KAISUN HOLDINGS LIMITED
凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

2023
ANNUAL REPORT

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The English text of this annual report shall prevail over the Chinese text in case of inconsistencies.

Corporate Information

Board of Directors

Executive Directors

Mr. Chan Nap Kee, Joseph *(Chairman)*
Mr. Yang Yongcheng

Independent Non-Executive Directors

Mr. Liew Swee Yean
Dr. Wong Yun Kuen
Mr. Wu Zheng

Joint Chief Executive Officers

Mr. Chen Chun Long
Mr. Ching Ho Tung, Philip

Company Secretary

Mr. Pang Yick Him

Audit Committee

Mr. Liew Swee Yean *(Committee Chairman)*
Dr. Wong Yun Kuen
Mr. Wu Zheng

Remuneration Committee

Dr. Wong Yun Kuen *(Committee Chairman)*
Mr. Chan Nap Kee, Joseph
Mr. Wu Zheng

Nomination and Corporate Governance Committee

Mr. Wu Zheng *(Committee Chairman)*
Mr. Liew Swee Yean
Mr. Chan Nap Kee, Joseph

Authorised Representatives

Mr. Chan Nap Kee, Joseph
Mr. Pang Yick Him

Compliance Officer

Mr. Yang Yongcheng

Auditor

RSM Hong Kong
Registered Public Interest Entity Auditor
29th Floor,
Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

Registered Office

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Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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18–20 Lyndhurst Terrace, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17M Floor
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Wanchai
Hong Kong

Principal Bankers

Bank of Communications Co., Limited
OCBC Wing Hang Bank Limited

Website

www.kaisun.hk

Stock Code

8203

Financial Summary

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out as below:

RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**298,941**	266,685	156,576	35,958	138,566
Loss before tax	**(31,731)**	(23,410)	(68,586)	(69,705)	(339,491)
Income tax credit/(expense)	**3,750**	3,526	(2,697)	5,438	14,430
Less: Loss from discontinued operations	**—**	—	—	—	(3,408)
Less: (Profit)/loss attributable to non-controlling interests	**(3,909)**	4,651	5,105	3,972	10,339
Loss attributable to owners of the Company	**(31,890)**	(15,233)	(66,178)	(60,295)	(318,130)

ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**526,147**	531,731	368,389	353,790	340,886
Total liabilities	**(557,325)**	(532,572)	(337,630)	(255,690)	(181,709)
Owners' funds	**(50,616)**	(16,968)	11,789	75,151	125,312

Chairman's Statement

The global economy has undergone unusual crises and volatility over the past years and is recovering from it but not yet out of the woods. The Chinese economy was expected to recover quickly in 2023. However, challenges including declining property investment, accumulating debt risk and weak consumption growth poses downside risks to China's growth trajectory and the fog around its economic outlook has thickened.

China is poised to face a fork in the road — rely on the policies that have worked in the past, or update its policies for a new era of high-quality growth and China seems to have made its choice. Local governments are struggling with financial difficulties after three years of Covid spending and declining land sales. To contain debt risks China has instructed heavily indebted local governments to delay or halt some state-funded infrastructure projects. Those measures are essential for a smooth transition to a new era of high-quality growth. The Chinese government vowed to further improve its business environment at a State Council meeting in February and introduced a slew of supportive policies aimed at stabilizing market confidence and expectations, which also help the country endure downward pressure and a steady growth in 2024.

Looking back on 2023, we were seeing a significant improvement in a surprisingly difficult year out of everyone 's initial expectation. The Group's revenue in 2023 is approaching HK$300 million, an increase of HK$33 million from HK$267 million for 2022. The gross profit of the Group increased by HK$68 million from HK$11 million to HK$79 million.

Xinjiang Uygur Autonomous Region, where the Group's major assets — Turpan coal mine is situated, also sees robust growth in 2023 with GDP grew by 6.8 percent and took the lead in China's exports to the five Central Asian countries, with a year-on-year growth of 23.2 percent. According to official reports, Xinjiang delivered a total 60.22 million tonnes of coal out of the region via railway to other consuming areas in China in 2023, increased by a 9.5% year-on-year. Such a trend also highlighted the failure of the West's ill attempt to crack down on and contain the region's development. This trouble has been brewing for a very long time and in terms of business environment there is still vast room for improvement to the region.

Beijing reported that the Xinjiang government has repeatedly defaulted on their payments and compensation to the private enterprises. In some cases, small coal mines have failed to receive compensation after being closed in accordance with the local government requirements. The poor business environment forms a vicious cycle and as a result, local enterprises are suffering from low morale. In the daily operation of the Group's Turpan Coal Mine, it frequently undergoes inspections from all levels of the government including the autonomous region's Production Safety Committee, Joint Production Safety Inspection Team, Development and Reform Commission, Gaochang District's Natural Resources Bureau, Water Conservancy Bureau, Taxation Bureau and so forth. We are clear that supervision is essential, however the excessive inspections becomes intrusive and a far big drag on our production progress. Therefore, we sincerely hope that the local government can give us more trust and space for development. To borrow a phrase from Chongqing Rongchang District, the local government should respect entrepreneurs, investors and taxpayers; be on call and say no to frequent and unnecessary joint inspections and etc. to improve its business environment. It is hoped that the Xinjiang government could also follow these policies and give more trust to private and foreign-owned enterprises, so that the local enterprises can operate more efficiently, thereby increasing tax revenue and local jobs, reducing government's debt burden to achieve a mutual benefit outcome.

On top of all that, as a territory vast enough to neighbour multiple countries, Xinjiang's strategic importance to national security cannot be understated. The region frequently finds itself at the heart of international discourse, facing scrutiny and accusations pertaining to human rights that elevate its profile as a potential flashpoint for international tensions. This pervasive scrutiny means that our business activities in Xinjiang are subject to intense observation and must withstand the rigors of a global magnifying glass. These factors necessitate an operational approach that transcends conventional business concerns, requiring us to be acutely attuned to the socio-political dynamics and to maintain an open and collaborative dialogue with government entities. Since 2018, the Board, senior executives from Hong Kong and local staff have been facing daunting tasks to meet local requirements such as prepay tax issues and environmental issues, accusations from various parties, inquiries from shareholders, questions from the regulatory body and grievance of local employees, pushing us into an endless dilemma.

China is currently surrounded by enemies in the global geopolitical environment. The ubiquitous fake news has made honest Chinese businessmen overwhelmed, leaving the Belt and Road the only game in town and our assets in Xinjiang the most valuable ones for the Group while Xinjiang is also at the heart of China's Belt and Road development. Therefore, we had to and will continue to work at full stretch in Xinjiang, committing to navigating these complexities with subtlety and experience. In fact, many years' experience has made us one of the few companies can navigate through those problems and complexities. The Group has adhered to the Belt and Road initiative and operations in Xinjiang for more than 10 years and has gone through extremely difficult times in the past few years and now the picture is healthier. The Group will adhere to its goals and hopes to translate our hard work and persistence into cash flow in the near future.

Zooming in on Hong Kong, its recovery is also far from our expectations, Hong Kong economy grows less-than-expected 3.2% in 2023. At a time when most companies chose to tighten their belts in times of economic downturn, it will inevitably put a squeeze on our revenues and margins. The overall performance of the Group's business solutions unit located in Hong Kong exceeded earlier expectations in 2023, which is a reward to the unit's hard-won experience gained in the past 3 years.

2024 is a global election year, with elections in 50 countries. More than 2 billion voters will head to the polling stations in countries including the United States, India, Pakistan, Mexico and South Africa, so on and so forth. Changes in policy, internal and external regulations, interest rates and other areas could make 2024 a "tumultuous year," Bloomberg suggests. The backdrop of war and economic shocks heightens potential geopolitical risks. With tightened credit policies imposed in the Mainland, the high borrowing cost in Hong Kong on the back of high interest rate triggered by the US government bonds, SMEs including Kaisun is facing extremely scarce operations funding source and it is thanks to our creditors and contractors that have been supportive to our financing support to assist us to sail through this difficult period. Directors' financial support to the operations also demonstrate the determination of the Board to turn around our business deficits and I must thank all of them for that.

Looking into 2024, we project that the financial environment will remain tight through 2024 and possibly into 2025. Throughout this period, our focus is to reduce our financing cost and consolidate non-core businesses so as to turn into profitability with a target to pay dividend once again and our resolve is to maintain the financial prudence, ensuring the sustainability of our operations while we await a more favorable environment to advance our ambitions for growth.

Management Discussion and Analysis

The uncertainty has narrowed with an end to COVID-19 as a public health emergency declared by the World Health Organization (WHO) in May 2023. Out of the ashes of all that suffering and shambles we together witnessed the great resilience of the global economy. However, there are still more downside than upside risks for the upcoming future. The IMF left its forecast for global real GDP growth in 2023 unchanged at 3.0% but cut its 2024 forecast to 2.9% from its previous forecast of 3.0% in its latest World Economic Outlook. The recent conflict in the Middle East has heightened geopolitical risks, and an escalation could weigh on global growth, while the global economy is continuing to cope with the lingering effects of the overlapping shocks of the past four years — the Ukraine war, the rise in inflation and subsequent sharp tightening of global monetary conditions.

Growth in emerging market and developing economies (EMDEs) is set to follow a much slower path than it did before the pandemic. Most notably, China's recovery was far shakier than many analysts and investors expected, laying bare China's deep structural imbalances, from weak household consumption to increasingly lower returns on investment, prompting calls for a new growth model. Our operations in Xinjiang and Shandong went through an extreme difficult time in the past few years and today's situation won't scare us off. We are still opting to maintain our foothold in the vast market, leveraging on our rich experience and network in mainland China.

As a microcosm of China, Hong Kong's post-pandemic economic recovery was short-lived and softer than expected. The city's asset and stock markets are in a difficult position and appear unlikely to improve in the near future. Financial services, trading and logistics, tourism and professional services have fuelled Hong Kong as an East-meets-West centre. Whereas, nowadays more and more Hong Kong citizens enjoy roughly similar services just a short drive away to its neighbor Shenzhen for a fraction of the price, despite governmental efforts to reinvigorate local businesses, such as the 'Night Vibes Hong Kong' campaign. It with no doubt has posed a more significant test to the city also to the SMEs like us.

Moreover, the talent exodus has shrunk Hong Kong's labour force. In a survey conducted by the Hong Kong General Chamber of Commerce, 74 per cent of participating companies said they faced a talent shortage issue. This point stood out as being more urgent than the rest for the Group. Attracting talent has always been a key to keep companies competitive. To cope with the increased workload, the Group starts to offer short-term job and summer internships as a soft but quick solution.

At a time when more companies tighten their belts and revenues from all sources are dwindling, thanks to the efforts the management of the Group made to control costs while increase gross profit. It is a tiny step but a firm one.

The IMF expects China's GDP growth to slow to 4.6% in 2024 from around 5% last year. In the face of the gloomy prospects, the Group will focus on boosting business growth and operational efficiency to strengthen our competitiveness to cope with potential headwinds. The management of the Group is confident that with our expertise, market insights and unremitting efforts, we can turn challenges into opportunities and hope to bring value back to our investors in the near future.

KAISUN ENERGY GROUP

Production and supply chain management of mineral resources, mining and metallurgical machinery

1. Shandong — Production of mining and metallurgical machinery

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of the Group's subsidiaries, specializes in mining and metallurgical machinery production. It owns 50 mining product safety mark certificates and obtained the European standard certificate in the first quarter of 2023. Its major products are overhead manned cableway devices and their accessories, as well as technical consultancy services, including equipment installation, technical support and after-sales services.

Analysis of China's Coal Equipment Demand in 2023

China Coal Market Network shows that since February 2024, the spot price of Bohai Rim 5500 Kcal thermal coal has continued rising from RMB908/ton at the beginning of the month to RMB939/ton on 22nd February. The cold wave has also led to an increase in civilian electricity load, driving up the daily consumption of power plants. Market procurement expectations are generally improving with the post-holiday resumption of production in non-electricity industries. Overall, it is a normal market phenomenon where supply decreases, social inventories continue to be consumed, and short-term tight supply drives up prices.

In recent years, there needs to be more investment in fixed assets in coal mine projects, and the mine construction cycle is long, making it difficult to form new production capacity quickly. It is expected that with the continued growth of China's economy and the rise of industries such as the digital economy, the electricity consumption of the whole society will continue to increase, and the demand for coal power will further increase, maintaining a strong demand for thermal coal.

The coal market is expected to continue to stabilize and improve. China will continue to ensure the full release of coal production capacity in 2024, and output is expected to be generally stable. The government continues to strengthen supervision of coal mine management and safety, and the Group believes that Tengzhou Kaiyuan's coal machinery and equipment business will subsequently improve.

(Source: http://www.chinapower.com.cn/xw/sdyd/20240226/236444.html)

Tengzhou Kaiyuan 2023 Summary

- Tengzhou Kaiyuan continuously updates its mining machinery and equipment, enhancing product performance and the company's competitiveness and brand influence. Several sets of overhead crew devices for coal mines have entered the Vietnamese market.

- By optimizing the management system and adjusting the management structure, the company achieved HK$31.76 million in sales revenue and approximately HK$1.56 million in profit in 2023. After the epidemic's impact in 2021 and 2022, the Company turned losses into profits.




Tengzhou Kaiyuan production workshop

2. *Shandong — Supply Chain Management Services*

Shandong Kailai Energy Logistics Co., Ltd. ("Shandong Kailai") is a joint venture of a subsidiary of the Company. ("Shandong Kailai") specializes on coal supply chain management, loading and unloading, warehousing, coal blending, washing and logistics business. It obtained the right from the Jinan Railway Bureau to use the dedicated railway line Yanzhou depot (Guanqiao Station). The Company has obvious location advantages since it is located at the southernmost end of the Jinan Railway Bureau and is the intersection of the Jinan Railway Bureau and Shanghai Railway Bureau. Many state-owned chemical companies are nearby, giving it a geographical advantage and no significant competitors. Shandong Kailai Logistics Centre covers an area of 110,000 square meters, including environmental protection equipment and storage centres, with an average annual loading and unloading capacity of 3 million tons.

Analysis of China's Coal Railway Transportation in 2023

The National Railway Administration and other four ministries and commissions and China Railway Group Co., Ltd. (hereinafter referred to as the "State Railway Group") jointly issued the "Implementation Plan for Promoting Low-Carbon Development of the Railway Industry" to improve the railway collection and distribution system and promote the strengthening of the existing railway network and chain repairs, accelerate the construction of a collection and distribution system for railway coal transportation channels, increase the proportion of railway transportation of coal and coke transported by large industrial and mining enterprises in Shanxi, Shaanxi, Mongolia and other main coal-producing areas, and accelerate the "road-to-rail" transportation of medium and long-distance and bulk cargo. Introduce preferential policies, optimize the railway freight pricing model, enhance the competitiveness of the railway transportation market, and encourage cargo owners, enterprises and logistics entities to choose railway transportation.

The structural changes in bulk commodity transportation represented by coal transportation are expected to benefit profoundly from the construction and development of multimodal transport models. Railway freight categories are mainly coal and other bulk commodities, and there is still room for further improvement in freight-sharing rates. In 2023, the national railway freight sharing rate (i.e., the proportion of railway cargo turnover) will be 15.1%. In addition, in the longer-term time dimension, the National Railway Administration, the National Development and Reform Commission, the Ministry of Ecology and Environment, the Ministry of Transport, and the China Railway Group jointly issued the "Implementation Plan for Promoting Low-Carbon Development in the Railway Industry" to account for 20% of railway cargo turnover by 2030. The ratio reaches more than 22%; the "Opinions on Comprehensively Promoting the Construction of a Beautiful China" issued by the Central Committee of the Communist Party of China and the State Council aims to achieve a proportion of railway freight turnover of about 25% of the total turnover by 2035.

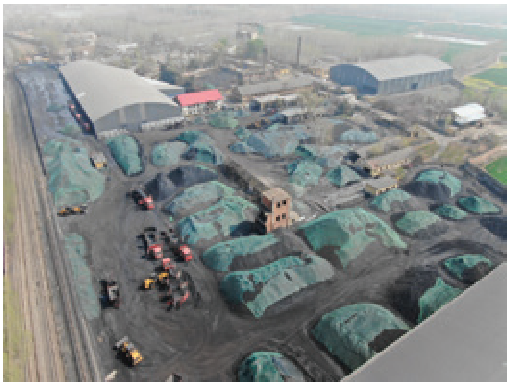
As the government vigorously promotes railway transportation, Shandong Kailai's coal supply chain business closely aligns with the national railway logistics policy. The Group believes that Kailai will have broader development space in the future.

(Source: https://stock.stockstar.com/JC2024022600006797.shtml, http://www.cb.com.cn/index/show/zj/cv/cv135248201260)

Shandong Kailai 2023 Summary

- The Company completed the outer wall project of the west cargo yard and started constructing the fourth dust-proof warehouse. The company continue to pay attention to corporate governance, environmental protection, and social responsibility and actively implements the upgrading and transformation of green carbon enterprises.

- Shandong Kailai and Xingliang Mining launched a coal trading project at the end of 2023 to sell high-quality thermal coal from Xinjiang to external parties to expand the Company's trading scope and improve operating performance. In 2023, the cumulative coal trading revenue was approximately HK$126.94 million.



Shandong Kailai Logistics Platform

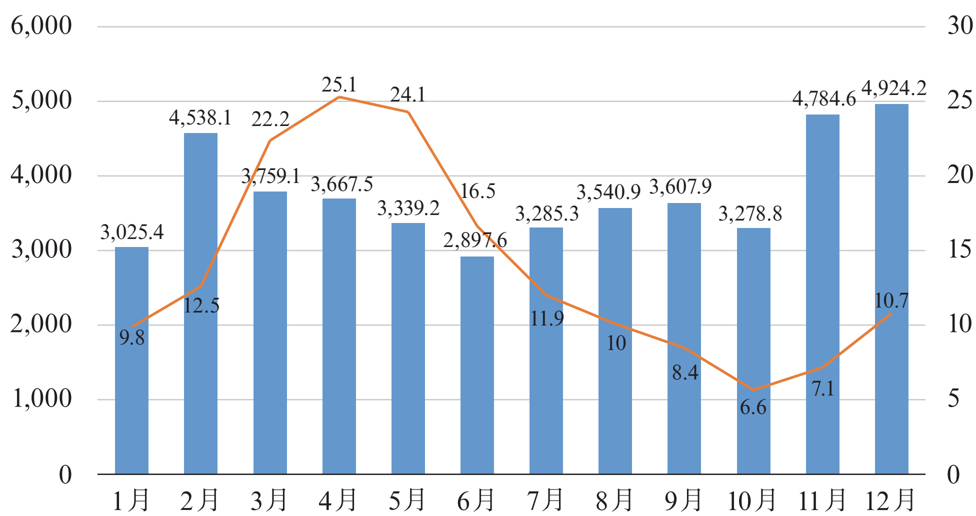
3. Xinjiang — coal mining business (a wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Ltd. ("Xingliang Mining") is a wholly-owned subsidiary of Shandong Kailai, located in Qiquanhu Town, Turpan City. The mine in the Tuha Coalfield, one of the four major coalfields in Xinjiang. Its coal types are mainly long-flame coal, which is suitable for power generation and chemical coal. In 2018, Xingliang Mining signed an integrity agreement with the Gaochang District Government, using Xingliang Mining as the integration body to consolidate the resources of nearby small-scale coal mines.

Xingliang Mining was approved for a prospecting license in August 2020 and a 1.2 million tons/year mining license in the fourth quarter of 2022. In addition, the fire area control and coal fire extinguishing project was approved in 2021, and a cooperation agreement was reached with the construction team on the fire area control project, launched in November 2023.

Analysis of Xinjiang Coal Mining Industry in 2023

In December 2023, the Xinjiang Uygur Autonomous Region generated 46.41 billion kilowatt hours of electricity, a year-on-year increase of 7.8%, and the growth rate increased by 1.9 percentage points from the previous month. The average daily power generation is 1.497 billion kilowatt hours. In December, affected by the cold wave, most areas of Xinjiang experienced a steep decline. The lowest temperature in most areas of northern Xinjiang dropped to minus 20 degrees Celsius, driving the growth of electricity demand. Among them, thermal power generation was 38.57 billion kilowatt hours, accounting for 85% of the total power generation, a year-on-year increase of 3.3%; Xinjiang's output was 49.242 million tons, with a year-on-year increase of 19%, Xinjiang's raw coal output hit a record high in December.



(source: Xinjiang Coal Trading Center)

Xinjiang has rich in coal resources, with the implementation of the country's Western Development Strategy and the "One Belt, One Road" initiative, Xinjiang's coal industry has ushered in unprecedented development opportunities. The Group believes that benefiting from the support of national macro-policies and the continued increase in demand within and outside Xinjiang, Xingliang Mine will be one of the essential sources of profits and cash flow for the Group.

Xinjiang Xingliang Mine 2023 Summary

- The Company focused on coal mine safety management, and the Xingliang Mine fire extinguishing project lasted 18 months. Fire points in the mining area must be appropriately disposed of within the specified period to ensure a smooth transition before the mine is put into operation and construction.

- Xingliang Mining launched coal sales in the fourth quarter of 2023. The coal derived from the mine fire extinguishing project would sold to customers through Xingliang Mining as the main sales body. Key end customers include large state-owned thermal power plants, cement plants, and chemical plants in Xinjiang. Additionally, some coal will be transported via land-rail combined transportation to the mainland for sale. For the year, revenue amounted to HK$117.8 million.

Current status of fire extinguishing works

Coal yard

4. *Mongolia — Supply Chain Management Services*

Choir Logistic Service LLC, acquired by Kaisun Group, is located near the Erenhot Port in China. The location serves as a crucial transportation and logistics hub for China, Mongolia, and Russia, providing significant location advantages. The Choir platform spans an area of 35,000 square meters and has an average annual loading and unloading capacity of 1.8 million tons. The primary services offered by Choir include loading and unloading, warehousing, logistics, and customs clearance.

Analysis of Mongolia's Coal Industry in 2023

Mongolia's total coal exports in 2023 will reach 60 million tons. This is 10 million tons more than planned at the beginning of the year. Previously, Mongolia exported 36.7 million tons of coal in 2019, setting a historical record. But this year, it reached 60 million tons for the first time, setting a new historical record. Mongolia's coal reserves rank among the top 10 in the world, with existing coal geological reserves of approximately 172.3 billion tons and proven reserves of 33.2 billion tons, of which 70–80% is lignite.

Mongolia continues to seize its geographical advantages with China, and China's demand for coal continues to increase. The Mongolian government continues to improve the construction of port infrastructure and enhance each port's customs clearance and cargo handling capabilities to boost trade between Mongolia and China. The establishment of Choir Logistics Center and operations will help move towards the high-quality development stage of the entire industry chain and enhance the group's international market competitiveness.

(Source: https://www.cctd.com.cn/show-113–237985–1.html)

The Choir Project 2023 Annual Summary

- The Group authorized Sainsaikhan Consulting Services LLC to be the construction, operation and strategic contractor of the Choir Project. In 2023, the cumulative cooperation income from the project will be approximately HK$2.58 million.

Choir platform

Development goals for 2024

Shandong — Production of mining and metallurgical machinery

- In order to stabilize the profitability of the company, the Company aim to expand the product application areas, enrich product categories, and increase the customer base. At the same time, production management should be refined.

- The company focuses on strengthening accounts receivable management through increased recovery efforts, strict control of insufficient debt provision, and shortening of the capital operation cycle.

Shandong — Supply Chain Management Services

- To fulfil our environmental protection responsibilities, the Company aim to build complete No. 4 dust-proof warehouse construction, and improve pollution prevention and control work.

- The Company plan to strengthen coal sales business by cultivating a team of sales professionals, expanding our customer base, increasing our company's operating income, and improving operating cash flow.

- The company will introduce external funds, advanced technology, and management experience to upgrade our logistics base. This includes constructing base office areas, coal washing plants, container sites, dedicated railway lines, and supporting facilities.

Xinjiang — Coal Mining Business

- To ensure safety in production, it is crucial to establish and improve the safety management system. The leadership organizational structure should also be refined to ensure that all construction teams strictly follow the mining area's safety production rules and regulations.

- In addition, it is necessary to refine the processes of coal production, supply, transportation, sales, inventory, and other related areas. This can be achieved by improving various financial and human resources management systems, strengthening financial situation analysis, and enhancing the quality of financial management.

Mongolia — Supply Chain Management Services

- Deepen cooperation mechanisms and expand cooperation areas to ensure the smooth operation of projects and achieve sustainable development.

KAISUN BUSINESS SOLUTION

Event Management & Consulting Services

Official figures show that city's meetings, incentives, conferences, and exhibitions (MICE) sector has beaten industry expectations, rebounding to around 75 percent of pre-pandemic levels after the city lifted border restrictions last year. However, external headwinds, policy uncertainty and the aftermath of COVID-19 have led to patchy economic performance. Nearly all companies are reducing their expenses amid economic uncertainty. Therefore, in 2023 the team continues to face the challenges of clients' budget cuts and extended accounts receivable cycles. Although the overall business volume has increased compared to the last few years, the average contract amount has significantly decreased. Despite the continued market downturn, the team has been making steady progress by working closely with the clients. The Hong Kong District Council elections held on 10 December have also provided a short-term boost to our business and the number of events that the team held in 2023 has reached its highest level in recent years.

Given that the overall market environment will not improve significantly in 2024, the team will be committed to expanding client base and diversifying business with a goal to increase its market share.

ESports Business

As the global economy is still limping along, private equity and venture capital investments in entertainment has slumped to its lowest level in at least six years in 2023, according to industry sources. Most notably, the e-sports industry has encountered unprecedented challenges in recent years and many e-sports companies and clubs are experiencing a negative cash flow. Our esports business has also encountered great challenges in 2023 as sponsorship revenue has dropped significantly compared with previous years. However, the team still managed to complete the established GIRLGAMER world tour under great pressure. As of the first quarter of 2024, tournaments in South Korea, South Africa, the United States and Mexico have successfully concluded. This is also the first time the GIRLGAMER moved its stage to the United States and Mexico and received well by the local market. The past few years was anything but easy to the GIRLGAMER IP. Fortunately, the IP has accumulated a group of loyal sponsors and business partners to drive its forward. The esports industry is at a crossroads going into 2024. The team will take the circumstances into careful consideration before deciding the future direction of the business.

Kaisun Trust

In 2023, the team continued efforts to expand its customer base, as a result, its revenue has increased by 12% compared with the year of 2022. Although the business has been growing steadily, the uncertainty of the financial market leads to considerable difficulties in securing new customers. Moreover, manpower shortage has weighed on its daily administration tasks. To address the issue, the team plans to recruit Administrative Assistant in 2024 to increase its administrative efficiency.

Looking into 2024, the team will continue to focus on tapping new customers in order to achieve a steady growth in the total size of assets under administration and bring stable cash flow to the Group.

Securities Trading Business

The Group's listed-securities trading business continued to be monitored by the investment committee with analytical and performance reports generated regularly and meetings regularly held to review and evaluate the risks of the portfolio. The economies and stock markets in most places of the world have shown significant growth in 2023. Most notably, the Nasdaq Composite Index of the US stock market has reached a historical high, rising by 44.22% throughout the year. The border reopening between Hong Kong and mainland China at the beginning of the year has restored investors' confidence and should have a positive effect on the local economy and stock market. However, the four consecutive interest rate hikes by the U.S. Federal Reserve caused capital outflows and increased the risk of recession. In addition, the stock markets in mainland failed to meet expectations and has also interrupted Hong Kong stock market's growth trajectory. The Hang Seng Index fell 2,734 points throughout the year, and for the first time it has fallen for four consecutive years and the Group's shares could not immune from its effect.

1 Year HSI, FTSE 100 & Dow Jones Comparison (As of 22 Mar 2024)

As at 31 December 2023, the fair value of listed investment was HK$14,600,506. The cost of listed investment was HK$34,889,795.

In 2023, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$1,278,585. Dividend received from listed securities was HK$252,475.

The Investment Committee believes that despite the continued sluggish performance of Hong Kong stock market, fortunately the dividend income has made up for part of the unrealized losses. However, the external environment remains challenging and uncertain. Therefore, the investment committee decided to sit tight and will continue to invest in blue chip stocks and stocks that pay dividend to lower the risk of new economy stocks, meanwhile is considering selling long-term stocks that already gave return.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 December 2023 amounted to approximately HK$298.9 million, represented an increase of approximately 12.1% when compared with the same period in 2022 (2022: HK$266.7 million). The increase in revenue was mainly attributable to the recognition of revenue generated from production and sales of coal, which was a new revenue source for 2023, offset by the decrease in revenue generated from provision of supply chain management services for mineral business.

The Group's gross profit for the year ended 31 December 2023 increased approximately 614.4% to approximately HK$79.3 million when compared with the same period in 2022 (2022: HK$11.1 million) which was in line with the increase in revenue during 2023. The gross profit margin of the Group increased from approximately 4% to approximately 27% as the gross profit margin of production and sales of coals generated a relatively high margin when compared with other revenue sources of the Group.

Administrative and other operating expenses were approximately HK$90.8 million (2022: HK$62.7 million), the increase in administrative and other operating expenses was in line with the increase in operating activities as reflected by the increase of revenue, in particular the expenses in relation to the newly recognized production and sales of coal income.

Finance costs remained relatively stable for the year ended 31 December 2023, amounted to approximately HK$21.6 million (2022: approximately HK$23.6 million).

Combining the effects of the above, the Group recorded a loss for the year of approximately HK$28.0 million (2022: HK$19.9 million) and the total comprehensive loss attributable to owners of the Company for the year 2023 amounted to approximately HK$35.3 million (2022: HK$28.6 million).

As at 31 December 2023, the Group held financial assets at FVTPL of approximately HK$14.6 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2023, the fair value loss on financial assets at FVTPL was approximately HK$1.3 million for the year ended 2023 (2022: fair value loss HK$7.5 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 31 December 2023	% of share-holding as at 31 December 2023	Unrealized gain/(loss) on fair value change for the year ended 31 December 2023	Fair value as at 31 December 2023	Fair value as at 31 December 2022	% of the Group's total assets as at 31 December 2023	Investment cost	Reasons for fair value loss
			HK$	***HK$***	*HK$*		*HK$*	
Hong Kong Listed Securities								
Baidu, Inc. (9888) *(Note 1)*	1,100	0.00004%	4,840	127,710	122,870	0.02%	182,700	—
Bilibili Inc. (9626) *(Note 2)*	660	0.0002%	(61,512)	61,776	123,288	0.01%	391,610	Drop in share price
ENN Energy Holdings Limited (2688) *(Note 3)*	10,000	0.0009%	(521,000)	575,000	1,096,000	0.11%	971,495	Drop in share price
Hong Kong Exchanges and Clearing Limited (0388) *(Note 4)*	5,000	0.0004%	(346,000)	1,340,000	1,686,000	0.25%	1,799,000	Drop in share price
HSBC Holdings plc (0005) *(Note 5)*	30,000	0.0002%	433,500	1,890,000	1,456,500	0.36%	1,468,500	—
JD.com Inc. (9618) *(Note 6)*	166	0.00001%	(17,878)	18,675	36,553	0.004%	—	Drop in share price
MEITUAN (3690) *(Note 7)*	350	0.00001%	28,665	28,665	—	0.01%	—	—
MTR Corporation (0066) *(Note 8)*	50,000	0.00080%	(2,500)	1,515,000	—	0.29%	1,517,500	Drop in share price
Tencent Holdings Limited (0700) *(Note 9)*	3,500	0.00004%	(141,400)	1,027,600	1,169,000	0.20%	1,994,750	Drop in share price
Tracker Fund of Hong Kong (2800) *(Note10)*	80,000	0.0011%	(218,400)	1,375,200	1,593,600	0.26%	1,620,800	Drop in share price
Wealthking Investments Limited (1140) *(Note 11)*	17,476,000	0.1661%	(436,900)	6,640,880	7,077,780	1.26%	24,943,440	Drop in share price
Total			(1,278,585)	14,600,506	14,361,591	2.77%	34,889,795	

Notes:

1. Baidu Inc (HKEx: 9888) — Baidu Inc is a leading AI company with a strong Internet foundation.

2. Bilibili Inc (HKEx: 9626) — Bilibili Inc is an iconic brand and a leading video community for young generations in China. The group is a full-spectrum video community that offers a wide array of content serving young generations' diverse interests.

3. ENN Energy Holdings Limited (HKEx: 2688) — The principal businesses of ENN Energy Holdings Limited are gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, wholesale of gas, distribution of bottled liquefied petroleum gas ("LPG") and sales of gas appliances and materials.

4. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited is Own and operate the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.

5. HSBC Holdings plc (HKEx: 0005) — HSBC Holdings plc products and services are delivered to clients through four global businesses: Retail Banking and Wealth Management ("RBWM"), Commercial Banking ("CMB"), Global Banking and Markets ("GB&M") and Global Private Banking ("GPB").

6. JD.com Inc (HKEx: 9618) — JD.com Inc is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider.

7. Meituan (HKEx: 3690) — Meituan provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store, hotel and travel booking and other services.

8. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").

9. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.

10. Tracker Fund of Hong Kong (HKEx: 2800) — Tracker Fund of Hong Kong is a unit trust which is governed by its Trust Deed dated 23rd October 1999, as amended, supplemented or restated from time to time. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.

11. Wealthking Investments Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group has bank and cash balances of approximately HK$9.9 million (2022: HK$7.8 million).

The net current liabilities of the Group as at 31 December 2023 amounted to approximately HK$202 million. The net current liabilities status of the Group revealed potential going concern issues of the Group, to address the going concern issue, the management of the Group will if necessary, liaise with creditors on the maturity dates and repayment schedule of debts so that the Group can continue as a going concern; and consider fund-raising activities in the future. The Company will issue further announcements as of when appropriate in this regard.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.09 as at 31 December 2023 (2022: 0.09).

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), United States dollars, and Tajikistan Somoni. As at 31 December 2023, the Group had no other significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the Group's income tax credit for the year 2023 are set out in note 12 to the consolidated financial statements.

HUMAN RESOURCES

As at 31 December 2023, the Group had 115 (2022: 108) staff in Hong Kong and China.

The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the year 2023, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$23.2 million (2022: HK$24.6 million) for the year 2023.

SEGMENT REPORT

The detailed segmental analysis are provided in note 46 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2023.

LITIGATION

As at 31 December 2023, the Group had no significant pending litigation.

CAPITAL STRUCTURE

As at 31 December 2023, the Company has 583,415,844 shares of HK$0.1 each in issue (2022: 576,566,055 share of HK$0.1 each). During the year ended 31 December 2023, 6,849,789 shares were issued to the Group's legal adviser under general mandate as remuneration shares. For details, please refer to the announcements of the Company dated 7 June 2023 and 8 September 2023.

CHARGES ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 December 2023.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Saved as disclosed in this annual report, there is no significant investment nor material acquisition and disposal undertaken by the Group during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2023 and up to the date of this report.

OTHER INFORMATION

At the request to the Stock Exchange, the Board would like to provide the following information:

Discloseable Transactions — Acquisition of Listed Securities of EJE (Hong Kong) Holdings Limited

The Board announces that the Group has acquired 9,800,000 shares in EJE (Hong Kong) Holdings Limited ("EJE") (HKEx Stock Code: 8101) for an aggregate consideration of approximately HK$14 million in a series of trade executed on the open market during the period from 5 December 2019 to 14 January 2020. The average purchase price of each share in EJE was approximately HK$0.143. The purchase price paid by the Group for each transaction was the market price of EJE and was financed by internal resources of the Group. The 9,800,000 shares in EJE acquired by the Group represented approximately 2.82% of the issued share capital of EJE as at the date of this annual report.

As the 9,800,000 shares of EJE acquired by the Group were acquired through the open market, the Directors were not aware of the identities of the sellers of the 9,800,000 shares of EJE. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the sellers and, if applicable, its ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Information of EJE

EJE is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the GEM of the Stock Exchange (stock code: 8101). EJE and its subsidiaries are principally engaged in (i) manufacture of custom made furniture; (ii) the design, manufacture and sale of mattress and soft bed products; (iii) property investment; (iv) securities investment; and (v) money lending.

The following financial information is extracted from the published unaudited management accounts and the annual report of EJE:

	Year ended 31 March		
	2021	2020	2019
	HK$'000	HK$'000	HK$'000
	(unaudited)	(audited)	(audited)
(For continuing operations)			
Revenue	**84,796**	140,464	130,308
(Loss)/profit before taxation	**(18,201)**	62,791	(7,430)
(Loss)/profit after taxation	**(20,435)**	61,879	(613)
Total assets	**923,459**	915,216	628,877
Net asset value	**426,330**	393,374	313,090

Reasons for and benefits of the acquisitions

The Company considered that based on the EJE's stable development of business and the recent downside of shares of EJE, the acquisitions of shares of EJE represented an investment opportunity of the Group.

As the acquisitions were made at market price, the Directors were of the view that the terms of the acquisitions were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

As at the date of this annual report, the Group beneficially owns 9,800,000 shares of EJE. The investment in EJE is accounted for as financial assets at FVTPL and EJE's financial results have not been consolidated in the accounts of the Group. EJE was delisted on 21 December 2022.

Listing Rules Implications

As one or more of the application percentage ratios for the acquisitions of the shares of EJE, when aggregated, exceeded 5% but all of them were less than 25% under Chapter 19 of the GEM Listing Rules, the acquisitions together constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Discloseable Transactions — Acquisition of Listed Securities of Tesson Holdings Limited

The Board announces that the Group has acquired 13,215,000 shares in Tesson Holdings Limited ("Tesson") (HKEx Stock Code: 1201) for an aggregate consideration of approximately HK$6.2 million in a series of trade executed on the open market on 9 September 2020. The average purchase price of each share in Tesson was approximately HK$0.469. The purchase price paid by the Group for each transaction was the market price of Tesson and was financed by internal resources of the Group. The 13,215,000 shares in Tesson acquired by the Group represented approximately 1.07% of the issued share capital of EJE as at the date of this annual report.

As the 13,215,000 shares of Tesson acquired by the Group were acquired through the open market, the Directors were not aware of the identities of the sellers of the 13,215,000 shares of Tesson. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the sellers and, if applicable, its ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Information of Tesson

Tesson is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 1201). Tesson and its subsidiaries are principally engaged in (i) the manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investment holding and import and export trading; and (ii) the property development business, as well as the cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering.

The following financial information is extracted from the published unaudited management accounts and the annual report of Tesson:

	Year ended 31 December		
	2021	2020	2019
	HK$'000	HK$'000	HK$'000
	(unaudited)	(audited)	(audited)
Revenue	**171,294**	762,891	912,346
(Loss)/profit before taxation	**(455,936)**	112,974	(93,761)
(Loss)/profit after taxation	**(434,886)**	39,482	(125,762)
Total assets	**2,672,914**	2,993,795	3,175,512
Net asset value	**865,444**	1,240,390	1,105,276

Reasons for and benefits of the acquisitions

The Company considered that the acquisitions of shares of Tesson represented an investment opportunity of the Group as it is optimistic on the future development of Tesson.

As the acquisitions were made at market price, the Directors were of the view that the terms of the acquisitions were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

The investment in Tesson is accounted for as financial assets at FVTPL and Tesson's financial results have not been consolidated in the accounts of the Group. During the year ended 31 December 2022, the shares of Tesson held by the Group were disposed.

Listing Rules Implications

As one or more of the application percentage ratios for the acquisitions of the shares of Tesson, when aggregated, exceeded 5% but all of them were less than 25% under Chapter 19 of the GEM Listing Rules, the acquisitions together constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Omissions of the Company to Disclose the Discloseable Transactions

The omissions by the Company to comply with the GEM Listing Rules requirements to make timely disclosure for the acquisitions of shares of EJE and Tesson was due to inadvertent mistake from the Company having believed that the acquisitions of shares of EJE and Tesson were of a revenue nature and in the ordinary and usual course of business of certain members of the Group and they would therefore be exempt from the requirements under Chapter 19 of the GEM Listing Rules pursuant to Rule 19.04(1)(g) of the GEM Listing Rules.

The Company wishes to apologise for the above non-compliances and hereby provide details of the acquisitions of shares of EJE and Tesson.

To avoid any similar delay in notification in the future and to fine tune the Group's internal control procedures, the Company will (i) continuously review and oversee the legal and regulatory compliance procedures and internal controls of the Group to ensure that all existing and further transactions of the Company fully comply with the Listing Rules; (ii) provide written guideline on the procedures for similar transactions to all Directors, senior management and relevant personnel of the Company, which would include requiring written calculation of the relevant size tests as to whether public disclosure is required before entering into similar transactions and closely monitoring the transactions entered into from time to time; and (iii) provide further training to the Directors, the senior management and the relevant personnel of the Company to help them better understand any new requirements of the GEM Listing Rules and identify any potential notifiable transactions of the Group on a timely basis.

At the request of the Stock Exchange, the Board would like to further provide the following information:

Loans to Up Energy Development Group Limited and Advance of Restructuring Cost

Background

As at 31 December 2014, Up Energy (Fukang) Coal Washing Ltd., a subsidiary of Up Energy Development Group Limited ("Up Energy", former HKEx Stock Code: 307, together with its subsidiaries, "Up Energy Group"), was a trade debtor of the Group with an outstanding amount of approximately HK$9.6 million payable to the Group.

As disclosed in the annual report for the year ended 31 March 2015 of Up Energy, the Up Energy Group had a net current liabilities status and there was a significant doubt on the Group's ability to continue as a going concern.

The Loans

During the period from 22 September 2015 to 11 December 2015, the Company (as lender) entered into a series of loan agreements with Up Energy (as borrower) to lend an aggregate amount of HK$15,000,000 to Up Energy with loan period of one year and interest rate of 17% respectively.

The Advance on Restructuring Cost

On 19 September 2016, the Supreme Court of Bermuda ruled that joint provisional liquidators will be appointed by the Bermudan court order on a soft touch basis to supervise the restructuring of Up Energy, and thereafter the debt restructuring process of Up Energy commenced.

During the debt restructuring process, due to the Group's knowledge and experience in the coal mining business, Kaisun Consulting Limited, a wholly-owned subsidiary of the Company, was engaged as coordinator for certain creditors of Up Energy and introducer of financing of Up Energy. The engagement was an engagement under the Group's corporate services business segment, subject to certain conditions, the Group's service fee under the engagement was ranged from HK$5 million to HK$50 million.

In order to facilitate the debt restructuring process of Up Energy, during the period from October 2016 to December 2019, the Group advanced restructuring cost of approximately HK$24.3 million, which in the management's view was incidental to the engagement.

Reasons for and benefits of the loans to Up Energy and the advance on restructuring costs

As disclosed in the annual report for the year ended 31 March 2015 of Up Energy, as at 31 March 2015, Up Energy Group had total assets amounted to approximately HK$20 billion and net assets amount to approximately HK$10 billion. Given the vast amount of assets owned by the Up Energy Group, the management of the relevant times were of the view that the financial difficulties faced by Up Energy were temporary and there was a very high chance that the restructuring would be successful.

The loans to Up Energy and the advance on restructuring costs would facilitate and speed up the debt restructuring process, which in turn would facilitate and speed up the recovery of outstanding amount payable to the Group by Up Energy.

It was the management's view that the risks associated with the loans to Up Energy and the advance on restructuring costs was low as the amount of loans and advance were insignificant when compared to the assets owned by the Up Energy Group.

Current Status

On 5 January 2022, the shares of Up Energy were delisted from the Stock Exchange. Despite the severe impact of the COVID-19 preventive measures, the liquidation of Up Energy is still in progress. It is expected that the recent increase in coal price will lead to an increase of the asset value of Up Energy Group and, despite being fully impaired, the management of the Group is still optimistic on the recovery of the outstanding balances of trade receivables, loans to Up Energy and the advanced restructuring cost (together "amounts due from Up Energy"). Upon recovery of amounts due from Up Energy with related interest receivables, following the completion of the liquidation procedures, it is expected that the liquidity of the Group will be improved. Further updates will be provided as and when appropriate.

On the other hand, the Group actively entered into negotiations with the Group's creditors. During the year ended 31 December 2022, the Group entered into a deed of novation with certain creditors of the Group, for which the Group assigned receivables of approximately HK$29,978,000 of amounts due from Up Energy to certain creditors of the Group to set off the same amount of debts due to the creditors, resulted in a reversal of impairment loss on trade and other receivables of approximately HK$29,978,000 and a reduction in other payables, interest payable and bonds payable of approximately HK$10,000,000, HK$16,778,000 and HK$3,200,000 respectively.

Biography of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chan Nap Kee, Joseph, aged 63, is the chairman, member of Remuneration Committee and Nomination and Corporate Governance Committee of the Group. He was appointed as an executive director in September 2008. He received his master degree majoring in international marketing from the University of Strathclyde and a diploma in China Investment and Trade from Peking University.

Mr. Chan has over 30 years of experience in commercial and investment banking, and asset management. From 1994 to now, Mr. Chan has been a founding partner of Oriental Patron Financial Group where he is also executive director of Oriental Patron Asia Limited and a non-executive director of Oriental Patron Securities Limited. He is independent non-executive director, member of each of Audit Committee, Remuneration Committee and Nomination Committee of North Asia Strategic Holdings Limited (Stock Code: 8080), a company listed on the GEM of the Stock Exchange. On social services, Mr. Chan is Chairman of Silk Road Economic Development Research Centre, Executive Vice President of Hong Kong Energy and Minerals United Association, Vice Chairman of China Hong Kong Economic Trading International Association and Vice President of Federation of Hong Kong Hubei Association and Honorary Advisor of Xinjiang Association of Hong Kong.

He holds licenses respectively of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) under the Securities and Futures Ordinance (cap. 571 of the Laws of Hong Kong).

Mr. Yang Yongcheng, aged 54, was appointed as an executive director in February 2009, and compliance officer with effect from 31 December 2016. He graduated from the Yikezhao League School of Finance (伊盟財經學校) in Inner Mongolia of the PRC and the China Central Radio & TV University, majoring in financial accounting. He holds an EMBA from the Zhongnan University of Economics and Law.

Mr. Yang has been involved in senior positions for corporate management for a long period of time, has profound knowledge of the human and economic development environment in the Mengxi region of Inner Mongolia of the PRC, and possesses extensive experience in corporate investment, product and market development as well as operation of minerals enterprises.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liew Swee Yean, aged 60, is chairman of audit committee and member of Nomination and Corporate Governance Committee, and has over 20 years of experience in finance and general management, and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Liew holds a Master of Business Administration (Executive) Degree from the City University of Hong Kong. He is also an independent non-executive director of China Supply Chain Holdings Limited (HKEx: 3708) from October 2022 to July 2023, and an independent non-executive director of Victory City International Holdings Limited (HKEx: 0539) from April 2021 to October 2021.

Dr. Wong Yun Kuen, aged 66 is the chairman of Remuneration Committee and member of audit committee. He received two B.S. degrees in Geology and Mathematics from University of Wyoming, and Master and Ph.D. degree in Geophysics from Harvard University, and was "Distinguished Visiting Scholar" in finance at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities Institute and a life member of American Geophysical Union.

He is the chairman and executive director of both UBA Investments Limited and the independent non-executive director of GT Group Holdings Limited.

He was the chairman and executive director of Far East Holdings International Limited until 22 December 2020, non-executive director of China Sandi Holdings Limited until 29 September 2019, and the independent non-executive director of DeTai New Energy Group Limited, Synergis Holdings Limited until 22 December, 2020, China Asia Valley Graphene Group Limited until 29 December 2020, Kingston Financial Group Limited until 28 August 2019. All are listed on the Stock Exchange. He was also independent non-executive director of formerly listed companies Asia Coal Limited until 6 June 2019, Tech Pro Technology Development Limited until 2 March 2020, and GT Group Holdings Limited until 31 October 2022.

Mr. Wu Zheng, aged 54, is chairman of Nomination and Corporate Governance Committee, member of audit committee and remuneration committee since 31 October 2021.

Mr. Wu holds a Master Degree of Science in Engineering from the School of Management of Xi'an Jiaotong University. Mr. Wu has over 20 years of experience in corporate finance, mergers and acquisitions, business consultancy, and investment management. From 2001 to 2019, Mr. Wu worked as key management personnel of various companies in the finance sectors including deputy general manager of Jinghua Shanyi Information Consulting (Shenzhen) Co., Ltd. (京華山一信息諮詢 (深圳) 有限公司), executive director of Dongying Investment Consulting (Shenzhen) Co., Ltd (東英投資顧問 (深圳) 有限公司) and the China region general manager of OP Investment Management Limited. From 2019 onwards, Mr. Wu is the beneficial owner and key management personnel of SHANGHAISIYANTOUZIGUANLI CO., LTD (上海思延投資管理有限公司).

SENIOR MANAGEMENT

All the executive directors of the Company are respectively responsible for various aspects of the business and operation of the Group. All executive directors are regarded as members of the senior management team of the Group.

Directors' Report

The board ("Board") of directors ("Directors") of the Company is pleased to submit its report together with the audited consolidated financial statements ("Financial Statements") of the Company and its subsidiaries (collectively as "the Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 41 to the Consolidated Financial Statements.

An analysis of the Group's performance for the year ended 31 December 2023 by segments is set out in note 46 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss on page 72.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2023.

BUSINESS REVIEW

A review of the business of the Group for the year 2023 and a discussion on the Group's future business development and the principal risks and uncertainties facing the Group are provided in the Chairman's Statement, Management Discussion and Analysis from pages 5 to 29. In addition, the financial risk management objectives and policies of the Group can be found in note 6 of the Consolidated Financial Statements. An analysis of the Group's performance during the year 2023 using financial key performance indicators is provided in the Financial Summary on page 4.

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group recognizes that our employees, customers and business partners are the keys to our sustainable development. The Group is committed to establishing a close and caring relationship with our employees, providing quality services to our customers and enhancing cooperation with our business partners.

In addition, details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as relationships with its employees, customers and suppliers during this financial year, required to be disclosed pursuant to Rule 13.91 of the Listing Rules. For more information, please refer to the environmental, social and governance report to be issued by the Group. This report will be available for viewing and downloading from the websites of the Group and Hong Kong Stock Exchange after its publication.

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity of the Group.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2023 amounted to HK$Nil (2022: HK$Nil).

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2023 are set out in Note 32 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the Consolidated Financial Statements.

SHARE CAPITAL

Particulars of the share capital of the Company are set out in note 37 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2023 amounted to HK$Nil (2022: HK$Nil). Under Section 34 of the Companies Law of the Cayman Islands, the reserves are available for distribution to shareholders subject to the provisions of the articles of association of the Company (the "Articles") and no distribution shall be paid to shareholders of the Company ("Shareholders") out of the reserves unless the Company shall be able to pay its debts as they fall due in the ordinary course of business of the Group.

DIVIDEND POLICY

Our dividend policy is to recommend dividend distribution to shareholders, where circumstances permits, at a payout ratio of 20% of eligible profits for the year, with the remainder of the profits retained as capital for future use.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account the following factors:

— the Group's operations, earnings, financial condition, cash requirements and availability,

— capital expenditure and future development requirements,

— any restrictions under the Companies Law of the Cayman Islands, the articles of association of the Company ("Articles of Association") and the Shareholders, and

— other factors it may deem relevant at such time.

The Dividend Policy will be reviewed from time to time, however, it is not guaranteed that dividend will be proposed within any period of time.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for each of the last five financial years is set out on page 4.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force throughout the financial year.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides approximate cover for the Directors of the Group.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

PENSION SCHEME

According to the legislation of Hong Kong relating to the Mandatory Provident Fund ("MPF"), with effect from 1 December 2000, the Group is required to participate in the MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contributions is limited to HK$1,500 for each eligible employee) as calculated under the MPF legislation.

SHARED-BASED COMPENSATION SCHEME

The Company operates Share Award Scheme 2016 for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Company's directors (including independent non-executive directors) and other employees of the Group.

Share Award Scheme 2016

The Company adopted the Share Award Scheme 2016 on 14 June 2016 ("Share Award Scheme 2016"). Subject to any early termination as may be determined by the Board by a resolution of the Board, Share Award Scheme 2016 shall be valid and effective for a term of 5 years commencing from the date of the Scheme. The Board shall not make any further award of Awarded Shares which will result in the total number of issued Shares awarded by the Board under Share Award Scheme 2016 exceeding 10% of the total number of issued Shares from time to time.

No shares were purchased by the trustee of the Share Award Scheme 2016 for years ended 31 December 2023 and 2022. During the year ended 31 December 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 12,440,000 shares for total consideration of approximately HK$2,976,000. During the year ended 31 December 2018, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 1,170,000 shares for total consideration of approximately HK$395,000. Hence, the total no. of shares in the Share Award Scheme as at 31 December 2023 was 13,610,000, represented approximately 2.33% of the issued capital of the Group.

Details of grantees in the Share Award Scheme 2016 are set out below:

Grantee	Date of Award	Number of Awarded Shares	Vesting Date	Closing price of shares on the grant date
17 Selected Employees	2 June 2017	11,305,200	On or before 26 June 2017	HK$0.42
Mr. Chan Nap Kee, Joseph (Executive Director)	22 March 2018	3,081,000	22 March 2018	HK$0.325
Mr. Yang Yongcheng (Executive Director)	22 March 2018	1,000,000	22 March 2018	HK$0.325

No share was awarded to any director or employee of the Company under the Share Award Scheme during the year.

As at the date of this report, the Share Award Scheme 2016 is expired. It is planned that a new Share Award Scheme using the shares currently held by the trustee of Share Award Scheme 2016 as the pool of shares to be awarded will be adopted. Further announcements will be made by the Company as and when appropriate.

On 14 July 2023, a new share award scheme ("Share Award Scheme 2023") was adopted (the principal terms of which are set out in the Company's circular dated 21 June 2023), the Company is in the process of transferring the shares in the Share Award Scheme 2016 to the Share Award Scheme 2023.

The Company has not granted any share award to any person under both Share Award Scheme 2016 and Share Award 2023 during the year ended 31 December 2023.

The number of Awards Shares available for grant under Scheme mandate of the Share Award Scheme 2023 as at the end of reporting period was 44,046,605 Award Shares (assuming no other Scheme options and awards are granter), representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report.

A summary of the Principal terms of the Share Award Scheme 2023 are as follows:

Purpose

The purpose of the Share Award Scheme 2023 is to recognise the contribution or future contribution of eligible participants for their contribution to the Group, and provide the eligible participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the eligible participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants ("Eligible Participants") under the Share Award Scheme 2023 include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Award Scheme 2023 as inducement to enter into employment contracts with any member of the Group) (the "Employee Participants"); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company ("Related Entity Participants").

Maximum entitlement of each participants

No Awards may be granted to any person such that the total number of Shares issued and to be issued upon Awards and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of Awards in excess of the 1% Individual Limit is subject to Shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of Share Awards to a substantial Shareholder (as defined in the GEM Listing Rules), a director of Chief executive of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Awards already granted and to be granted excluding any Awards lapsed in accordance with the Scheme Rules to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Awards is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Award

Subject to the terms of the Share Award Scheme 2023, the Board shall be entitled at any time within 10 years from the adoption date of the Share Award Scheme 2023 to offer the grant of a Award to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Award Scheme 2023) determine.

Offer period

An offer of the grant of an Award shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of an Award may be accepted after the expiry of the effective period of the Share Award Scheme 2023 or after the Share Award Scheme 2023 has been terminated. A Share Option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the Award duly signed by the grantee on or before the date upon which an offer of an Award must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The minimum vesting period in respect of any Awarded Shares is twelve (12) months, and the Board or the Remuneration Committee or the Committee (if authorised by the Board) shall have the authority to determine a shorter vesting period in accordance with the terms and conditions of the Scheme Rules.

Term of the Share Award Scheme

The Share Award Scheme 2023 shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033.

For details of the Share Award Scheme 2023, please refer to the circular of the Company date 21 June 2023.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 14 July 2023 (the "Share Option Scheme") which was approved by the Shareholders of the Company at the extraordinary general meeting held on 14 July 2023.

No share options ("Share Options") were granted, exercised or lapsed under the Share Option Scheme up to 31 December 2023. The number of Share Options available for grant under scheme mandate of the Share Option Scheme as at the end of the reporting period was 44,046,605 Share Options (assuming no other scheme options and awards are granter)representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report. As at 31 December 2023, the Group did not have any outstanding Share Options granted under the Share Option Scheme.

A Summary of principal terms of the Share Option Scheme 2023 are as follows:

Purpose

The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group ("Eligible Participants") for their contribution to the Group, and provide the Eligible Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the Eligible Participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants ("Eligible Participants") under the Share Option Scheme include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Option Scheme as inducement to enter into employment contracts with any member of the Group) (the "Employee Participants"); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company ("Related Entity Participants").

Maximum entitlement of each participants

No share options may be granted to any person such that the total number of shares issued and to be issued upon exercise of Share Options and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of share options in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of share options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted (excluding Share Options lapsed in accordance with the scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Share Options is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of a share option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine.

Offer Period

An offer of the grant of an Share Option shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of a share option may be accepted after the expiry of the effective period of the Share Option Scheme or after the Share Option Scheme has been terminated. A share option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the share option duly signed by the grantee on or before the date upon which an offer of a share option must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The exercise of any share option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a share option under the Share Option Scheme shall not be less than 12 months, except that the share options granted to Eligible Participants may be less than 12 months under the following specific circumstances.

(a) grants of make-whole share options to Eligible participants who newly joined the Group to replace the share options or awards they forfeited when leaving the previous employer;

(b) grants of share options with specific and objective performance-based vesting conditions provided in the rules of the Share Option Scheme;

(c) grants that are made in batches during a year for administrative or compliance reasons (which may include share options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a share option would have been granted);

(d) grants of share options with a mixed or accelerated vesting schedule such as where the share option may vest evenly over a period of twelve (12) months; and

(e) grants of share options with a total vesting and holding period of more than twelve (12) months.

Exercise Price

The exercise price shall be a price determined by the Board and notified to a Eligible participant and shall be at least the higher of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the grant date.

Tern of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033.

For details of the Share Option Scheme, please refer to the Company's circular dated 21 June 2023.

DIRECTORS

The Directors during the year 2023 were:

Executive Directors:

Mr. Chan Nap Kee, Joseph *(Chairman)*
Mr. Yang Yongcheng *(Compliance Officer)*

Independent Non-Executive Directors:

Mr. Liew Swee Yean
Dr. Wong Yun Kuen
Mr. Wu Zheng

According to Article 87 of the articles of association of the Company (the "Articles"), one-third of the directors for the time being (or, if the number of directors is not three (3) or a multiple of three (3), the number nearest to but not less than one-third), shall retire at each annual general meeting of the Company ("AGM") by rotation, provided that every director shall be subject to retirement by rotation at least once every three (3) years. The retiring directors shall then be eligible for re-election at the AGM.

In accordance with Article 87 of the Articles, Mr. Yang Yongcheng will retire from offices by rotation at the forthcoming AGM, and being eligible, offer himself for re-election at the forthcoming AGM.

According to Code provisions B.2.3 of Appendix 15 Corporate Governance Code and Corporate Governance Report of the Rules Governing the Listing of Securities on the GEM of Stock Exchange (the "GEM Listing Rules"), if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.

As Mr. Liew Swee Yean and Dr. Wong Yun Kuen served for more than 9 years in year 2023, accordingly, their further appointments in 2024 should be subject to separate resolutions to be approved by shareholders, which were attained by way of re-election at the AGM. Mr. Liew Swee Yean and Dr. Wong Yun Kuen offered themselves for re-election at the AGM.

The Company has received from each of Mr. Liew Swee Yean and Dr. Wong Yun Kuen, being the independent non-executive directors, annual confirmations of their independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers each of the independent non-executive directors to be independent.

DIRECTORS' SERVICE CONTRACTS

The term of office for each of Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng, being the independent non-executive directors, is for a term of one year and may be extended for such period as agreed in writing by the directors concerned and the Company. Currently, Mr. Liew Swee Yean has been appointed as an independent non-executive director up to 7 November 2024, Dr. Wong Yun Kuen has been appointed as an independent non-executive director up to 29 September 2024, Mr. Wu Zheng has been appointed as an independent non-executive director up to 30 October 2024.

Save as disclosed above, none of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Details of the directors' emoluments are set out in note 15 to the Consolidated Financial Statements.

DIRECTORS' REMUNERATION

It is proposed that the Board be authorised to fix the directors' remuneration at the forthcoming AGM. The remuneration, including any bonus payments, housing allowance and share award, to be paid to the directors, are recommended by the remuneration committee of the Board ("Remuneration Committee") with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTEREST IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director or an entity connected with him had a material interest, whether directly or indirectly, subsisting as at the end of the year or at any time during the year 2023 under review.

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The interest of the directors in the Shares of the Company were as follow:

Name of Directors	Capacity	Number of shares as at 31 December 2023	Approximate percentage of the total issued Shares as at 31 December 2023
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 *(Note 1)*	28.67%
Yang Yongcheng	Beneficial owner	1,675,000 *(Note 2)*	0.29%
Wong Yun Kuen	Beneficial owner	525,000 *(Note 3)*	0.09%
Liew Swee Yean	Beneficial owner	204,000 *(Note 3)*	0.03%
Chen Chun Long	Beneficial owner	6,147,000 *(Note 4)*	1.05%
Ching Ho Tung, Philip	Beneficial owner	220,000 *(Note 4)*	0.04%

Save as disclosed above, as at 31 December 2023, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

Notes:

1. After allotment of rights shares on 16 January 2017 and share consolidation of 10 shares into 1 share became effective on 16 February 2017, the total number of shares beneficially owned by Mr. Chan Nap Kee, Joseph ("Mr. Chan") was 159,132,298. Of these, 2,004,000 shares were shares awarded to Mr. Chan as Director on 30 December 2015 under the Share Award Scheme adopted since 10 May 2013. In addition, 2,750,000 shares were purchased by Mr. Chan Nap Kee, Joseph on the market from 29 March to 31 December 2017. Hence total number of shares owned by Mr. Chan was 161,882,298 as at 31 December 2017.

   On 22 March 2018, 3,081,000 shares were shares awarded to Mr. Chan as Director under the Share Award Scheme 2016. Hence, the total no. of shares owned by Mr. Chan was 164,963,298. In addition, 1,490,000 shares were purchased by Mr. Chan on the market from 29 June 2018 to 31 December 2018. Hence the total number of shares owned by Mr. Chan was 166,453,298 as at 31 December 2018.

   During the year ended 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263,298 as at 31 December 2023.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng ("Mr. Yang") as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016. In addition, 60,000 shares were purchased by Mr. Yang on the market from 12 November 2018 to 31 December 2018.

3. Of these, 150,000 shares were shares awarded to each of Mr. Liew Swee Yean and Dr. Wong Yun Kuen as Director on 30 December 2015 under the Share Award Scheme 2013.

4. These were shares held by Mr. Chen Chun Long and Mr. Ching Ho Tung as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company.

INTEREST OF SUBSTANTIAL SHAREHOLDERS IN SHARES OF THE COMPANY

As at 31 December 2023, so far as is known to the Directors of the Company, the persons who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in shares and underlying shares:

Name of Shareholders	Capacity and nature of interest	Number of shares as at 31 December 2023	Approximate percentage of the total issued shares as at 31 December 2023
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	28.67%
Ms. Yeung Po Yee, Bonita	Interest of spouse *(Note 1)*	167,263,298	28.67%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.05%
Ms. Wu Mingqin	Interest of spouse *(Note 2)*	81,950,000	14.05%

Notes:

1. These were total number of Shares that Mr. Chan Nap Kee, Joseph ("Mr. Chan") beneficially owned. As the spouse of Mr. Chan, Ms. Yeung Po Yee, Bonita, was taken to be interested in the Shares in which Mr. Chan was interested by virtue of the SFO.

2. These were total number of Shares that Mr. Zhang Xiongfeng ("Mr. Zhang") beneficially owned. As the spouse of Mr. Zhang, Ms. Wu Mingqin, was taken to be interested in the Shares in which Mr. Zhang was interested by virtue of the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 December 2023, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year 2023 under review.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of cost of sales and sales for the year 2023 attributable to the Group's major suppliers and customers are as follows:

Cost of sales	
— the largest supplier	25%
— five largest suppliers combined	67%
Sales	
— the largest customer	27%
— five largest customers combined	72%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with most of the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2023. Details of compliance and deviation are set out in the Corporate Governance Report on pages 44 to 67.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2023 are set out in Note 47 to the financial statements. To the best knowledge of the Directors, none of these related party transactions constituted connected transactions that need to be disclosed under GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there are no restrictions against such rights under the laws in the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 41 to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float in accordance with the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2023 and up to the date of this report.

AUDITOR

At the Company's last Annual General Meeting, RSM Hong Kong was re-appointed as auditor of the Company.

RSM Hong Kong retires, and, being eligible, offer themselves for re-appointment. A resolution for re-appointment of RSM Hong Kong will be put at the forthcoming Annual General Meeting.

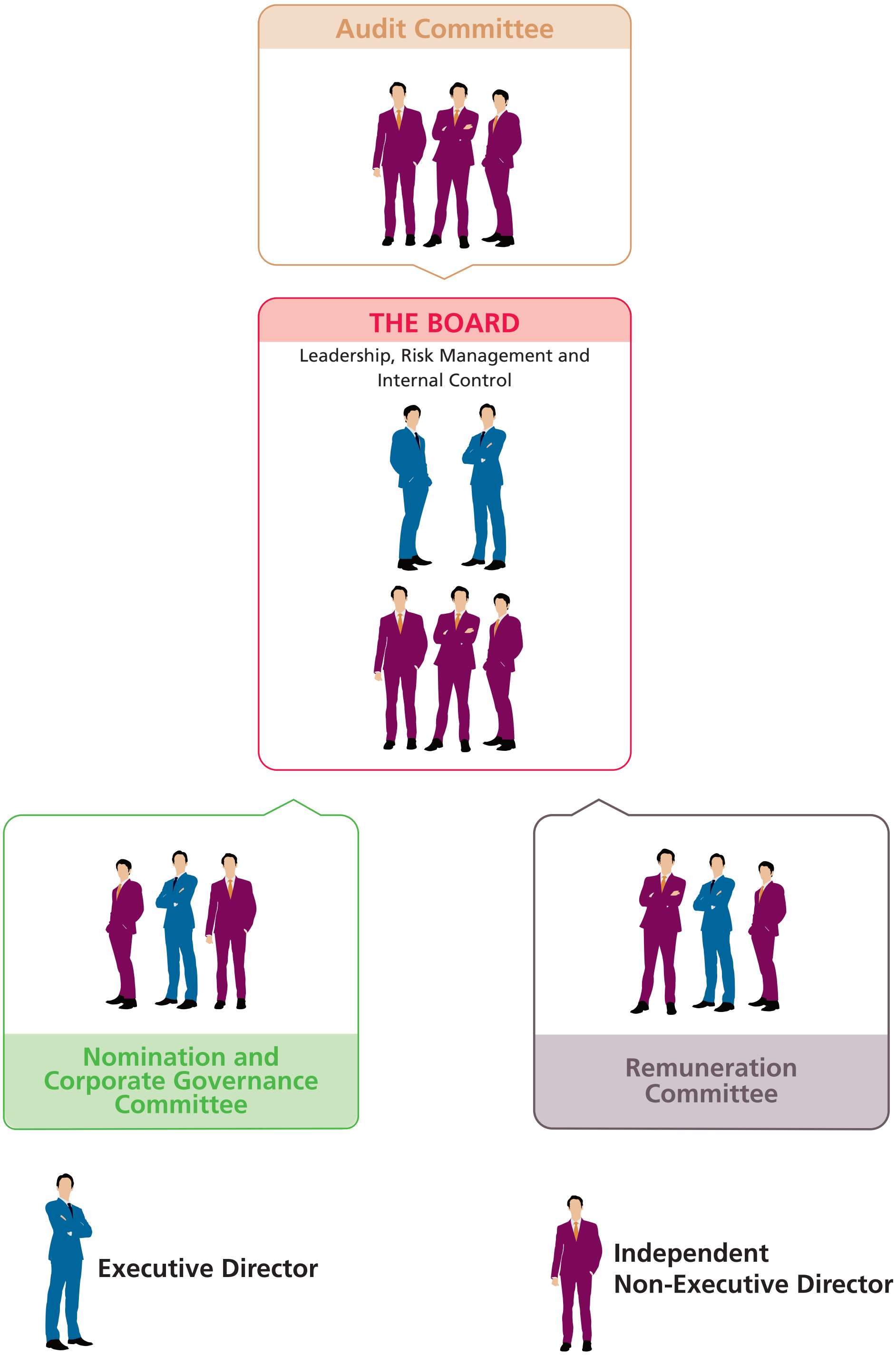
For and on behalf of the Board

Chan Nap Kee, Joseph
Chairman

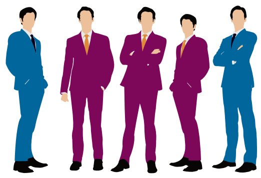
Hong Kong, 28 March 2024

OUR GOVERNANCE FRAMEWORK

Kaisun operates with a clear and effective governance structure



THE BOARD



Oversees overall governance, financial performance and development of the Group, collectively responsible for long-term success of the Group

Leadership: provides leadership and direction for the business of the Group

Risk Management and Internal Control: ensures only acceptable risks are taken

Audit Committee

- Oversees financial reporting process
- Reviews internal control and risk management system

Nomination and Corporate Governance Committee

- Recommends Board appointment
- Reviews Group's practices on corporate governance

Remuneration Committee

- Sets remuneration policy for executive directors
- Determines executive director's remuneration and incentives

Remuneration Committee Report Page 51 to Page 52

Nomination and Corporate Governance Committee Page 52 to Page 56

Audit Committee Report Page 57 to Page 59

Risk Management and Internal Control Report Page 60

Further information

Kaisun's governance framework serves as a guide for the Board, Joint Chief Executive Officers and management in the performance and fulfillment of their respective obligations to Kaisun and its stakeholders. The key components of Kaisun's governance framework, including guidelines, policies and procedures ensures

(i) the existence of a capable and qualified Board with diverse backgrounds and skills;

(ii) the establishment of appropriate roles for the Board and various committees; and

(iii) a collaborative and constructive relationship between the Board, Joint Chief Executive Officers and the management.

The following constitutes key components of Kaisun's governance framework. They are posted on the Company's website: www.kaisun.hk

- List of Director and their Role and Function
- Terms of References of the various corporate governance related Board Committees
- Articles of Association
- Memorandum of Association.

The Board also regularly assesses and enhances its governance framework, practices and principles in light of regulatory regimes as well as Company needs.

Appointment of Joint chief executive officers (CEOs)

As part of the Group's long term management succession plan which promote our professional and younger members of the Company that facilitates better business development of the Company, and to implement the aspect of good corporate governance of the Company where the role Chairman and Chief Executive Officer should be separated and should not be performed by the same individual, Mr. Chen Chun Long and Mr. Ching Ho Tung, Philip were appointed as joint Chief Executive Officers (CEOs) of the Company with effect from 19 June 2019. The Company is better prepared for future strategic growth of the Group with above changes.

Following the appointment of above joint Chief Executive Officers, Mr. Joseph Chan Nap Kee relinquished as Chief Executive Officer, and remains as Chairman and Executive Director of the Company.

For details on appointment of Joint CEOs, please refer to the Company's announcement dated 18 June 2019.

Role and Function of the Board

Being collectively responsible for long-term success of the Group, the Board provides leadership and direction for the business of the Group and establishes a risk management and internal control system for proper management of the Group. The daily operational matters of the Group are delegated by the Board to Joint Chief Executive Officers and the management.

Independent Non-Executive Directors with a diverse background

The Board is structured to ensure it is of a high caliber and has a balance of skills, experience and diversity of perspectives desirable for effective leadership of the Group.

In 2023, three Independent Non-executive Directors drawn from diverse and complementary backgrounds spanning mining, accounting and corporate finance. They bring valuable experience and insight in the following areas of experience and expertise, driving the corporate strategy and growth of the Group:

EXPERTISE/EXPERIENCE	NAME OF DIRECTORS
EXPERTISE AND EXPERIENCE IN MINING FIELD Expertise as a geological expert	Dr. Wong Yun Kuen
MACRO-ENVIRONMENT AFFECTING THE GROUP Expertise in the economic, political social environment affecting the Group and its operation	Dr. Wong Yun Kuen
AUDIT COMMITTEE ACCOUNTING EXPERTISE Expertise on "Audit Committee Accounting Expertise" under the Listing Rules	Mr. Liew Swee Yean
CORPORATE FINANCE EXPERTISE Corporate finance expertise for advising capital management of the Group	Mr. Wu Zheng

Note: Director's full biography are set out from pages 30 to 31

HOW THE BOARD, JOINT CEOs AND MANAGEMENT WORKS TOGETHER

Through respecting each other's role, the Board, Joint CEOs and management are supportive of the development and maintenance of a healthy corporate governance culture.

For the day-to-day operation of the business, the Board relies on Joint CEOs and management. The Board monitors what Joint CEOs and management are doing. In terms of strategy formulation, the Board works closely with Joint CEOs and management in thinking through the Group's direction and long-term plans, as well as the various opportunities and risks associated therewith and that are facing the Group generally.

With wide range of experiences, specific expertise, and fresh objective perspectives, the Independent Non-Executive Directors provide independent challenge and review. As members of the various Board committees, they also undertake governance work with a particular focus as noted under the respective terms of reference of the various Board committees.

PURPOSE, VALUES AND STRATEGY

The Company has the purpose of exceling its two business units, namely Kaisun Energy Group and Kaisun Business Solutions. The Company strategically expands its business in Mainland China and hopefully along Belt and Road countries. The core value of the Company is to provide the best products and services to its customers and to enhancing shareholder value.

To achieve the above, the Board promotes a dedicated culture in the Group's daily operations, and cultivated a competent and committed team.

THE BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2023, the Board comprised five directors, including two executive directors, namely Mr. Chan Nap Kee, Joseph and Mr. Yang Yongcheng and three independent non-executive directors, namely Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng. Mr. Chan Nap Kee, Joseph is the Chairman of the Board. Mr. Yang Yongcheng is the Compliance Officer.

One of the independent non-executive directors has appropriate professional qualification, or accounting qualifications and related financial management expertise. Biographical details of the directors are set out on pages 30 to 31 of this annual report.

Each of the independent non-executive directors has entered into a service contract with the Company for a term of one year, which may be extended for such period as agreed in writing between the director concerned and the Company.

There is no financial, business, family or other material or relevant relationship among the directors.

Independent Non-Executive Directors

The Company has received annual confirmations of their independence from each of its independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all the independent non-executive directors meet the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and still considers that they are independent.

Chairman and Joint Chief Executive Officers

As part of the Group's long term management succession plan which promote our professional and young members of the Company that facilitates better business development of the Company, and to implement the aspect of good corporate governance of the Company where the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Hence, Mr. Chen Chun Long and Mr. Ching Ho Tung, Philip were appointed as joint Chief Executive Officers (CEOs) of the Company with effect from 19 June 2019. The Company is better prepared for future strategic growth of the Group with above changes. Following the appointment of above joint Chief Executive Officers, Mr. Chan Nap Kee, Joseph relinquished as Chief Executive Officer, and remains as Chairman and Executive Director of the Company.

For details on appointment of Joint CEOs, please refer to the Company's announcement dated 18 June 2019.

Board Meetings

6 Board meetings were held during the year ended 31 December 2023. The Board meetings involved the active participation of the directors either in person or by telephone or through other electronic means of communication.

Attendance of each of the directors at Board meetings during the year ended 31 December 2023 is set out as follows:

Number of Board Meetings	**6**	
Executive Directors:		
Mr. Chan Nap Kee, Joseph *(Chairman)*	6/6	100%
Mr. Yang Yongcheng	6/6	100%
Independent Non-Executive Directors:		
Mr. Liew Swee Yean	6/6	100%
Dr. Wong Yun Kuen	6/6	100%
Mr. Wu Zheng	6/6	100%
Average attendance rate	100%	

Annual General Meeting

All Directors attended the Annual General Meeting held on 30 June 2023.

Company Secretary

All Directors have access to the advice and services from the Company Secretary, Mr. Pang Yick Him confirmed that he has taken no less than 15 hours of the relevant professional training for the year ended 31 December 2023 in compliance with Rule 5.15 of the GEM Listing Rules.

BOARD COMMITTEES

The Board has established the following three committees with written terms of reference (available on the Company's corporate website www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance), which are in line with the Corporate Governance ("CG Code"):

- Remuneration Committee
- Nomination and Corporate Governance Committee
- Audit Committee

All the committees comprise a majority of Independent Non-executive Directors. All Committees are chaired by Independent Non-executive Directors.

REMUNERATION COMMITTEE REPORT

Composition of the Remuneration Committee

Committee Chairman	Dr. Wong Yun Kuen*
Members	Mr. Wu Zheng* Mr. Chan Nap Kee, Joseph◆

* *Independent Non-executive Director*

◆ *Executive Director*

Role and Function of the Remuneration Committee

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

Remuneration Policy

The formulation of the Group's remuneration strategy and policy is based on the principles of equity and market competitiveness so as to drive staff to work towards the mission of the Group and to retain talents. As a long-term incentive plan and with the aim at motivating directors and employees in the continued pursuit of the Company's goal and objectives, the Company may award Company's shares purchased or shares allotted and issued by the Company to the directors/employees of the Company as award.

Remuneration Committee Meetings

The Remuneration Committee held one meetings during the year ended 31 December 2023. During the meeting, the Remuneration Committee had reviewed and approved, if any, the increment in salary, bonus payment and share award for the executive directors and the senior management by way of resolutions passed by all committee members. However, the executive directors did not participate in determining their own remuneration.

Attendance of each of the directors at the Remuneration Committee meetings for the year ended 31 December 2023 is set out as follows:

Number of Remuneration Committee Meetings	**1**	
Dr. Wong Yun Kuen *(Committee Chairman)*	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Mr. Wu Zheng	1/1	100%
Average attendance rate	100%	

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Composition of the Nomination and Corporate Governance Committee ("NC")

Committee Chairman	Mr. Wu Zheng*
Members	Mr. Liew Swee Yean* Mr. Chan Nap Kee, Joseph◆

* *Independent Non-executive Director*

◆ *Executive Director*

Role and Function of NC

The primary duties of the NC is to make recommendations to the Board on appointment or reappointment of Directors, and to develop and review Group's policies and practices on corporate governance and to make recommendations to the Board.

NOMINATION POLICY

The Board adopted a nomination policy that the Nomination Committee will evaluate, select and recommend candidate(s) for directorship(s) to the Board by giving due consideration to the criteria, including but not limited to Board diversity, qualifications, experience, independence, reputation for integrity and potential contributions that the individual(s) can bring to the Board before making recommendation to the Board. The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm, and may evaluate the suitability of the candidate(s) by interviews, background checks etc.

BOARD DIVERSITY

The Company recognises and embraces the benefits of having a diverse Board. A Board Diversity Policy has been adopted by the Board. In reviewing Board composition, NC will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, race, age, culture and gender, so as to maintain an appropriate range and balance of skills, experience and background on the Board. An analysis of the Board's current composition is set out in the accompanying charts.

In identifying suitable candidates, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

DESIGNATION

ETHNICITY

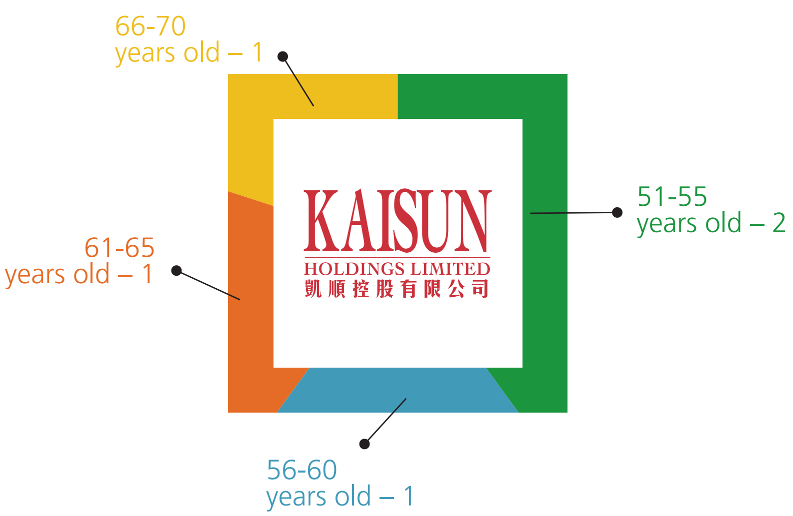
Based on the latest review, the Nomination Committee considers the Board to be diverse in respect of the aforesaid evaluation criteria though the current Board consists of members with single gender. The NC will continue to ensure that diversity is taken into consideration when assessing Board composition.

As at the date of this report, the Board comprises five Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. Although the Board currently consists of male members only, the Company appreciates the importance of gender diversity and believes that gender diversity will be a representing manifestation of Board diversity among all other measurable objectives. The Board targets to appoint at least one female members by the end of 2024 to achieve gender diversity at Board level. The nomination policy of the Company can then ensure that there will be a pipeline of potential successors to the Board which continues the gender diversity in the Board.

As at 31 December 2023, the gender ratio of the Group's workforce was approximately 73% male to 27% female due to coal mining industry traditionally has less female participants. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

GENDER

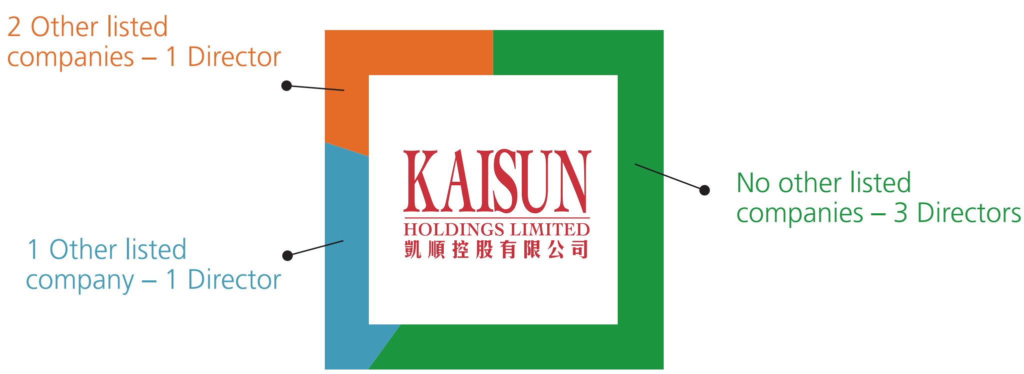
AGE GROUP



With regard to the Directors' skills, regional and industry experience as well as background, please refer to their biographical details set out in the Biography of Directors and Senior Management section on pages 30 to 31.

LENGTH OF SERVICE ON BOARD

DIRECTORSHIP WITH OTHER PUBLIC LISTED COMPANIES (NO. OF COMPANIES)



The Nomination and Corporate Governance Committee also responsible for overseeing the corporate governance functions, which include, but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2023, the Nomination and Corporate Governance Committee has reviewed and performed the above corporate governance functions.

Attendance of each of the directors at the Nomination and Corporate Governance meetings for the year ended 31 December 2023 is set out as follows:

Number of Nomination and Corporate Governance Committee Meeting	**1**	
Mr. Wu Zheng *(Committee Chairman)*	1/1	100%
Mr. Liew Swee Yean	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Average attendance rate	100%	

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The mechanism is disclosed below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board Committees as required under the GEM Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination and Corporate Governance Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution.

A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

(iv) Board Evaluation

The Board assesses and reviews the time contributed by every independent non-executive Director and their attendance to meetings of the Board and the board committees so as to ensure that every independent non-executive Director has devoted sufficient time to the Board to discharge his/her responsibilities as a Director of the Company.

AUDITORS' REMUNERATION

For the year ended 31 December 2023, the fee paid or payable to external auditors in respect of audit services amounted to HK$2.9 million. No fee was paid or payable to external auditors in respect of non-audit services during the year.

PREPARATION OF ACCOUNTS

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year 2023 under review. In preparing the accounts for the year ended 31 December 2023, the directors have approved adoption of all the applicable standards and interpretations of International Financial Reporting Standards ("IFRSs").

The quarterly, interim and annual results of the Company are announced in a timely manner after the end of the relevant periods.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee ("AC")

Committee Chairman	Mr. Liew Swee Yean*
Members	Dr. Wong Yun Kuen* Mr. Wu Zheng*

* *Independent Non-executive Director*

Role and Function of the AC

The primary duties of the AC are to review and supervise the financial reporting process and internal control system (including environmental, social and governance ("ESG") risks) of the Group and build an important bridge between the Board and the Company's auditors on those matters within the scope of the Group's audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

The AC is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The AC is accountable to the Board.

Audit Committee Meetings

During the year ended 31 December 2023, the AC had held 5 meetings to review and supervise the financial reporting process and the AC had reviewed the quarterly, interim and annual results, internal controls and risk management systems. The AC was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The AC also carried out and discharged its other duties as set out in the CG Code.

Attendance of each of the independent non-executive directors at the AC meetings during the year ended 31 December 2023 was set out as follows:

Number of Audit Committee Meetings	**5**	
Mr. Liew Swee Yean *(Committee Chairman)*	5/5	100%
Dr. Wong Yun Kuen	5/5	100%
Mr. Wu Zheng	5/5	100%
Average attendance rate	100%	

During the year 2023, the AC had undertaken the following duties:

(i) made recommendations to the Board on the appointment, reappointment or removal of the external auditors (the "Auditors") and approved the audit fees and terms of engagement of the Auditors, or any questions of resignation or dismissal of the Auditors;

(ii) reviewed the quarterly, interim and annual financial statements prior to recommending them to the Board for approval;

(iii) reviewed the Auditors' management letter and the management's response thereto, and to ensure that recommendations made by the Auditors are carried out;

(iv) reviewed the operation and effectiveness of the Company's financial control, internal control and risk management systems;

(v) reviewed the appropriateness of reporting and accounting policies and disclosure practices; and

(vi) reviewed the work of the Internal Audit Department, ensuring coordination between the Internal Audit Department and the Auditors, and reviewing and monitoring the effectiveness of the internal audit function.

During the year 2023, the Board, through the AC, reviewed the effectiveness of the Group's system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. To formalize the annual review of internal control system, the AC made reference to the globally recognised framework with modifications to include some controls which are specific to the Group's operation. The AC concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

The Board, through the review of the AC, was satisfied that the Group had complied with the Code Provisions on internal controls as set forth in the CG Code for the year 2023.

The Group's financial statements for the year ended 31 December 2023 has been reviewed by the AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the annual general meeting of the Company held on 29 June 2023 to adopt the Articles of Association in order to comply with the GEM Listing Rules.

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published the Articles of Association on the respective websites of the Stock Exchange and the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

Based on principles of transparency and independence, the Board of Directors and management are committed to principles of good corporate governance consistent with enhancement of shareholder value.

The Company has complied with the Code Provisions of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2023 except the following deviation.

Pursuant to Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. The Company has still a single gender board which does not meet the requirement under Rule 17.104 of the GEM Listing Rules. The Board will identify and appoint a suitable female candidate as director of the Company as soon as practicable and not later than 31 December 2024 in order to ensure compliance by the Company with the requirement under Rule 17.104 of the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year 2023. The Company has also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

The Board has overall responsibility for the risk management and internal control systems (including ESG risks) of the Company and for reviewing their effectiveness. The risk management and internal control systems (including ESG risks) of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an Internal Audit Function, and Risk Management and Internal Control System (including ESG risks) are reviewed throughout the year 2023 and any findings in this regard will be reported to the Audit Committee.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board had conducted an annual review of the effectiveness of the Group's risk management and internal control systems (including ESG risks) for the year ended 31 December 2023, covering the material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems (including ESG risks) are effective and adequate. The Audit Committee had also annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff and because most of our accounting staff have professional qualifications with audit and financial experience as well, the Audit Committee considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

WHISTLE-BLOWING POLICY

The Company has put in place whistleblowing policy which applies to all the directors and employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistle-blowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the whistle-blowing policy and mechanism, will make decisions on further actions (if needed).

The Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

ANTI-CORRUPTION POLICY

The Group does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. As such, it has formulated an anti-corruption policy (the "Anti-Corruption Policy") which prohibits all forms of corruption practice by making reference to the relevant laws and regulations. The Anti-Corruption Policy forms an integral part of the Group's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

We encourage and provide directors and senior management with professional training sessions and seminars covering corporate governance, business development and strategy and anti-corruption to enrich and strengthen their professional and business knowledge.

COMMUNICATION WITH THE SHAREHOLDERS

The Board has adopted a shareholder communication policy which is subject to annual review to ensure its implementation and effectiveness. Such policy aims at ensuring shareholders can have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

A summary of the Company's shareholder communication policy is as follows:

Information will be communicated to the Shareholders through the Company's financial reports, circulars and announcements, AGMs and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange for publication.

As a channel to further promote effective communication, the Company maintains a website at as a communication platform with Shareholders, where Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

Shareholders' meeting is one of the channels for shareholders to communicate their views on various matters affecting the Company. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditor will use all reasonable efforts to attend annual general meetings and to answer Shareholders' questions.

Furthermore, Shareholders are given sufficient notice of Shareholders' meetings, detailed procedures for conducting a poll was stated in circular to Shareholders accompanying the notice of the annual general meeting.

In order for the Company to solicit and understand the views of Shareholders, Shareholders may make enquiries to the Company through the contact method provided by the Company's website.

The Company reviewed the implementation and effectiveness of the shareholder communication policy has been properly implemented and during the year and considered that the policy is effective.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provided an opportunity for communication between Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EGM AND PROCEDURES

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Anyone or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Company Secretary at the following:

Principal place of business and headquarters in Hong Kong

Address:	Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong
Email:	admin@kaisun.hk
Attention:	Company Secretary

Registered office of the Company

Address:	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111
Attention:	Company Secretary

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For matters in relation to the Board, Shareholders can contact the Company at the following: by post to principal place of business of the Company in Hong Kong at Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong or by email to admin@kaisun.hk.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with Shareholders. The Company has adopted a Shareholders' communication policy and promotes communications with Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and quarterly, interim and annual reports as prescribed under the GEM Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from Shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the extraordinary general meetings and annual general meeting of the Company were circulated to all Shareholders in accordance with the requirements of the GEM Listing Rules and the Articles of Association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the GEM website and the Company's website after the meetings.

Any comments and suggestions to the Board can be addressed to the Hong Kong office or the Company Secretary by mail to Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong or email at admin@kaisun.hk.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS, SENIOR MANAGEMENT AND STAFF

The Directors, senior management and staff are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors, senior management and staff to enroll in a wide range of professional development courses and seminars organised by professional bodies in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

The current Directors received the following trainings during the year ended 31 December 2023:

	Attending seminar(s)/ programme(s)/conference(s) and/or reading materials relevant to the business or directors' duties
Mr. Chan Nap Kee, Joseph *(Chairman)*	✓
Mr. Yang Yongcheng	✓
Mr. Liew Swee Yean	✓
Dr. Wong Yun Kuen	✓
Mr. Wu Zheng	✓

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

The statement by the Auditors of the Company about their reporting responsibilities is set out on page 71 of this report.

AUDIT MODIFICATION

As described under the section headed "Basis for Disclaimer of Opinion" of the "Independent Auditor's Report", the Group had defaulted in repayment of its bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$7,020,000 as at 31 December 2023 and incurred a loss of approximately HK$27,981,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$202,007,000 and HK$31,178,000 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

As described under the section headed "Other Matters" of "Independent Auditor's Report", had the Auditors not disclaimed their opinion in respect of the matters described in the "Basis for Disclaimer of Opinion" section, the Auditor would otherwise have modified their opinion in respect of the scope limitations on their audit relating to (a) Discontinued operations in the production and exploitation of coal business in Tajikistan; and (b) Opening balances and corresponding figures.

For further details of the abovementioned disclaimer of opinion and other modifications, please refer to the "Independent Auditor's Report" set out on page 68 to page 71 of this annual report.

MANAGEMENT'S VIEW ON THE DISCLAIMER OF OPINION AND OTHER MATTERS

The management of the Company has given careful consideration to the Disclaimer of Opinion (the "Disclaimer") and Other Matters and has had ongoing discussion with RSM Hong Kong when preparing the Group's consolidated financial statements.

The Disclaimer

In respect of the Disclaimer, management of the Company plans to undertake a number of measures (for details please refer to the below section "Action Plan of the Group to Address the Audit Modification") to improve the Group's future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future. The management of the Company is of the view that after taking consideration of the Group's financial forecast and measures to be taken, the Group will have sufficient working capital to operate as a going concern for at least 12 months from the end of reporting period, therefore the Group's consolidated financial statements are prepared on a going concern basis.

However, the Company's auditor is of the view that they were unable to obtain sufficient appropriate audit evidence as to the validity of the going concern basis, as the validity of the going concern basis depends the outcome of measures to be taken, which is subject multiple uncertainties due to future conditions and circumstances, including (i) whether the improvement of future operating results and cash flows would be realised; and (ii) whether the agreements with the Group's creditors on the extension of repayment of debts would be reached.

The Disclaimer was due to the absence of sufficient appropriate audit evidence on outcome of future events, there are no difference in view between the management of the Company and the auditor.

Other Matters

The Other Matters on discontinued operations in the production in the production and exploitation of coal business in Tajikistan were due to the absence of relevant financial information of a subsidiary of the Company in Tajikistan. The issues in relation to this matter were brought forward from 2021 and remained unresolved in 2023. The absence of the relevant financial information was caused by the COVID-19 pandemic as well as political instability in Tajikistan which seriously impacted the assess of information by the Group.

The Other Matters on discontinued operations in the production in the production and exploitation of coal business in Tajikistan was due to the absence of relevant financial information, there are no difference in view between the management of the Company and the auditor.

The Other Matters on opening balances and corresponding figures represented the brought forward effect of the Other Matters on the consolidated financial statements from prior years.

Based on the current draft legal opinion obtained by the Company in relation to the abandonment of operations in the production and exploitation of coal business in Tajikistan, the Board is of the view that the relevant Other Matters will not have future significant impacts on the Group's financial position in the future.

The management of the Company acknowledged and agreed with the disclaimer of opinion and other matters RSM Hong Kong issued based on their professional and independent assessment.

ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND REMOVAL OF AUDIT MODIFICATION

The Disclaimer

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 31 December 2023 prepared by the management of the Company; and after taking into consideration the following:

(i) the increased revenue and gross profit for the year ended 31 December 2023 due to the revenue generated from production and sales of coal, for which the production and sales of coal rare expected to be continued in the coming years and thus the directors believe that the Group will be able to generate sufficient cash flows from operations; and

(ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the matured bond payables of HK$46,800,000 and the accrued interest of approximately HK$7,020,000.

The management considered that the proposed measures mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Disclaimer. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2024 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Disclaimer can be removed in the next financial year purely based on the Company's measures above.

Other Matters

In respect of discontinued operations in the production and exploitation of coal business in Tajikistan, the Group obtained a draft legal memo from its legal advisor with an aim to resolve the audit issue. The auditor of the Group basically agreed that the content of the draft legal memo can be used to resolve the audit issue. Nevertheless, the draft legal memo involved legal issues on BVI, and therefore the Group also needs to obtain a BVI legal opinion in order to fully resolve the audit issue. The Company is currently in the course of sourcing BVI legal advisors to issue the abovementioned BVI legal opinion.

The modification on opening balances and corresponding figures is expected to be removed when other matter are removed.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The audit committee of the Company confirmed that it had independently reviewed and agreed with (i) the management's position and basis concerning the Disclaimer and Other Matters as set out above; and (ii) the action plan of the Group to address the Disclaimer and Other Matters as set out above.

PRIOR PERIOD ERRORS IN RELATION TO INTERIM REPORT 2018 OF THE COMPANY

The Interim Report 2018 of the Group contained certain errors in respect of adoption of IFRS 9 in relation to (i) classification and measurement of certain investments held by the Group disclosed as "Available-For-Sale Financial Assets", and (ii) estimation of expected credit losses for impairment assessment in respect of trade and other receivables of the Group. The management of the Company is still in the process of assessing the impact of the abovementioned errors, and will provide further information in relation to the errors in the future financial statements of the Company if necessary.

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TO THE SHAREHOLDERS OF KAISUN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Kaisun Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 73 to 164, which comprise the consolidated statement of financial position as at 31 December 2023, and consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

As detailed in note 2 to the consolidated financial statements of the Group, the Group had defaulted in repayment of its bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$7,020,000 as at 31 December 2023 and incurred a loss of approximately HK$27,981,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$202,007,000 and HK$31,178,000 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Material uncertainties relating to going concern *(Continued)*

The management of the Company is planning to undertake a number of measures to improve the Group's future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future which are set out in note 2 to the consolidated financial statements of the Group. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) the successful improvement of future operating results and cash flows; and (ii) the positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the defaulted bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$7,020,000 mentioned above. However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that (i) the improvement of future operating results and cash flows would be realised; and (ii) the agreements with the Group's creditors on the extension of repayment of debts would be reached, including the default bonds payable mentioned above.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements of the Group.

In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaim our opinion in respect of the consolidated financial statements of the Group for the year ended 31 December 2023.

OTHER MATTERS

Had we not disclaimed our opinion in respect of the matters described in the Basis of Disclaimer of Opinion section above, we would otherwise have modified our opinion in respect of the scope limitations on our audit relating to the matters detailed below.

(a) Discontinued operations in the production and exploitation of coal business in Tajikistan

As set out in note 17 to the consolidated financial statements of the Group, the Group dissolved the wholly owned subsidiary, Better Business International Limited ("Better Business") and shut down the production and exploitation of coal business in Tajikistan during the year ended 31 December 2019. As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2022 and note 17 to the consolidated financial statements of the Group for the year ended 31 December 2023, because the complete set of books and records together with the supporting documents of a subsidiary of Better Business — Sangghat LLC, which mainly operated the production and exploitation of coal business in Tajikistan, were not available to the directors of the Company, accordingly we were unable to obtain sufficient appropriate audit evidence to ascertain that the abandonment of the coal business in Tajikistan had been completed during the year ended 31 December 2019. The limitations on our audit of work remained unresolved during our audit of the Group's consolidated financial statements for the year ended 31 December 2023. In addition, we were unable to obtain sufficient appropriate audit evidence regarding the cash and bank balance of approximately HK$14,000, other payables and accruals of approximately HK$4,569,000 and current tax liabilities of approximately HK$479,000 included in the Group's consolidated statement of financial position as at 31 December 2022 and 2023 and the relevant disclosures in the consolidated financial statements in respect of the discontinued operations.

OTHER MATTERS *(Continued)*

(b) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 issued on 31 March 2023 (the "2022 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, included the limitations on our scope of work described in paragraph (a) above on the 2022 Financial Statements in respect of discontinued operations in the production and exploitation of coal business in Tajikistan. Any adjustments that might be found necessary as a result of the matter described in paragraph (a) above might have a consequential effect on the Group's results and cash flows for the year ended 31 December 2022 and the financial position of the Group as at 31 December 2022 and the related disclosures in the 2022 Financial Statements.

The matter giving rise to the abovementioned limitations on our audit of work was not resolved in our audit of the consolidated financial statements of the Group for the year ended 31 December 2023 as detailed in paragraph (a) above.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Poh Weng.

RSM Hong Kong
Certified Public Accountants

28 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	8	**298,941**	266,685
Cost of goods sold and services		**(219,637)**	(255,559)
Gross profit		**79,304**	11,126
Investment and other income	9	**24,599**	30,086
Other gains and losses	10	**(23,291)**	25,189
Exploration expenses		**—**	(3,480)
Administrative and other operating expenses		**(90,764)**	(62,734)
(Loss)/profit from operations		**(10,152)**	187
Finance costs	11	**(21,579)**	(23,597)
Loss before tax		**(31,731)**	(23,410)
Income tax credit	12	**3,750**	3,526
Loss for the year	13	**(27,981)**	(19,884)
Attributable to:			
Owners of the Company		**(31,890)**	(15,233)
Non-controlling interests		**3,909**	(4,651)
		(27,981)	(19,884)
Loss per share (cents)			
Basic	18	**(5.51)**	(2.64)
Diluted	18	**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Loss for the year		**(27,981)**	(19,884)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		**(900)**	(7,000)
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,956)**	(7,468)
Other comprehensive income for the year, net of tax		**(3,856)**	(14,468)
Total comprehensive income for the year		**(31,837)**	(34,352)
Attributable to:			
Owners of the Company		**(35,332)**	(28,632)
Non-controlling interests		**3,495**	(5,720)
		(31,837)	(34,352)

Consolidated Statement of Financial Position

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	19	43,012	38,302
Right-of-use assets	20	10,636	12,093
Intangible assets	21	260,845	278,566
Financial assets at FVTOCI	23	—	10,400
Deferred tax assets	36	8,522	8,311
		323,015	347,672
Current assets			
Inventories	25	3,783	3,908
Financial assets at fair value through profit or loss ("FVTPL")	24	14,601	14,362
Trade and bills receivables	26	74,157	50,506
Deposits, prepayments and other receivables	27	75,502	81,294
Deposits in a licensed corporation		25,182	26,166
Bank and cash balances	28	9,907	7,823
		203,132	184,059
Current liabilities			
Trade payables	29	11,255	22,965
Other payables and accruals	30	279,049	248,077
Contract liabilities	31	53,996	44,117
Borrowings	32	—	81
Bonds payable	33	46,800	46,800
Other financial liabilities	34	11,726	14,603
Lease liabilities	35	186	734
Current tax liabilities		2,127	2,831
		405,139	380,208
Net current liabilities		(202,007)	(196,149)
Total assets less current liabilities		121,008	151,523

Consolidated Statement of Financial Position

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Other financial liabilities	34	**30,337**	20,991
Other payables and accruals	30	**99,439**	105,367
Lease liabilities	35	**156**	48
Deferred tax liabilities	36	**22,254**	25,958
		152,186	152,364
NET LIABILITIES		**(31,178)**	(841)
Capital and reserves			
Share capital	37	**58,342**	57,657
Reserves	39	**(108,958)**	(74,625)
Equity attributable to owners of the Company		**(50,616)**	(16,968)
Non-controlling interests		**19,438**	16,127
CAPITAL DEFICIENCY		**(31,178)**	(841)

Approved by the Board of Directors on 28 March 2024 and are signed on its behalf by:

CHAN Nap Kee, Joseph

YANG Yongcheng

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company								
	Share capital	Shares held under share award scheme *(note 40)*	Share premium *(note 39(b)(i))*	Foreign currency translation reserve *(note 39(b)(ii))*	Financial assets at FVTOCI reserve *(note 39(b)(iii))*	Accumulated losses	Total	Non-controlling interests	Total equity/ (capital deficiency)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	57,657	(3,371)	1,361,095	5,421	700	(1,409,713)	11,789	18,970	30,759
Total comprehensive income for the year	—	—	—	(6,399)	(7,000)	(15,233)	(28,632)	(5,720)	(34,352)
Capital contribution by non-controlling interest	—	—	—	—	—	—	—	2,752	2,752
Dilution of the Company's interest in a subsidiary upon capital injection *(note 42(a))*	—	—	—	—	—	(125)	(125)	125	—
Changes in equity for the year	—	—	—	(6,399)	(7,000)	(15,358)	(28,757)	(2,843)	(31,600)
At 31 December 2022 and 1 January 2023	**57,657**	**(3,371)**	**1,361,095**	**(978)**	**(6,300)**	**(1,425,071)**	**(16,968)**	**16,127**	**(841)**
Total comprehensive income for the year	**—**	**—**	**—**	**(2,542)**	**(900)**	**(31,890)**	**(35,332)**	**3,495**	**(31,837)**
Deemed acquisition of non-controlling interests *(Note)*	**—**	**—**	**—**	**—**	**—**	**184**	**184**	**(184)**	**—**
Issue of remuneration shares *(note 37)*	**685**	**—**	**815**	**—**	**—**	**—**	**1,500**	**—**	**1,500**
Changes in equity for the year	**685**	**—**	**815**	**(2,542)**	**(900)**	**(31,706)**	**(33,648)**	**3,311**	**(30,337)**
At 31 December 2023	**58,342**	**(3,371)**	**1,361,910**	**(3,520)**	**(7,200)**	**(1,456,777)**	**(50,616)**	**19,438**	**(31,178)**

Note: During the year ended 31 December 2023, the Group contributed HK$780,000 into 山東凱萊能源物流有限公司 ("Kailai") while no further contribution was made by the non-controlling shareholder. Accordingly, the equity interest of the non-controlling shareholder was diluted from 20.18% to 20.05%, which constituted a deemed acquisition of non-controlling interest. The difference of HK$184,000 between the net asset value of Kailai owned by the non-controlling shareholder before and after the deemed acquisition was transferred from non-controlling interest to accumulated losses.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(31,731)**	(23,410)
Adjustments for:			
Depreciation on property, plant and equipment		**3,297**	1,636
Depreciation on right-of-use assets		**1,214**	1,200
Amortisation of intangible assets		**10,287**	10,689
Loss on disposal of property, plant and equipment		**27**	13
Loss on disposal of financial assets at FVTPL		**—**	224
Fair value loss on financial assets at FVTPL		**1,279**	7,474
Fair value gain/(loss) on financial liabilities at FVTPL		**6,469**	(5,544)
Impairment loss/(reversal of impairment loss) on trade and other receivables		**5,982**	(28,340)
Exploration expenses		**—**	3,480
Impairment loss on financial assets at FVTOCI		**9,500**	—
Impairment loss on right-of-use assets		**286**	—
Finance costs		**21,579**	23,597
Investment income		**(459)**	(158)
Issue of shares for settlement of profession fees		**1,500**	—
Operating profit/(loss) before working capital changes		**29,230**	(9,139)
Decrease in inventories		**21**	3,968
Increase in trade and bills receivables		**(25,495)**	(30,635)
Increase in deposits, prepayments and other receivables		**(6)**	(61,149)
Decrease in deposits in a licensed corporation		**984**	2,717
(Decrease)/increase in trade payables		**(11,273)**	19,744
Increase in other payables and accruals		**10,536**	109,642
Increase in contract liabilities		**10,935**	3,135
Cash generated from operations		**14,932**	38,283
Purchases of financial assets at FVTPL		**(1,518)**	(5,893)
Net proceeds from disposal of financial assets at FVTPL		**—**	3,038
Income tax paid		**(187)**	(617)
Interest on borrowings	42(b)	**(2)**	(45)
Interest on lease liabilities	42(b)	**(45)**	(90)
Net cash generated from operating activities		**13,180**	34,676

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**207**	37
Dividend income from equity investments		**252**	121
Purchases of property, plant and equipment		**(8,524)**	(6,322)
Proceeds from disposals of property, plant and equipment		**—**	2
Additions of intangible assets		**—**	(31,090)
Net cash used in investing activities		**(8,065)**	(37,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	42(c)	**(733)**	(955)
Bank loan raised	42(b)	**—**	452
Repayment of bank loan	42(b)	**(81)**	(428)
Net cash used in financing activities		**(814)**	(931)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,301**	(3,507)
Effect of foreign exchange rate changes		**(2,217)**	3,051
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**7,823**	8,279
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**9,907**	7,823
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**9,907**	7,823

1. GENERAL INFORMATION

Kaisun Holdings Limited ("the Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

The Group incurred a loss of approximately HK$27,981,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$202,007,000 and HK$31,178,000 respectively.

As disclosed in note 33 to the consolidated financial statements, the Group had defaulted in repayment of its bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$7,020,000 as at 31 December 2023.

These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION AND GOING CONCERN *(Continued)*

Going concern basis *(Continued)*

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 31 December 2023 prepared by the management of the Company; and after taking into consideration the following:

(i) having regard to the gradual resumption of the normal business activities of the Group including the business of fire extinguishing works in Xinjiang mine, the directors believe that the Group will be able to generate sufficient cash flows from operations; and

(ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the matured bond payables of HK$46,800,000 and the accrued interest of approximately HK$7,020,000 as disclosed in note 33 to the consolidated financial statements.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. IAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

Impact on application of Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has adopted Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" for the first time in the current year. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. leases.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the Hong Kong Institute of Certified Public Accountants ("HKICPA") published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition. Based on the management's assessment, the impact on the consolidated financial statements was immaterial.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Revised IFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to IAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 — Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The directors of the Company anticipate that the application of all other amendments to IFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Property, plant and equipment *(Continued)*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Railway logistic platform	10%
Buildings	2%–4.5%
Leasehold improvements	20%–30%
Plant and machinery	9%–20%
Office equipment	15%–25%
Furniture and fixtures	10%–20%
Motor vehicles	10%–30%

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(f) Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at the end of each reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditure comprises costs which are directly attributable to:

— researching and analysing historical exploration data;

— gathering exploration data through topographical, geochemical and geophysical studies;

— exploratory drilling, trenching and sampling;

— determining and examining the volume and grade of the resource;

— surveying transportation and infrastructure requirements; and

— conducting market and finance studies.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. Exploration and evaluation expenditures, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets. Tangible and intangible exploration and evaluation assets that are available for use are depreciated/amortised over their useful lives. When a project is abandoned, the related irrecoverable costs are written off to profit or loss immediately.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(bb) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(j) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to manufacture the mining and metallurgical machineries products under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction works based on achieving a series of performance-related milestones. When a particular milestone is reached the customer would confirm a relevant statement of work and an invoice would be issued for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Construction contracts *(Continued)*

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

(k) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

— FVTOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(o) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Redeemable convertible preference shares

Redeemable convertible preference shares which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consisting of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; this amount is carried as a derivative liability that is subsequently measured at fair value through profit or loss until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and derivative components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and derivative components on initial recognition. The portion related to the derivative component is expensed immediately.

(s) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(t) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(u) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenues from the production and sales of coal, sales of spare parts for mining and metallurgical machineries products and provision of supply chain management services for mineral business are recognised when control of the goods has transferred, being when the goods have been delivery to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from sales of manufactured mining and metallurgical machineries products is recognised based on the stage of completion of the contract. Payment for installation of machineries is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(j) above.

The Group organises eSports events and provides events management services and corporate services. Revenues are recognised over time where the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs. Revenue from such services are recognised based on the stage of completion of the contract. Payment for provision of services are not due from the customers until the services are completed and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date. Otherwise revenue were recognised at a point in time.

Revenue from logistics services for mineral business and trust and trustee services are recognised when the services are rendered.

Media production services income is recognised when the services are rendered or on the date of the relevant production is delivered.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(u) Revenue and other income *(Continued)*

Revenue from operating of railway logistic platform logistics are recognised when the services are rendered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Service income for coal fire extinguishment works is recognised in profit or loss when the rights to receive payment is established.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of IAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(v) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(w) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(x) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(z) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(z) Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(z) Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(aa) Impairment of non-financial assets

Intangible assets that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(bb) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables, contract assets, deposits in a licensed corporation and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(bb) Impairment of financial assets and contracts assets *(Continued)*

Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor; and

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(bb) Impairment of financial assets and contracts assets *(Continued)*

Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(bb) Impairment of financial assets and contracts assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(cc) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(cc) Provisions and contingent liabilities *(Continued)*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(dd) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not applicable are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

The directors have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the next twelve months from the reporting date, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2 to the consolidated financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

(b) *Significant increase in credit risk*

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Impairment of property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2023 were approximately HK$43,012,000 (2022: HK$38,302,000) and HK$10,636,000 (2022: HK$12,093,000) respectively.

(b) *Impairment of intangible assets*

The Group assesses whether there are any indicators of impairment for intangible assets at the end of each reporting period. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of intangible assets at the end of the reporting period was approximately HK$260,845,000 (2022: HK$278,566,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

The Group uses practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 December 2023, the carrying amount of trade receivables was approximately HK$74,157,000 (net of allowance for doubtful debts of approximately HK$44,281,000) (2022: HK$50,396,000 (net of allowance for doubtful debts of HK$43,235,000)).

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 31 December 2023 (2022: Nil).

(e) Fair value of investments

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment, details of which are set out in note 23 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of each investment.

The carrying amount of the investments as at 31 December 2023 was approximately HK$Nil (2022: HK$10,400,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollars ("US$"), Renminbi ("RMB") and Tajikistan Somoni ("TJS"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2023, if the HK$ had strengthened/weakened 3 per cent (2022: 8 per cent) against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$960,000 (2022: HK$13,110,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on trade and other payables denominated in RMB.

The directors of the Company consider that the foreign currency exposure in respect of US$ and TJS for the years ended 31 December 2023 and 2022 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% (2022: 10%) higher/lower consolidated loss after tax for the year ended 31 December 2023 would decrease/increase by approximately HK$1,460,000 (2022: HK$1,436,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers. Debtors with balances that past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix on individual segment. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk for accounts receivables arising from different segments of the Group as at 31 December 2023 and 2022.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

	2023		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Coal mining business segment			
Current (not past due)	1.14%	14,019	160
0–30 days past due	1.15%	32,719	375
31–60 days past due	2.41%	5,109	123
61–90 days past due	3.65%	1,207	44
91 days–1 year past due	15.32%	23,806	3,646
1–2 years past due	37.27%	1,956	729
2–3 years past due	100%	2,560	2,560
Over 3 years past due	100%	36,302	36,302
Consulting and media service business segment			
0–30 days past due	15.52%	464	72
61–90 days past due	15.79%	19	3
91 days–1 year past due	75.00%	4	3
1–2 years past due	100%	9	9
Corporate and investment business segment			
Current (not past due)	10.00%	10	1
1–2 years past due	100%	15	15
2–3 years past due	100%	120	120
Over 3 years past due	100%	119	119
		118,438	44,281

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

	2022		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Coal mining business segment			
Current (not past due)	2.78%	4,285	119
0–30 days past due	2.77%	23,715	658
31–60 days past due	4.13%	13,133	542
61–90 days past due	5.45%	312	17
91 days–1 year past due	17.87%	8,773	1,568
1–2 years past due	37.77%	4,676	1,766
2–3 years past due	100%	1,551	1,551
Over 3 years past due	100%	36,698	36,698
Consulting and media service business segment			
0–30 days past due	7.74%	155	12
31–60 days past due	16.67%	24	4
61–90 days past due	25.00%	4	1
91 days–1 year past due	90.63%	32	29
1–2 years past due	100%	9	9
Corporate and investment business segment			
91 days–1 year past due	88.00%	25	22
1–2 years past due	100%	120	120
2–3 years past due	100%	119	119
		93,631	43,235

Expected loss rates are based on actual loss experience over the past 8 years (2022: 7 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

Movement in the loss allowance account for trade receivables during the year is as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**43,235**	43,333
Net remeasurement of loss allowance	**1,534**	1,353
Exchange differences	**(488)**	(1,451)
At 31 December	**44,281**	43,235

During the year, the increase in loss allowance of approximately HK$1,534,000 is mainly attributed to the increase in gross amount of trade receivables past due over 91 days by approximately HK$12,888,000.

Financial assets at FVTOCI and amortised cost

All of the Group's assets at FVTOCI and amortised cost are considered to have low credit risk, except for the trade deposits and other receivables, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include deposits in a licensed corporation, trade deposits placed with suppliers, utilities and other deposits, transportation fee receivables and other receivables.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Financial assets at FVTOCI and amortised cost *(Continued)*

Movement in the loss allowance for financial assets at amortised cost during the year is as follows:

	Deposits in a licensed corporation HK$'000	Trade deposits placed with suppliers HK$'000	Utilities and other deposits HK$'000	Transportation fee receivables HK$'000	Other receivables HK$'000	Total HK$'000
At 1 January 2022	349	63,071	4	18,533	121,545	203,502
Net remeasurement of loss allowance	4	—	—	—	(29,697)	(29,693)
Exchange difference	—	(3,923)	—	(1,453)	(4,520)	(9,896)
At 31 December 2022 and 1 January 2023	**353**	**59,148**	**4**	**17,080**	**87,328**	**163,913**
Net remeasurement of loss allowance	**(91)**	**(1,500)**	**2**	**—**	**6,037**	**4,448**
Exchange difference	**—**	**—**	**(1)**	**(459)**	**(486)**	**(946)**
At 31 December 2023	**262**	**57,648**	**5**	**16,621**	**92,879**	**167,415**

Financial assets at FVTOCI includes unlisted debt securities. The loss allowance for debt investment at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in other comprehensive income.

Movement in the loss allowance for financial assets at FVTOCI during the year is as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**—**	—
Impairment losses recognized for the year	**9,500**	—
At 31 December	**9,500**	—

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Carrying amount	Total contractual undiscounted cash outflow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2023						
Trade payables	**11,255**	**11,255**	**11,255**	**—**	**—**	**—**
Other payables and accruals	**378,488**	**480,659**	**292,715**	**15,657**	**46,972**	**125,315**
Bonds payable	**46,800**	**46,800**	**46,800**	**—**	**—**	**—**
Lease liabilities	**342**	**393**	**220**	**136**	**37**	**—**
At 31 December 2022						
Trade payables	22,965	22,965	22,965	—	—	—
Other payables and accruals	353,444	471,350	262,123	16,090	48,270	144,867
Bonds payable	46,800	46,800	46,800	—	—	—
Lease liabilities	782	835	765	17	49	4
Borrowings	81	83	83	—	—	—

(e) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and borrowings. The Group's bank deposits bear interests at variable rates varied with the then prevailing market condition. The Group's borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2023, if interest rates had been 50 basis points higher/lower, with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$28,000 (2022: HK$25,000) lower/higher, arising mainly as a result of higher/lower interest income on bank deposits.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Categories of financial instruments at 31 December

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets measured at FVTOCI	—	10,400
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
Held for trading	14,601	14,362
Financial assets measured at amortised cost	167,126	131,681
Financial liabilities		
Financial liabilities at amortised cost	436,543	423,290
Financial liabilities at FVTPL	42,063	35,594

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2023 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	14,601	—	14,601
Financial assets at FVTOCI			
Unlisted securities	—	—	—
Total	14,601	—	14,601
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	42,063	42,063

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2022 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	14,362	—	14,362
Financial assets at FVTOCI			
Unlisted securities	—	10,400	10,400
Total	14,362	10,400	24,762
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	35,594	35,594

7. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTOCI — unlisted securities HK$'000	Financial liabilities at FVTPL HK$'000	2023 Total HK$'000
At 1 January 2023	**10,400**	**35,594**	**45,994**
Total gains or losses recognised			
in profit or loss#	**(9,500)**	**6,469**	**(3,031)**
in other comprehensive income	**(900)**	**—**	**(900)**
At 31 December 2023	**—**	**42,063**	**42,063**

Description	Financial assets at FVTOCI — unlisted securities HK$'000	Financial liabilities at FVTPL HK$'000	2022 Total HK$'000
At 1 January 2022	17,400	41,138	58,538
Total gains or losses recognised			
in profit or loss#	—	(5,544)	(5,544)
in other comprehensive income	(7,000)	—	(7,000)
At 31 December 2022	10,400	35,594	45,994

Include in other gains and losses

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the consolidated statement of profit or loss and other comprehensive income.

7. FAIR VALUE MEASUREMENTS *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2023:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2023 HK$'000 Assets/ (Liabilities)	Fair value 2022 HK$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	16% (2022: 20%)	Decrease	**–**	900
		Long-term revenue growth rate	2% (2022: 2%)	Increase		
		Long-term pre-tax operating margin	(17%)–(17.68%) (2022: 0.13%)	Increase		
		Discount for lack of marketability	20.6% (2022: 20.6%)	Decrease		
Redeemable preference shares of private entity classified as financial assets at FVTOCI	Discounted cash flows	Discount rate	N/A (2022: 17.07%)	Decrease	**–**	9,500
Financial liabilities at FVTPL	Binomial option pricing model and black-scholes option pricing model	Risk-free rate	3.91%–4.47% (2022: 1.87%–3.25%)	Decrease	**(42,063)**	(35,594)
		Dividend yield	0% (2022: 0%)	Increase		
		Volatility	76.61% (2022: 51.06%–59.12%)	Decrease		

During the two years, there were no changes in the valuation techniques used.

8. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the year is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Production and sales of coals	79,175	—
— Provision of supply chain management services for mineral business	165,539	227,991
— Mining and metallurgical machineries products	31,765	21,167
	276,479	249,158
Provision of services:		
— Logistics services for mineral business	12,928	9,432
— Trust and trustee services	2,709	2,426
— Event management services	3,493	3,469
— Operating of railway logistic platform	2,576	772
— Others	756	1,428
	298,941	266,685

8. REVENUE *(Continued)*

Disaggregation of revenue *(Continued)*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the year ended 31 December	Production and sales of coals (note)		Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Logistics services for mineral business		Trust and trustee services		Event management services		Operating of railway logistic platform		Others		Total	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Primary geographical markets																		
— Hong Kong	—	—	—	—	—	—	—	—	2,709	2,426	3,493	3,469	—	—	533	871	6,735	6,766
— PRC except Hong Kong	79,175	—	165,539	227,991	30,505	19,608	12,928	9,432	—	—	—	—	—	—	—	—	288,147	257,031
— Vietnam	—	—	—	—	1,260	1,559	—	—	—	—	—	—	—	—	—	—	1,260	1,559
— Others	—	—	—	—	—	—	—	—	—	—	—	—	2,576	772	223	557	2,799	1,329
Revenue from external customers	79,175	—	165,539	227,991	31,765	21,167	12,928	9,432	2,709	2,426	3,493	3,469	2,576	772	756	1,428	298,941	266,685
Timing of revenue recognition																		
Products transferred at a point in time	79,175	—	165,539	227,991	31,765	4,441	12,928	9,432	2,345	2,062	3,063	515	—	—	162	340	294,977	244,781
Products and services transferred over time	—	—	—	—	—	16,726	—	—	364	364	430	2,954	2,576	772	594	1,088	3,964	21,904
Total	79,175	—	165,539	227,991	31,765	21,167	12,928	9,432	2,709	2,426	3,493	3,469	2,576	772	756	1,428	298,941	266,685

Note: During the year, the Group recognized the revenue from coal fire extinguishment works in Xinjiang, PRC with gross profit of HK$51,357,000.

9. INVESTMENT AND OTHER INCOME

	2023 HK$'000	2022 HK$'000
Interest income on bank deposits	**207**	37
Dividend income from equity investments	**252**	121
Government grants *(note a)*	**604**	1,372
Rental income	**465**	1,073
Service income for coal fire extinguishment works	**22,787**	23,685
Recovery income from other receivables previously written off	**—**	500
Sundry income	**284**	1,737
Waiver of value-added tax payable	**—**	1,561
	24,599	30,086

Note a: During the year, the Group received government grants of approximately HK$Nil (2022: HK$596,000) in respect of COVID-19 related subsidies provided by the Hong Kong government under Employment Support Scheme and various subsidies received from the PRC government amounted to HK$604,000 (equivalent to approximately RMB546,000) (2022: HK$776,000 (equivalent to approximately RMB665,000)) respectively.

10. OTHER GAINS AND LOSSES

	2023 HK$'000	2022 HK$'000
Loss on disposal of financial assets at FVTPL	**—**	(224)
Fair value loss on financial assets at FVTPL	**(1,279)**	(7,474)
Fair value (loss)/gain on financial liabilities at FVTPL	**(6,469)**	5,544
Net foreign exchange gains/(loss)	**252**	(984)
(Impairment loss)/reversal of impairment loss on trade and other receivables	**(5,982)**	28,340
Impairment loss on right-of-use assets	**(286)**	—
Impairment loss on financial assets at FVTOCI	**(9,500)**	—
Loss on disposals of property, plant and equipment	**(27)**	(13)
	(23,291)	25,189

11. FINANCE COSTS

	2023	2022
	HK$'000	HK$'000
Interests on bonds payable	**5,070**	7,707
Interest expenses on lease liabilities *(note 20)*	**45**	90
Imputed interest expenses on redeemable convertible preference shares	**—**	5
Interests on bank and other borrowings	**3,441**	1,702
Imputed interest expenses on payables for mining rights	**13,023**	14,093
	21,579	23,597

12. INCOME TAX CREDIT

	2023	2022
	HK$'000	HK$'000
Current tax — Hong Kong		
Provision for the year	**1**	3
Over-provision in prior years	**(810)**	—
	(809)	3
Current tax — PRC		
Provision for the year	**261**	76
Under/(over)-provision in prior years	**31**	(269)
	(517)	(190)
Deferred tax *(note 36)*	**(3,233)**	(3,336)
	(3,750)	(3,526)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% for both years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

12. INCOME TAX CREDIT *(Continued)*

The reconciliation between the income tax credit and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2023	2022
	HK$'000	HK$'000
Loss before tax	**(31,731)**	(23,410)
Tax at the domestic income tax rate of 16.5% (2022:16.5%)	**(5,236)**	(3,863)
Tax effect of income that is not taxable	**(1,421)**	(6,470)
Tax effect of expenses that are not deductible	**17,800**	10,143
Tax effect of tax loss not recognised	**3,690**	4,270
Tax effect of utilisation of tax losses not previously recognised	**(16,151)**	(2,190)
Tax effect of temporary differences not recognised	**(2,345)**	(2,868)
Over-provision in prior years	**(779)**	(269)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**692**	(2,279)
Income tax credit	**(3,750)**	(3,526)

13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2023 HK$'000	2022 HK$'000
Auditor's remuneration		
— Audit services	2,900	1,100
Cost of inventories sold	205,006	251,448
Depreciation on property, plant and equipment	3,297	1,636
Depreciation on right-of-use assets	1,214	1,200
Amortisation of intangible assets (included in administrative and other operating expenses)	10,287	10,689
Loss on disposal of property, plant and equipment	27	13
Loss on disposal of financial assets at FVTPL	—	224
Fair value loss on financial assets at FVTPL	1,279	7,474
Fair value loss/(gain) on financial liabilities at FVTPL	6,469	(5,544)
Impairment loss/(reversal of impairment loss) on trade and other receivables	5,982	(28,340)
Impairment loss on financial assets at FVTOCI	9,500	—
Net exchange (gain)/loss	(252)	984

14. EMPLOYEE BENEFITS EXPENSE

	2023 HK$'000	2022 HK$'000
Employee benefits expense:		
— Salaries, bonuses and allowances	22,855	24,266
— Retirement benefit scheme contributions	311	354
	23,166	24,620

14. EMPLOYEE BENEFITS EXPENSE *(Continued)*

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2022: three) directors and chief executive officers whom emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining two (2022: three) individuals are set out below:

	2023 HK$'000	2022 HK$'000
Basic salaries, bonuses, allowances and benefits in kind	2,674	1,508
Retirement benefits scheme contributions	54	36
	2,728	1,544

The emoluments fell within the following bands:

	2023	2022
HK$Nil to HK$1,000,000	3	2

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2022: HK$Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' and senior management's emoluments

The remuneration of every directors and senior management is set out below:

	Emoluments paid or receivable in respect of a person's services as a director and chief executive officer, whether of the Company or its subsidiary undertaking				
	Fees	**Salaries**	**Discretionary bonus**	**Employer's contribution to a retirement benefit scheme**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2023					
Executive directors:					
CHAN Nap Kee, Joseph	**—**	**3,000**	**—**	**18**	**3,018**
YANG Yongcheng	**—**	**729**	**—**	**3**	**732**
Independent non-executive directors:					
LIEW Swee Yean	**151**	**—**	**—**	**—**	**151**
Dr. WONG Yun Kuen	**151**	**—**	**—**	**—**	**151**
Wu Zheng	**151**	**—**	**—**	**—**	**151**
Chief Executive Officers:					
Chen Chun Long	**—**	**1,119**	**—**	**18**	**1,137**
Ching Ho Tung Philips	**—**	**600**	**50**	**18**	**668**
	453	**5,448**	**50**	**57**	**6,008**
For the year ended 31 December 2022					
Executive directors:					
CHAN Nap Kee, Joseph	—	3,000	—	18	3,018
YANG Yongcheng	—	731	—	—	731
Independent non-executive directors:					
LIEW Swee Yean	151	—	—	—	151
Dr. WONG Yun Kuen	151	—	—	—	151
Wu Zheng	151	—	—	—	151
Chief Executive Officers:					
Chen Chun Long	—	1,080	90	18	1,188
Ching Ho Tung Philips	—	600	50	18	668
	453	5,411	140	54	6,058

Neither the chief executive officers nor any of the directors waived any emoluments during the year (2022: HK$Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2023 and 2022.

17. DISCONTINUED OPERATIONS

On 6 November 2019, the Group dissolved the wholly owned subsidiary, Better Business International Limited ("Better Business"). Better Business and its subsidiaries were principally engaged in the coal mining business in Tajikistan. In view of the political instability and devaluation currency in Tajikistani Somoni, the directors of the Company decided to shut down the operations in Tajikistan.

As the business operations of production and exploitation of coal in Tajikistan are considered as a separate major line of business which was previously classified as the production and exploitation of coal business segment of the Group, it is accounted for as discontinued operations for the year ended 31 December 2019.

Since early 2020, COVID-19 had been widely spread in Tajikistan, the local staff had left Tajikistan due to safety reasons and the management of the Group had been unable to travel to Tajikistan and obtain the related books and records in Tajikistan.

During the year ended 31 December 2023 and 2022, there were no business activities in the discontinued operations and no income, expenses or cash flow were incurred.

18. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	2023 HK$'000	2022 HK$'000
Loss for the purpose of calculating basic loss per share	(31,890)	(15,233)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	578,724,208	576,566,055

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2022 and 2023.

19. PROPERTY, PLANT AND EQUIPMENT

	Railway logistic platform HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost									
At 1 January 2022	30,003	7,444	7,655	7,504	1,239	118	2,190	—	56,153
Additions	—	—	334	13	163	2	2,894	2,916	6,322
Disposals	—	—	—	—	—	—	(31)	—	(31)
Exchange differences	—	(584)	(608)	(589)	(76)	(5)	(259)	(89)	(2,210)
At 31 December 2022 and 1 January 2023	**30,003**	**6,860**	**7,381**	**6,928**	**1,326**	**115**	**4,794**	**2,827**	**60,234**
Additions	**—**	**—**	**2,665**	**13**	**92**	**3**	**134**	**5,617**	**8,524**
Disposals	**—**	**—**	**—**	**(24)**	**—**	**—**	**(55)**	**—**	**(79)**
Transferred	**—**	**—**	**2,766**	**—**	**—**	**—**	**—**	**(2,766)**	**—**
Exchange differences	**—**	**(184)**	**(227)**	**(186)**	**(25)**	**(2)**	**(130)**	**(91)**	**(845)**
At 31 December 2023	**30,003**	**6,676**	**12,585**	**6,731**	**1,393**	**116**	**4,743**	**5,587**	**67,834**
Accumulated depreciation and impairment losses									
At 1 January 2022	7,814	6,567	1,216	3,612	993	103	1,068	—	21,373
Charges for the year	555	130	377	230	74	9	261	—	1,636
Disposals	—	—	—	—	—	—	(14)	—	(14)
Exchange differences	—	(519)	(105)	(290)	(54)	(4)	(91)	—	(1,063)
At 31 December 2022 and 1 January 2023	**8,369**	**6,178**	**1,488**	**3,552**	**1,013**	**108**	**1,224**	**—**	**21,932**
Charges for the year	**2,219**	**82**	**343**	**208**	**76**	**3**	**366**	**—**	**3,297**
Disposals	**—**	**—**	**—**	**(23)**	**—**	**—**	**(29)**	**—**	**(52)**
Exchange differences	**—**	**(167)**	**(41)**	**(92)**	**(19)**	**(1)**	**(35)**	**—**	**(355)**
At 31 December 2023	**10,588**	**6,093**	**1,790**	**3,645**	**1,070**	**110**	**1,526**	**—**	**24,822**
Carrying amount									
At 31 December 2023	**19,415**	**583**	**10,795**	**3,086**	**323**	**6**	**3,217**	**5,587**	**43,012**
At 31 December 2022	21,634	682	5,893	3,376	313	7	3,570	2,827	38,302

20. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2022	12,877	1,502	14,379
Depreciation	(532)	(668)	(1,200)
Exchange differences	(989)	(97)	(1,086)
At 31 December 2022 and 1 January 2023	**11,356**	**737**	**12,093**
Depreciation	**(504)**	**(710)**	**(1,214)**
Lease modification	**—**	**362**	**362**
Impairment	**—**	**(286)**	**(286)**
Exchange differences	**(301)**	**(18)**	**(319)**
At 31 December 2023	**10,551**	**85**	**10,636**

Lease liabilities of approximately HK$342,000 (2022: HK$782,000) are recognised with related right-of-use assets of HK$10,636,000 as at 31 December 2023 (2022: HK$12,093,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used a security for borrowings purposes.

	2023 HK$'000	2022 HK$'000
Depreciation expenses on right-of-use assets	**1,214**	1,200
Interest expense on lease liabilities (included in finance costs)	**45**	90
Expenses relating to short-term lease (included in cost of goods sold and administrative expenses)	**2,623**	4,932

Details of total cash outflow for leases are set out in note 42(c).

For both years, the Group leases various offices and factories for its operations. Lease contracts are entered into for fixed term of 2 to 13 years (2022: 2 to 13 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

21. INTANGIBLE ASSETS

	Mining rights
	HK$'000
Cost	
At 1 January 2022	182,469
Additions	128,556
Transfer from exploration and evaluation assets	47,766
Exchange differences	(19,696)
At 31 December 2022 and 1 January 2023	**339,095**
Exchange differences	**(9,116)**
At 31 December 2023	**329,979**
Accumulated amortisation and impairment losses	
At 1 January 2022	54,434
Amortisation for the year	10,689
Exchange differences	(4,594)
At 31 December 2022 and 1 January 2023	**60,529**
Amortisation for the year	**10,287**
Exchange differences	**(1,682)**
At 31 December 2023	**69,134**
Carrying amount	
At 31 December 2023	**260,845**
At 31 December 2022	278,566

At 31 December 2023, the Group's mining rights represent the rights for production and exploitation of a coal mine in Xinjiang, PRC. The major content of the coal mine is long-flame coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the estimated useful lives of mining rights.

21. INTANGIBLE ASSETS *(Continued)*

In 2018, the Group entered into an agreement with Turpan Gaochang District Government for the consolidation of nearby small-scale mines with the Group's coal mine in Xingliang (the "Consolidation Project").

During the year ended 31 December 2022, the Consolidation Project was completed and the Group received a new mining right license for the enlarged mining area of the coal mine in Xingliang (the "Enlarged Xingliang Mine"). Pursuant to the new mining rights, the mining area of the Group's mining operation was increased from 1.0822 square kilometers to 8.864 square kilometers with increased coal reserves. The new mining rights of the Enlarged Xinliang Mine are 32 years from 2022 to 2054.

22. EXPLORATION AND EVALUATION ASSETS

	HK$'000
At 1 January 2022	53,906
Exploration expenses recognised	(3,480)
Transfer to intangible assets	(47,766)
Exchange differences	(2,660)
At 31 December 2022, 1 January 2023 and 31 December 2023	—

Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

For the year ended 31 December 2020, the Group obtained a mineral exploration license with a mining area of 7.35 km^2 located in Xinjiang, PRC. The exploration license has a legal life of 5 years ending in August 2025. The mining area is under the exploration and evaluation stage as at 31 December 2021 and the exploration and evaluation assets is not subject to amortisation until it can be reasonably ascertained that the mining area is capable of commercial production and the exploration license is transferred to mining right.

During the year ended 31 December 2022, the technical feasibility and commercial viability was determined on the mining area. The carrying value of the relevant exploration and evaluation assets was then reclassified as mining rights under the intangible assets.

23. FINANCIAL ASSETS AT FVTOCI

	2023 HK$'000	2022 HK$'000
Unlisted equity securities in the British Virgin Islands	—	900
9% redeemable preference shares	—	9,500
	—	10,400

The carrying amounts of the Group's financial assets at FVTOCI were denominated in HK$.

Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

24. FINANCIAL ASSETS AT FVTPL

	2023 HK$'000	2022 HK$'000
Equity securities, at fair value		
Listed in Hong Kong	14,601	14,362

The carrying amounts of the above financial assets are classified as follows:

	2023 HK$'000	2022 HK$'000
Held for trading	14,601	14,362

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of listed securities are based on current bid prices.

25. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials, consumable goods and spare parts	1,455	983
Work in progress	366	190
Finished goods	1,962	2,735
	3,783	3,908

26. TRADE AND BILLS RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	118,438	93,631
Allowance for doubtful debts	(44,281)	(43,235)
	74,157	50,396
Bills receivables	—	110
	74,157	50,506

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers.

An ageing analysis of trade and bills receivables, based on the invoice date is as follows:

	2023 HK$'000	2022 HK$'000
0–30 days	44,304	33,944
31–60 days	9,779	11,923
61–90 days	2,842	265
91–365 days	21,704	4,824
Over 1 year	39,809	42,785
	118,438	93,741

26. TRADE AND BILLS RECEIVABLES *(Continued)*

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	420	171
RMB	73,001	49,595
US$	736	740
	74,157	50,506

27. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Utilities and other deposits	577	885
Prepayments	17,622	34,108
Other receivables	57,303	46,301
	75,502	81,294

The carrying amounts of the Group's deposits, prepayments and other receivables are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	647	623
RMB	74,407	80,638
US$	443	28
Others	5	5
	75,502	81,294

28. BANK AND CASH BALANCES

As at 31 December 2023, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$6,175,000 (2022: HK$4,218,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

29. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2023	2022
	HK$'000	HK$'000
0–30 days	**2,309**	9,554
31–60 days	**1,494**	11,060
61–90 days	**2,159**	457
91–180 days	**4,519**	1,213
181 to 365 days	**771**	250
Over 365 days	**3**	431
	11,255	22,965

The carrying amounts of the Group's trade payables are denominated in RMB.

30. OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Accruals	20,101	16,602
Other payables *(note (i))*	188,891	184,199
Due to directors *(note (ii))*	66,962	44,497
Payables for mining rights *(note (iii))*	102,534	108,146
	378,488	353,444

	2023 HK$'000	2022 HK$'000
Analysed as:		
Current liabilities	279,049	248,077
Non-current liabilities	99,439	105,367
	378,488	353,444

Notes:

(i) Included in other payables, are balances due to a chief executive officer with principal amounts of HK$14,694,000 (equivalent to RMB13,355,000) (2022: HK$13,325,000 (equivalent to RMB11,785,000)), which are unsecured, bearing interest rates of ranging from 12% per annum to 24% per annum (2022: ranging from 12% per annum to 24% per annum) and repayable on the respective maturity dates in 2024.

(ii) The amounts due to directors are unsecured, interest free and repayable on demand.

(iii) The payables for mining rights represent the unpaid balances of the considerations for purchasing mining rights. According to the relevant purchase agreement, considerations are paid by 15 instalments from 2022 to 2036. The carrying amount is determined based on the present value of the future cash flows stated in the relevant purchase agreement using the effective interest rate of 14.46% per annum.

31. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Billings in advance of performance obligations:		
Sales of goods		
— Provision of supply chain management services for mineral business	834	909
— Mining and metallurgical machineries products	1,760	—
— Sales of coal	51,089	42,671
Provision of services		
— Organising eSports services	—	223
— Corporate services business	10	11
— Trust and trustee services	303	303
	53,996	44,117

Contract liabilities represented the advance from customers for sales of goods and provision of services. The payment terms vary and depend on the terms of contracts. These advances are recognised as contract liabilities until the performance obligations are completed.

The increase in contract liabilities as at 31 December 2023 was mainly due to the receipt of advance payment before the relevant performance obligations are fulfilled.

31. CONTRACT LIABILITIES *(Continued)*

Movements in contract liabilities:

	2023 HK$'000	2022 HK$'000
Balance at beginning of year	44,117	40,982
Increase in contract liabilities as a result of billing in advance	313	1,507
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(1,422)	(2,237)
Increase in contract liabilities as a result of advance payment received from customers	41,463	23,449
Decrease in contract liabilities as a result of refund to customers	(30,137)	(16,395)
Exchange difference	(338)	(3,189)
Balance at end of year	53,996	44,117

32. BORROWINGS

	2023 HK$'000	2022 HK$'000
Bank loans, unsecured	—	81

The borrowings are repayable as follows:

	2023 HK$'000	2022 HK$'000
Within one year	—	81

32. BORROWINGS *(Continued)*

The carrying amounts of the Group's borrowings are denominated in RMB.

The interest rate of the unsecured bank loans as at 31 December 2022 was 18% per annum.

Bank loans are arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk.

33. BONDS PAYABLE

On 24 August 2018, the Company issued the straight bonds, with the principal amount of HK$50,000,000 (the "Bonds"). The Bonds are unsecured, interest-bearing of 8% per annum and repayable on 23 August 2020.

During the year ended 31 December 2020, a supplementary agreement was entered by the Company and holder of the Bonds in which the repayment date of the Bonds was extended to 23 August 2021 and the interest rate had been increased from 8% per annum to 10% per annum.

The Company failed to repay the Bonds and the accrued interest on maturity which led to an event of default for the Bonds by the Company. The Company commenced negotiations with the holders of the Bonds and a deed of novation (the "Deed") was entered on 29 June 2022 between the holder of the Bonds and the Company. Pursuant to the Deed, the holder of the Bonds agreed to waive the claim of principal of HK$3,200,000 and accrued interest of approximately HK$16,778,000 so as to exchange the right and title of debts of approximately HK$19,978,000 owed to the Company by a third party. Accordingly, the principal of the Bonds and accrued interest of HK$3,200,000 and HK$16,778,000 respectively were settled by offsetting the other receivables of the Group of HK$19,978,000 during the year ended 31 December 2022.

As at 31 December 2023, the Company still failed to repay the remaining principal of HK$46,800,000 (2022: HK$46,800,000) and the accrued interest of approximately HK$7,020,000 (2022: HK$1,950,000). The Company continued the negotiations with the holder of the Bonds to extend the repayment date of the Bonds and accrued interest and the negotiations have not yet been concluded as at 31 December 2023 and the date of this report.

34. OTHER FINANCIAL LIABILITIES

	2023 **HK$'000**	2022 HK$'000
Financial liabilities at FVTPL	**42,063**	35,594

	2023 **HK$'000**	2022 HK$'000
Analysed as:		
Current liabilities	**11,726**	14,603
Non-current liabilities	**30,337**	20,991
	42,063	35,594

On 18 April 2018 and 28 January 2019, the Group entered into agreements with a third party to forward sell financial assets at FVTPL at considerations of approximately HK$30,000,000 (the "Shares A") and HK$13,000,000 (the "Shares B") respectively. The completion dates of the transactions to take place on dates falling 2 years from the dates of signing the agreements. The Group also granted options to the third party to sell back the Shares A and the Shares B at prices of HK$3.41 per share and HK$2.80 per share by amounts of approximately HK$33,000,000 and HK$15,079,000 respectively to the Group on the completion dates of the transactions.

During the year ended 31 December 2023, an agreement was entered by the Group with the third party to extend the completion date of Share B for two years to 27 January 2025. Other terms and conditions as set out in the agreement of Shares B remain unchanged.

During the year ended 31 December 2022, the Group entered into an extension agreement with the third party to extend the completion date of Shares A for two years to 18 April 2024. Other terms and condition as set out in the agreement of Shares A remain unchanged.

35. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**220**	765	**186**	734
In the second to fifth years, inclusive	**173**	66	**156**	44
Over 5 years	**—**	4	**—**	4
	393	835	**342**	782
Less: Future finance charges	**(51)**	(53)	**N/A**	N/A
Present value of lease obligations	**342**	782	**342**	782
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(186)**	(734)
Amount due for settlement after 12 months			**156**	48

The incremental borrowing rates applied to lease liabilities are ranging from 12.96% to 20.82% (2022: 5.28% to 20.82%).

The Group's lease liabilities are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
HK$	**294**	115
RMB	**—**	612
US$	**48**	55
	342	782

36. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group.

	Fair value adjustment of mining rights HK$'000	**Financial assets at FVTPL** HK$'000	**Total** HK$'000
At 1 January 2022	(30,379)	7,078	(23,301)
Credit to profit or loss for the year *(note 12)*	2,103	1,233	3,336
Exchange differences	2,318	—	2,318
At 31 December 2022 and 1 January 2023	**(25,958)**	**8,311**	**(17,647)**
(Charged)/credit to profit or loss for the year *(note 12)*	**3,022**	**211**	**3,233**
Exchange differences	**682**	**—**	**682**
At 31 December 2023	**(22,254)**	**8,522**	**(13,732)**

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2023 **HK$'000**	2022 HK$'000
Deferred tax liabilities	**(22,254)**	(25,958)
Deferred tax assets	**8,522**	8,311
	(13,732)	(17,647)

At the end of the reporting period the Group has unused tax losses of approximately HK$316,614,000 (2022: HK$307,130,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$3,304,000, HK$21,825,000, HK$7,409,000 and HK$2,371,000 that will expire in 2025, 2026, 2027 and 2028 (2022: HK$3,943,000, HK$14,012,000, HK$4,491,000, HK$22,428,000 and HK$5,966,000 that will expire in 2023, 2024, 2025, 2026 and 2027) respectively. Remaining tax losses may be carried forward indefinitely.

37. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 January 2022, 31 December 2022 and 1 January 2023	576,566	57,657
Issue of remuneration shares *(note)*	6,850	685
At 31 December 2023	583,416	58,342

Note: On 7 June 2023, the Company issued 6,849,789 shares to a professional party at an issue price of HK$0.219 per share for settling the outstanding legal advisory services fees of approximately HK$1,500,000. The premium on the issue of shares amounting to approximately HK$815,000 was credited to the Company's share premium account.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the shareholders equity ratio. This ratio is calculated as total share equity divided by total asset. Total share equity comprises share capital, retained profits and other reserves.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2023, 57.28% (2022: 56.8%) of the shares were in public hands.

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investments in subsidiaries		1,000	1,000
Deferred tax assets		8,522	8,311
		9,522	9,311
Current assets			
Financial assets at FVTPL		14,601	14,362
Deposits, prepayments and other receivables		35	35
Amounts due from subsidiaries		288	1,529
Deposits in a licensed corporation		25,182	26,166
Bank and cash balances		681	396
		40,787	42,488
Current liabilities			
Other payables and accruals		19,672	11,132
Amounts due to subsidiaries		8,181	8,181
Amount due to a director		45,632	38,721
Bonds payable		46,800	46,800
Other financial liabilities		11,726	14,603
		132,011	119,437
Net current liabilities		(91,224)	(76,949)
Total assets less current liabilities		(81,702)	(67,638)
Non-current liabilities			
Other financial liabilities		30,337	20,991
		30,337	20,991
NET LIABILITIES		(112,039)	(88,629)
CAPITAL AND RESERVES			
Share capital		58,342	57,657
Reserves	38(b)	(170,381)	(146,286)
CAPITAL DEFICIENCY		(112,039)	(88,629)

Approved by the Board of Directors on 28 March 2024 and are signed on its behalf by:

CHAN Nap Kee, Joseph **YANG Yongcheng**

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share premium *(note 39(b)(i))* HK$'000	Shares held under share award scheme *(note 40)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	1,361,095	(3,371)	(1,512,719)	(154,995)
Profit for the year	—	—	8,709	8,709
At 31 December 2022 and 1 January 2023	**1,361,095**	**(3,371)**	**(1,504,010)**	**(146,286)**
Loss for the year	**—**	**—**	**(24,910)**	**(24,910)**
Issue of remuneration shares	**815**	**—**	**—**	**815**
At 31 December 2023	**1,361,910**	**(3,371)**	**(1,528,920)**	**(170,381)**

39. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(c) to the consolidated financial statements.

39. RESERVES *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(iii) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(l) to the consolidated financial statements.

40. SHARE-BASED PAYMENTS

(a) Share award schemes

On 14 June 2016, the Company adopted a share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including without limitation any directors) of any members of the Group pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The purpose of the Share Award Scheme are (i) to recognise the contributions by certain employees of any members of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, shall be valid and effective for a term of 5 years commencing from the date of the Share Award Scheme.

No further award of Awarded Shares will make which will result in the aggregate nominal value of the shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum aggregate nominal value of Awarded Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Share Award Scheme was expired on 13 June 2021. There were approximately 13,610,000 (2022: 13,610,000) shares held under the Share Award Scheme amounting to approximately HK$3,371,000 (2022: HK$3,371,000) as at 31 December 2023.

On 14 July 2023, a new share award scheme ("New Share Award Scheme") was adopted by the Company. The Company is in the process of transferring the shares in the Share Award Scheme to the New Share Award Scheme.

The purpose of the New Share Award Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group ("Eligible Participants") for their contribution to the Group, and provide the Eligible Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the Eligible Participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

No Awarded Shares may be granted to any person such that the total number of shares issued and to be issued upon Awarded Shares and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of Awarded Shares in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

40. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award schemes *(Continued)*

Where any grant of Awarded Shares to a substantial shareholder (as defined in the GEM Listing Rules), a director or chief executive of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Awarded Shares already granted and to be granted excluding any Awarded Shares lapsed in accordance with the scheme rules to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Awarded Shares is subject to shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Subject to the terms of the New Share Award Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the New Share Award Scheme to offer the grant of a Awarded Shares to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Awarded Shares as the Board may (subject to the terms of the New Share Award Scheme) determine.

An offer of the grant of Awarded shares shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of Awarded shares may be accepted after the expiry of the effective period of the New Share Award Scheme or after the New Share Award Scheme has been terminated. A share option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the Awarded Shares duly signed by the grantee on or before the date upon which an offer of an Awarded Shares must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

The minimum vesting period in respect of any Awarded Shares is twelve (12) months, and the Board or the remuneration committee or the committee (if authorised by the Board) shall have the authority to determine a shorter vesting period in accordance with the terms and conditions of the scheme rules.

The New Share Award Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. For details of the New Share Award Scheme, please refer to the Company's circular dated 21 June 2023.

No Awarded Shares was granted under the New Share Award Scheme during the year ended 31 December 2023.

(b) Share option scheme

On 14 July 2024, the Company adopted a share option scheme (the "Share Option Scheme").

The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group ("Eligible Participants") for their contribution to the Group, and provide the Eligible Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the Eligible Participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

40. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme *(Continued)*

No share options may be granted to any person such that the total number of shares issued and to be issued upon exercise of share options and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of share options in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of share options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted (excluding share options lapsed in accordance with the scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Share Options is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of a share option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine.

An offer of the grant of an share option shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of a share option may be accepted after the expiry of the effective period of the Share Option Scheme or after the Share Option Scheme has been terminated. A share option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the share option duly signed by the grantee on or before the date upon which an offer of a share option must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

The exercise of any share option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a share option under the Share Option Scheme shall not be less than 12 months, except that the share options granted to Eligible Participants may be less than 12 months under the following specific circumstances.

40. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme *(Continued)*

(a) grants of make-whole share options to Eligible participants who newly joined the Group to replace the share options or awards they forfeited when leaving the previous employer;

(b) grants of share options with specific and objective performance-based vesting conditions provided in the rules of the Share Option Scheme;

(c) grants that are made in batches during a year for administrative or compliance reasons (which may include share options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a share option would have been granted);

(d) grants of share options with a mixed or accelerated vesting schedule such as where the share option may vest evenly over a period of twelve (12) months; and

(e) grants of share options with a total vesting and holding period of more than twelve (12) months.

The exercise price shall be a price determined by the Board and notified to a Eligible participant and shall be at least the higher of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the grant date.

The Share Option Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. For details of the Share Option Scheme, please refer to the Company's circular dated 21 June 2023.

No share was granted under Share Option Scheme during the year ended 31 December 2023.

41. SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2023 are as follows:

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Kaisun Energy Group Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	100%	—	Investment holding
Kaisun Collateral Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Kaisun Business Solutions Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	100%	—	Investment holding
Kaisun Energy Management Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	100%	—	Investment holding
KEG Corporate Services Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	100%	—	Provision of corporate services
Allied Global Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
West Channel Investments Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Asia Coast International Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Gold Victoria Investments Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Kaisun Business Solution (HK) Limited	Hong Kong, limited liability company	HK$100 Ordinary	100%	—	100%	Provision of consulting services
Kaisun Energy Managers Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Corporation	Anguilla, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
World Dynasty Holdings Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	—	100%	Investment holding
Pineapple Media Limited	British Virgin Islands, limited liability company	1,220,522 Ordinary shares of US$1 each	100%	—	100%	Investment holding
Anway Enterprises Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Goodstar Development Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding

41. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Wealth Platinum Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Kaisun Esports Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Managers (Cayman Islands) Limited	Cayman Islands, limited liability company	US$1 Ordinary	100%	—	100%	Not yet commenced business
新疆凱運國際貿易有限公司	PRC, limited liability company	Registered and paid up capital RMB10,000,000	100%	—	100%	Provision of supply chain management services
深圳凱順鴻欣貿易有限公司	PRC, limited liability company	Registered and paid up RMB500,000	100%	—	100%	Provision of supply chain management services
滕州凱源實業有限公司	PRC, limited liability company	Registered capital HK$100,000,000 Paid up capital HK$32,098,768	88.70% (2022: 88.62%)	—	100%	Manufacturing of coal mining related equipment
山東凱萊能源物流有限公司	PRC, limited liability company	Registered capital HK$200,000,000 Paid up capital HK$117,068,530 (2022: HK$116,288,530)	79.95% (2022: 79.82%)	—	79.95% (2022: 79.82%)	Provision of supply chain management services
新疆吐魯番星亮礦業有限公司	PRC, limited liability company	Registered capital RMB100,000,000 Paid up capital RMB42,350,000	79.95% (2022: 79.82%)	—	100%	Production and exploitation of coal and coal processing
山東順江能源貿易有限公司	PRC, limited liability company	Registered capital RMB50,000,000 Paid up capital RMB5,336,000	42.49% (2022: 42.42%)	—	53.15%	Not yet commenced business
People's Communication & Consultant Company Limited	Hong Kong, limited liability company	HK$2,862,010 Ordinary	100%	—	100%	Advertising & public relationship event
Evoloop Limited	Hong Kong, limited liability company	HK$10,008,941 Ordinary	59.57%	—	59.57%	Organizing E-Sport events

41. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Girlgamer Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	59.57%	—	100%	Organizing E-Sport events
Kaisun Energy Logistic Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Equipment Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Trading Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Provision of supply chain management
Kaisun Trust & Trustee Services Company Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	20%	100%	Provision of trust and trustee services
Kaisun Consulting Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	—	100%	Provision of consulting services
Kaisun Trust and Corporate Services Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	—	100%	Provision of trust and trustee services
Zodiac Capital Cayman Limited	Cayman Islands, limited liability company	US$1 Ordinary	100%	—	100%	Not yet commenced business
Double Up Group Limited	Samoa, limited liability company	US$100 Ordinary	100%	—	100%	Investment holding
Khos Khulug LLC	Mongolia, limited liability company	MNT200,562,000 Ordinary	100%	—	100%	Construction and operation of a railway logistic platform
Choir Logistic Service LLC	Mongolia, limited liability company	MNT196,676,000 Ordinary	100%	—	100%	Construction and operation of a railway logistic platform

VOV Studio Limited and Kaisun Silk Road Limited were deregistered on 1 September 2023 and 27 October 2023 respectively.

41. SUBSIDIARIES *(Continued)*

The following tables show information of subsidiary that has non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	新疆吐魯番星亮礦業有限公司	
	2023	2022
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	**20.05%**	20.18%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**285,903**	298,485
Current assets	**114,527**	79,472
Non-current liabilities	**(99,439)**	(105,367)
Current liabilities	**(210,743)**	(200,775)
Net assets	**90,248**	71,815
Accumulated NCI	**18,095**	14,492
Year ended 31 December:		
Revenue	**117,772**	30,131
Profit/(loss) for the year	**20,471**	(16,666)
Total comprehensive income	**20,471**	(16,666)
Profit/(loss) allocated to NCI	**4,104**	(3,363)
Dividends paid to NCI	**—**	—
Net cash generated from operating activities	**24,762**	28,522
Net cash used in investing activities	**(21,561)**	(31,219)
Net cash generated from financing activities	**—**	—
Effect on foreign exchange rate changes	**(246)**	(160)
Net increase/(decrease) in cash and cash equivalents	**2,955**	(2,857)

41. SUBSIDIARIES *(Continued)*

	滕州凱源實業有限公司	
	2023	2022
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	**11.30%**	11.38%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**961**	1,931
Current assets	**30,899**	21,149
Current liabilities	**(25,820)**	(18,472)
Net assets	**6,040**	4,608
Accumulated NCI	**683**	524
Year ended 31 December:		
Revenue	**31,764**	21,167
Profit/(loss) for the year	**1,564**	(9,542)
Total comprehensive income	**1,564**	(10,487)
Profit/(loss) allocated to NCI	**177**	(1,086)
Dividends paid to NCI	**—**	—
Net cash used in operating activities	**(238)**	(1,307)
Net cash used in investing activities	**(12)**	(36)
Net cash (used in)/generated from financing activities	**(627)**	144
Effect on foreign exchange rate changes	**906**	18
Net increase/(decrease) in cash and cash equivalents	**29**	(1,181)

41. SUBSIDIARIES *(Continued)*

	山東凱萊能源物流有限公司	
	2023	2022
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	**20.05%**	20.18%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**90,670**	91,631
Current assets	**36,617**	51,220
Current liabilities	**(42,308)**	(54,949)
Net assets	**84,979**	87,902
Accumulated NCI	**17,038**	17,739
Year ended 31 December:		
Revenue	**139,863**	207,292
(Loss)/profit for the year	**(1,354)**	707
Total comprehensive income	**(1,354)**	707
(Loss)/profit allocated to NCI	**(271)**	143
Dividends paid to NCI	**—**	—
Net cash generated from operating activities	**3,862**	6,995
Net cash used in investing activities	**(2,599)**	(7,390)
Net cash generated from financing activities	**780**	1,570
Effect on foreign exchange rate changes	**(73)**	(1,242)
Net increase/(decrease) in cash and cash equivalents	**1,970**	(67)

As at 31 December 2023, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$6,173,000 (2022: HK$4,218,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Dilution of the Company's interest in a subsidiary upon capital injection

During the year ended 31 December 2022, the Group's 79.82% owned subsidiary, 山東凱萊能源物流有限公司 ("Kailai") increased its equity interest in a Group's subsidiary, 滕州凱源實業有限公司 ("Kaiyuan"), by capital injection of approximately HK$889,000 (equivalent to approximately RMB760,000) to Kaiyuan. The capital contribution resulted a decrease in the Group's effective interest in Kaiyuan from 88.83% to 88.62%. Since the change of ownership in the subsidiary does not result in a change in control of the subsidiary, this transaction should be accounted for as equity transaction. Accordingly, the losses arising from the capital contribution of approximately HK$125,000 were debited against the Group's accumulated losses and credited to non-controlling interest.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2023 HK$'000	Modification of lease liabilities HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Fair value loss HK$'000	31 December 2023 HK$'000
Lease liabilities	**782**	**362**	**(778)**	**45**	**(69)**	**—**	**342**
Bonds payable	**46,800**	**—**	**—**	**—**	**—**	**—**	**46,800**
Borrowings	**81**	**—**	**(83)**	**2**	**—**	**—**	**—**
Other financial liabilities	**35,594**	**—**	**—**	**—**	**—**	**6,469**	**42,063**
	83,257	**362**	**(861)**	**47**	**(69)**	**6,469**	**89,205**

	1 January 2022 HK$'000	Offsetting HK$'000	Reclassified HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Fair value gain HK$'000	31 December 2022 HK$'000
Lease liabilities	1,838	—	—	(1,045)	90	(101)	—	782
Bonds payable	50,000	(3,200)	—	—	—	—	—	46,800
Redeemable convertible preference share	541	—	(541)	—	—	—	—	—
Borrowings	—	—	—	(21)	45	57	—	81
Other financial liabilities	41,138	—	—	—	—	—	(5,544)	35,594
	93,517	(3,200)	(541)	(1,066)	135	(44)	(5,544)	83,257

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2023 HK$'000	2022 HK$'000
Within operating cash flows	2,668	5,022
Within financing cash flows	733	955
	3,401	5,977

These amounts relate to the following:

	2023 HK$'000	2022 HK$'000
Lease rental paid	3,401	5,977

(d) Major non-cash transactions

(i) During the year ended 31 December 2022, partial repayment of the Bonds with principal amount of HK$3,200,000 and the accrued interest of approximately HK$16,778,000 were offsetting by the Deed arrangement as disclosed in note 33 to the consolidated financial statements.

(ii) Additions to intangible assets for the year ended 31 December 2022 of:

— approximately HK$47,766,000 was transferred from exploration and evaluation assets as disclosed in note 21 to the consolidated financial statements; and

— approximately HK$97,466,000 was acquired by debt arrangement as described in note 30(iii) to the consolidated financial statements.

(iii) The balance of redeemable convertible preference share amounted to HK$541,000 was not yet paid as at 31 December 2022 and was included in other payables and accruals presented in note 30 to the consolidated financial statements.

43. CONTINGENT LIABILITIES

At 31 December 2023, the Group did not have any significant contingent liabilities (2022: Nil).

44. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2023	2022
	HK$'000	HK$'000
Capital contribution to subsidiaries	**203,219**	206,459
Capital expenditures for property, plant and equipment	**5,241**	5,883
Acquisition of equity investments	**16,505**	16,960
	224,965	229,302

45. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for motor vehicles, staff quarter and office premises. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20.

46. SEGMENT INFORMATION

IFRS 8 requires segmental disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purpose of assessing segmental performance and making decisions about operating matters.

The Group has three reportable segments namely coal mining business segment, consulting and media service business segment and corporate and investment business segment.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

46. SEGMENT INFORMATION *(Continued)*

Information about operating segment profit or loss, assets and liabilities:

	Coal mining business segment HK$'000	Consulting and media service business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
Year ended 31 December 2023				
Revenue from external customers	291,983	6,838	120	298,941
Segment (loss)/profit	11,598	(322)	(39,257)	(27,981)
Interest revenue	6	2	199	207
Interest expenses	16,488	20	5,071	21,579
Depreciation and amortisation	14,721	76	1	14,798
Income tax (credit)/expense	(3,540)	1	(211)	(3,750)
Other material items of income and expense:				
Staff costs	11,876	2,259	9,031	23,166
Other material non-cash items:				
Impairment loss on financial assets at FVTOCI	—	—	9,500	9,500
Impairment loss/(reversal of impairment loss) on trade and other receivables	5,958	31	(7)	5,982
Additions to segment non-current assets	8,524	—	—	8,524
As at 31 December 2023				
Segment assets	473,808	3,235	49,090	526,133
Segment liabilities	379,999	3,235	169,043	552,277

46. SEGMENT INFORMATION *(Continued)*

	Coal mining business segment HK$'000	Consulting and media service business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
Year ended 31 December 2022				
Revenue from external customers	259,362	7,203	120	266,685
Segment (loss)/profit	(27,390)	(647)	8,153	(19,884)
Interest revenue	15	—	22	37
Interest expenses	15,859	30	7,708	23,597
Depreciation and amortisation	13,520	1	4	13,525
Income tax (credit)/expense	(2,296)	3	(1,233)	(3,526)
Other material items of income and expense:				
Staff costs	12,937	2,598	9,085	24,620
Other material non-cash items:				
Impairment loss/(reversal of impairment loss) on trade and other receivables	1,572	45	(29,957)	(28,340)
Additions to segment non-current assets	134,878	—	—	134,878
As at 31 December 2022				
Segment assets	469,439	3,395	58,883	531,717
Segment liabilities	380,456	3,159	143,909	527,524

46. SEGMENT INFORMATION *(Continued)*

Reconciliations of segment assets and liabilities:

	2023 HK$'000	2022 HK$'000
Assets		
Total assets of reportable segments	526,133	531,717
Assets relating to discontinued operations	14	14
Consolidated total assets	526,147	531,731
Liabilities		
Total liabilities of reportable segments	552,277	527,524
Liabilities relating to discontinued operations	5,048	5,048
Consolidated total liabilities	557,325	532,572

Geographical information:

The Group's information about its non-current assets (excluding financial assets at FVTOCI and deferred tax assets) by location of assets are detailed below:

Non-current assets

	2023 HK$'000	2022 HK$'000
Hong Kong	3	5
Mongolia	19,473	21,686
PRC except Hong Kong	295,017	307,270
Consolidated total	314,493	328,961

46. SEGMENT INFORMATION *(Continued)*

Revenue from major customers:

	2023 HK$'000	2022 HK$'000
Coal mining business segment		
Customer a	N/A	103,144
Customer b	79,801	38,673
Customer c	59,937	22,477
Customer d *(note i)*	29,227	N/A
Customer e *(note i)*	29,002	N/A

(i) Customers d and customer e did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2022.

47. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

(a) For the year ended 31 December 2023, interest expenses of HK$1,915,000 (2022: HK$1,685,000) was paid to a chief executive officer of the Group;

(b) For the year ended 31 December 2023, short-term lease expenses of HK$360,000 (2022:HK$360,000) was paid to a related company of the Group, in which a director of the Company is a key management personnel of the related company; and

(c) The details of the remuneration paid to the key management personnel are set out in note 15 to the consolidated financial statements.