contributed no gross profit (2024: gross loss of approximately HK\$30,000) and renewable energy business contributed gross profit of approximately HK\$942,000 (2024: approximately HK\$890,000).

Other revenue

The Group's other revenue for the Reporting Period was approximately HK\$1,141,000 (2024: approximately HK\$1,408,000), representing an decrease of approximately HK\$267,000 or approximately 18.96% as compared with the previous corresponding period. This is mainly due to the lower bank interest income of approximately HK\$308,000 (2024: approximately HK\$754,000) during the Reporting Period.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the Reporting Period was approximately HK\$24,899,000 (2024: approximately HK\$32,372,000), representing a decrease of approximately HK\$7,473,000 or approximately 23.08% as compared with the previous corresponding period. This was mainly due to the effect of the decrease in salaries, bonus and allowances of approximately HK\$3,708,000 during the Reporting Period.

Loss/profit for the Reporting Period

Loss of the Group for the Reporting Period was approximately HK\$3,441,000, representing a decrease of profit of approximately HK\$50,584,000 during the Reporting Period. Such turnaround from profit to loss 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\$31,725,000 (2024: approximately HK\$10,128,000);
- (b) the net exchange loss of approximately HK\$915,000 (2024: net exchange gain of approximately HK\$14,538,000);
- (c) the decrease of other revenue by approximately HK\$267,000;
- (d) the decrease of gross profit by approximately HK\$20,889,000;
- (e) the increase of selling and distribution expenses by approximately HK\$6,757,000;
- (f) the decrease of administrative and other operating expenses by approximately HK\$7,473,000;
- (g) the decrease of finance costs by approximately HK\$94,000; and
- (h) the income tax expenses of approximately HK\$12,186,000 (2024: approximately HK\$18,998,000).

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 announcement, the outstanding principal amount of the Convertible Bond is HK\$200,000,000.

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 2025. 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 (31 March 2025: B) on 30 September 2025 with reference to Moody's Rating Methodology – Mining, where Corporate Bond with issuer credit rating of B (31 March 2025: B) and similar time to maturity were selected, the discount rate is approximately 10.47% (31 March 2025: approximately 9.92%).

The fair values of the Convertible Bond were approximately HK\$237,673,000 and approximately HK\$205,948,000 as at 30 September 2025 and 31 March 2025, 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 increase in fair value of the Convertible Bond represents an increase in liabilities of the Company. The amount of the change in fair value of the Convertible Bond of approximately HK\$31,725,000 was derived by taking the difference between the fair value of the Convertible Bond as at 30 September 2025 and 31 March 2025. The change in fair value of the Convertible Bond was mainly due to the change in the stock price and stock price volatility of the Company during the Reporting Period. The closing stock prices of the Company were HK\$0.228 and HK\$0.140 as at 30 September 2025 and 31 March 2025, respectively, and the expected volatility of the stock price of the Company was approximately 42.95% and approximately 68.00% based on the historical stock price volatility of the Company for the six months ended 30 September 2025 and for the year ended 31 March 2025, respectively.

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 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\$191,690,000 for the Reporting Period (2024: approximately HK\$173,906,000), representing an increase of approximately HK\$17,784,000 or approximately 10.23% as compared with the previous corresponding period.

Sales and Production of Coals

During the Reporting Period, the Group sold approximately 2,179,834 tonnes of coals (2024: approximately 1,391,693 tonnes) with total sales income of approximately HK\$191,690,000 (2024: approximately HK\$173,906,000). Details of sales of coals in tonnes are listed in the below table:

	Six months ended 30 September	
	2025	2024
Sales of coals	<u>2,179,834 tonnes</u>	<u>1,391,693 tonnes</u>

Coal Sales (tonnes) and Percentage of Coal Sales

	Coal Sales (tonnes)	Coal Sales in %
Mixed Coal	1,558,574	71.50
Slack Coal	<u>621,260</u>	<u>28.50</u>
Total	<u>2,179,834</u>	<u>100.00</u>

(ii) Renewable Energy Business

Service income from renewable energy business contributed a revenue of approximately HK\$1,962,000 for the Reporting Period (2024: approximately HK\$1,814,000).

(iii) IT Services Business

IT Services business contributed no revenue for the Reporting Period (2024: approximately HK\$2,484,000).

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 2.03 million tonnes of coal was extracted (2024: approximately 1.39 million tonnes).

Total approximate reserve of the mine in Xinjiang as at 30 September 2025 is equivalent to 58.43 million tonnes (i.e. the sum of the estimated remaining coal reserve in Kaiyuan Mine including the Enlarged Kaiyuan Mine) (31 March 2025: approximately 60.46 million tonnes).

Coal Reserve as at 30 September 2025 = Coal Reserve as at 31 March 2025 – Amount of coal extracted by the Group during the period from 1 April 2025 to 30 September 2025.

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.

* *English translation for identification purpose 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 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.

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;

[#] “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.

- (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.

The Testing, Checking and Verification of the 900,000 Tonnes/Year Expansion Project and the subsequent increase of production capacity to 4,000,000 Tonnes/Year

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.

During the Financial Year 2024/25, Kaiyuan Company has been permitted by local government industry and energy competent department to gradually 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).

The 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. Achieving the newly approved production capacity mentioned above would require a phased approach, with substantial ongoing capital investment into equipment, machinery and facilities to support the progressive expansion of 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. 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.

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

Due to the sustained adverse global economic climate, we have faced a difficult business environment that has negatively impacted our IT Services business. In response, the Group maintains limited resources in this segment to save staff and operating expenses, while the directors would firstly consider the profitability of each IT project and seek opportunity in this market occasionally. Adopting this approach aligns with our commitment to optimizing our service offerings and focusing resources 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 2025 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 2025, the Group had:

- net current liabilities and net assets of approximately HK\$74,189,000 and approximately HK\$247,723,000, respectively (31 March 2025: net current liabilities and net assets of approximately HK\$58,290,000 and approximately HK\$240,643,000, respectively).
- cash and cash equivalents of approximately HK\$282,336,000 (31 March 2025: approximately HK\$248,219,000) and the bank balances and cash were the major components of the Group's current assets of approximately HK\$296,283,000 (31 March 2025: approximately HK\$266,894,000). 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 2025: HK\$, MYR, S\$, GBP, US\$ and RMB).
- current liabilities of approximately HK\$370,472,000 (31 March 2025: approximately HK\$325,184,000) which comprised Convertible Bond of approximately HK\$237,673,000 (31 March 2025: approximately HK\$205,948,800), trade and other payables of approximately HK\$108,343,000 (31 March 2025: approximately HK\$108,019,000), interest-bearing borrowings of approximately HK\$15,884,000 (31 March 2025: Nil) and tax payables of approximately HK\$1,883,000 (31 March 2025: approximately HK\$5,730,000).
- non-current liabilities of approximately HK\$89,580,000 (31 March 2025: approximately HK\$77,496,000) which comprised non-current portion payable related to mining right payables of approximately HK\$60,838,000 (31 March 2025: approximately HK\$57,297,000).

The Group's gearing ratio was approximately 1.31 (31 March 2025: approximately 1.12). The computation is based on total debt (Convertible Bond, mining right payables, interest-bearing borrowings and lease liabilities) divided by total equity.

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares.

As at 30 September 2025, there were 765,373,584 (31 March 2025: 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 2025, the Group had pledged its mining right with carrying amount of approximately HK\$86,071,000 (31 March 2025: Nil).

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2025, the Group had 162 employees (30 September 2024: 149; 31 March 2025: 148) 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\$17,749,000 (for the six months ending 30 September 2024: approximately HK\$17,333,000; for the year ended 31 March 2025: approximately HK\$41,418,000). 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 (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 Reporting Period.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.nannanlisted.com. The interim report will be dispatched to the shareholders of the Company and will be published 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 November 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.