Pizu Group Holdings Limited

比優集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8053

2024

Annual Report

CHARACTERISTICS OF THE 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.

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ma Tianyi *(Chairman and Chief Executive Officer)*
Mr. Liu Fali *(Chief Operating Officer)*
Ms. Qin Chunhong
Mr. Xiong Zeke *(resigned as an executive director on 14 April 2023)*
Mr. Ma Gangling *(resigned on 14 April 2023)*
Ms. Ma Ye
Mr. Ma Yong *(appointed on 14 April 2023)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Jinghua
Mr. Ha Suoku
Ms. Yao Yunzhu *(resigned on 20 April 2023)*
Mr. Li Xu *(appointed on 20 April 2023)*

AUDIT COMMITTEE

Ms. Zhang Jinghua *(Chairperson)*
Mr. Ha Suoku
Ms. Yao Yunzhu *(resigned on 20 April 2023)*
Mr. Li Xu *(appointed on 20 April 2023)*

REMUNERATION COMMITTEE

Ms. Zhang Jinghua *(Chairperson)*
Mr. Ha Suoku
Ms. Qin Chunhong
Ms. Yao Yunzhu *(resigned on 20 April 2023)*
Mr. Li Xu *(appointed on 20 April 2023)*

NOMINATION COMMITTEE

Mr. Ha Suoku *(Chairperson)*
Ms. Zhang Jinghua
Ms. Yao Yunzhu *(resigned on 20 April 2023)*
Mr. Li Xu *(appointed on 20 April 2023)*

COMPANY SECRETARY

Ms. Shen Tianwei (MAPAIS, HKICPA, CICPA)
Unit 07, 21/F,
Shun Tak Centre West Tower,
168-200 Connaught Road Central,
Sheung Wan, Hong Kong

COMPLIANCE OFFICER

Ms. Qin Chunhong

AUTHORISED REPRESENTATIVES

Mr. Xiong Zeke *(resigned on 20 April 2023)*
Unit 07, 21/F,
Shun Tak Centre West Tower,
168-200 Connaught Road Central,
Sheung Wan, Hong Kong

Mr. Ma Tianyi *(appointed on 20 April 2023)*
Unit 07, 21/F,
Shun Tak Centre West Tower,
168-200 Connaught Road Central,
Sheung Wan, Hong Kong

Ms. Shen Tianwei (MAPAIS, HKICPA, CICPA)
Unit 07, 21/F,
Shun Tak Centre West Tower,
168-200 Connaught Road Central,
Sheung Wan, Hong Kong

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 07, 21/F,
Shun Tak Centre West Tower,
168-200 Connaught Road Central,
Sheung Wan, Hong Kong

COMPANY WEBSITE ADDRESS

www.pizugroup.com

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants and Registered Public Interest Entity Auditor
25th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman
KY1-1100, Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

In Hong Kong
Industrial and Commercial Bank of China (Asia) Limited
34/F., ICBC Tower
3 Garden Road
Central, Hong Kong

In the PRC
Bank of China
Wulatehouqi Branch
Bayan Town
Bayannur City
Inner Mongolia
PRC

STOCK CODE

8053

CHAIRMAN'S STATEMENT

Pizu Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") are grateful to our shareholders and the community for their trust, understanding and support during the year ended 31 March 2024 (the "Year"). I take the opportunity, on behalf of the board (the "Board") of directors (the "Directors") and all staff of the Group, to extend our sincere gratitude to the shareholders and all sectors who have always cared and supported the Group!

During the Year, the Group achieved progress as expected in both its civil explosives sales business in the Inner Mongolia Autonomous Region and the mining operation in Anhui Province. During the Year, with the decline in raw material prices, the sales volume of the Group's civil explosive products remained stable and gross profit margin improved. In terms of the mine of Anhui Jinding, the carbon slurry gold extraction project was successfully implemented, and the overall gold recovery rate of the project increased observably, thereby significantly improving the overall profitability of the Anhui Jinding project.

During the Year, the Tibet Huatailong construction project was completely separated from the Group's business for the first time in recent years. The growth of the Anhui Jinding project and the Inner Mongolia civil explosives business has made up for the loss of the Huatailong project. The Group has recently been working on the development of Tibet Tianren Mining Co., Ltd's ("Tibet Tianren") mine and the construction of a detonating tube production line in Tajikistan. The Board strongly believes that as these two projects are progressing to the stage of commercialization in the foreseeable future, they will be expected to bring important contributions to the results of the Company, creating significant value for the Company and our shareholders.

The Group's main points of growth in the future lie in, among others, the Tibet Tianren mining project in Tibet and the civil explosives business in Central Asia. The Tibet Tianren mining project is currently progressing smoothly and will commence mine construction work in the second half of 2024. The project's resource reserves will lay a solid foundation for the Group's long-term development in the future. In Central Asia, the construction of the detonating tube production line in Tajikistan has begun and it is expected to provide the necessary support for more projects related to the "Belt and Road" initiative, thus enhancing the Group's influence in Central Asia and its profitability.

The Board will continue to advance the progress of existing projects to ensure their completion and the achievement of expected results. At the same time, the Board of the Group will continue to study and optimize the Group's asset allocation to further enhance the Group's operating results while maintaining stable and healthy cash flows.

The Company proposes to pay a final dividend of HK$0.01 per share to share the income from the stable development of the Group with all shareholders.

Ma Tianyi
Chairman

28 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS 2023-2024

Business Review

During the Year, the Group's main income came from the trade of civil explosives, provision of blasting services, as well as sales of non-ferrous metal and precious metal attributable to the Group's mining operation business.

The Group's sales volume of civil explosives remained basically unchanged during the Year, and the increase in gross profit margin was mainly due to the further decline in raw material prices. With the completion of the carbon slurry gold extraction project, the profit margin of the Anhui Jinding project has improved further. At the same time, the management has continued to explore the possibility of expanding the project's production potential, which is expected to bring benefits to the Group for a longer period of time.

The Group's civil explosives business in Central Asia has remained stable, and at the same time it has advanced the construction of detonating tube production line and expanded its sales to more markets in Central Asian countries. The preliminary approvals for the Tibet Tianren project have mostly been completed during the Year, and mine construction is expected to commence in the second half of 2024.

Generally speaking, the Group has fully digested the impact of withdrawing from the Tibet Huatailong construction project and has made sufficient preparation for future business growth. While the Group's continued commitment to capital investments for its long-term growth and prosperity may, to some extent, have temporarily impacted its current financial position, the operating profits and cash flow position achieved by the Group is demonstrative of its success in striking a balance between continuous financial health and building a strong future for its business prospects and financial performance. The Group is confident that it will be able to reap the full benefits of its investments in the near future.

Business Outlook

The Group will further seek to optimize the production capacity allocation of the civil explosives production segment, thereby raising the sales volume and profit margin of the segment. In recent years, the relevant subsidiaries of the Group have achieved sufficient competitive advantage in the civil explosives market in Inner Mongolia. The Board is confident that the management team of the civil explosives segment will gain an advantage in competing in a broader market including Central Asia.

The Group's blasting services and mining construction engineering teams will concentrate their efforts in the next two years to assist in the development of the Group's civil explosives production segment and mining segment, and at the same time fully exercise their own professional service capabilities so as to gain an advantage to compete in the external market.

In terms of mining and mineral products production and sales, the Group is committed to further optimizing the long-term production and operational management of the Anhui Jinding project, and at the same time accelerating the construction progress of the Tibet Tianren project, making them strong cornerstones for the Group's future development.

On the whole, the Group is confident that it will form a development pattern that is stable and positive within China and will be rapidly expanding in Central Asia in the next few years, laying a foundation for the Group's long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group achieved a consolidated revenue from the operations of approximately RMB1,366.37 million, representing a decrease of approximately 8.57% in comparison with the year ended 31 March 2023. The following table is the breakdown of revenue for the Year:

	RMB'000	**Approximately % attributable to the turnover of the Group**
Sales of explosives	715,295	52.35%
Provision of blasting operations	135,513	9.92%
Sales of mineral concentrates	515,559	37.73%
	1,366,367	100.00%

Earnings per share

The earnings per share of the Group is covered in note 14 to the consolidated financial statements.

Segment information

The segment information of the Group is covered in note 15 to the consolidated financial statements.

CAPITAL STRUCTURE

Capital structure of the Group comprises equity plus debts raised by the Group (including borrowings) net with cash and cash equivalents. There was no movement in share capital of the Company during the Year (2023: Nil). Details of borrowings of the Group are set out in note 28 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS

During the Year, the Group did not have any significant investments (2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Details of the material acquisition during the Year are set out in the paragraph headed "Directors' Report – Connected Transaction – Further acquisition of interest in a subsidiary". Save that, the Group did not have any material acquisitions and disposals during the Year.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the equity of the Group amounted to approximately RMB1,691.69 million (2023: RMB1,645.81 million). Current assets amounted to approximately RMB939.69 million (2023: RMB1,332.21 million) of which approximately RMB223.78 million (2023: RMB586.63 million) were cash and cash equivalents and approximately RMB289.73 million (2023: RMB262.03 million) were inventories and other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB1,891.82 million (2023: RMB2,226.33 million).

GEARING RATIO

As at 31 March 2024, the Group's gearing ratio, calculated as total debts of approximately RMB2,234.82 million (2023: RMB2,520.24 million) divided by total assets of approximately RMB3,926.50 million (2023: RMB4,166.05 million) was 56.92% (2023: 60.49%).

CHARGE OF ASSETS

The charge of assets of the Group is covered in note 28 to the consolidated financial statements.

CAPITAL COMMITMENT

As at 31 March 2024 and 2023, the Group's capital commitments are set out in note 39 to the consolidated financial statements.

FOREIGN CURRENCY RISK AND ANY RELEVANT ELIMINATION

Since most of the income and expenses as well as assets and liabilities of the Group are denominated in Renminbi and to a lesser extent in Tajikistani Somoni and Mongolian Tugrik, the Board considers that the Group has no material foreign exchange exposure and no hedging policy has been taken.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any material contingent liabilities (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

During the Year, no interim dividend (2023: Nil) was declared and paid.

The Board recommends the payment of final dividend of HK$0.01 per share (2023: HK$0.01 per share) in respect of the Year (the "Proposed Final Dividend"). The Proposed Final Dividend, if approved, shall be payable on Friday, 6 December 2024 and is subject to the approval of the shareholders of the Company at the annual general meeting of the Year ("2024 AGM"). The shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 10 October 2024 will be entitled to the Proposed Final Dividend.

HUMAN RESOURCES

As at 31 March 2024, the Group employed a total of 1,069 (2023: 1,253) full time employees in the PRC, Tajikistan and Hong Kong. The decrease was due to the fact that the blasting and mine engineering project in Tibet to which the Group provided blasting services, was terminated in the year ended 31 March 2023 due to the mine owner's reason. Staff remuneration packages are determined with reference to prevailing market rates. Staff benefits include Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, welfare schemes as required by the applicable laws and regulations in the PRC and Tajikistan for employees in the PRC and Tajikistan respectively, personal insurance and discretionary bonus which are based on their performance and contribution to the Group. The Company has adopted the share award scheme (the "Share Award Scheme") to provide remuneration to its employees and directors of the Group as detailed in the Company's announcement dated 8 July 2019.

RESOURCE AND RESERVE

ANHUI JINDING

LICENCES

Anhui Jinding holds the mining license to operate the Huangtun pyrite and copper-gold polymetallic mining operation. The current license was issued in March 2016 and is valid until August 2043. The mining license could be renewed according to mining regulations. It covers 1.304 square kilometers with an elevation range from 13 m above sea level (ASL) down to 460 m below sea level (BSL).

OPERATIONS

During the Year, a total of 1,075,090 tonnes of ores have been mined out, including 963,070 tonnes of copper-gold ores with an average grade of 0.81 g/t Au and 0.44% Cu, 91,760 tonnes of sulfur ores with an average grade of 15.02% S, 0.32 g/t Au and 0.14% Cu, and 20,260 tonnes of magnetite ores with an average grade of 27.61% Fe, 0.34 g/t Au and 0.25% Cu. Including the unprocessed stockpile from the previous financial year, a total of 1,078,220 tonnes of ore was milled and processed during the Year with an average grade of 7.6% S, 0.41% Cu, 0.75 g/t Au and 12.7% Fe.

A gold extraction workshop ("GEW") was constructed and put into trial production in October 2023. The GEW is designed to process 150,000 tonnes per annum of the calcined slag (iron concentrate enriched with recoverable gold) produced by the sulfuric acid plants using sulfur concentrate from the Huangtun Mine as feed. The final product of GEW is a 20% gold containing sludge. Anhui Jinding has reported approximately 283 kg of gold sludge product containing approximately 7.72 kg of metallic gold (27% gold containing) as of 31 March 2024.

EXPLORATION

During the Year, Anhui Jinding has drilled 15 surface drillholes and 15 underground drillholes for the purpose of production exploration (preparation for mining production and reconciliation), totaling about 8,617 m. Anhui Jinding's geologists performed logging and sampling, and the samples were all sent to its laboratory for chemical assay.

MINERAL RESOURCES

John T. Boyd Company ("BOYD") has collected and reviewed all available exploration data up to 31 March 2024. A resource model was established based on data from 107 surface drillholes, 62 underground drillholes and 94 underground grooving after data validation.

The Mineral Resources within current Mining License area (and within the permitted mining elevation range) are reported in accordance with JORC Code (2012 Edition) and are presented in tables below. BOYD used metal equivalent to outline the mineralized body in the Huangtun Pyrite Mine.

RESOURCE AND RESERVE

Mineral Resources Statement of Huangtun Pyrite Mine as of 31 March 2024

Category	Equivalent Cut-off Grade %	Tonnage (Mt)	TS(%)	Cu(%)	Au(g/t)
West Zone – Gold-Copper					
Resources – Measured	Cu: 0.31	12.57	7.59	0.32	0.82
Resources – Indicated	Cu: 0.31	2.07	6.74	0.30	1.38
Resources – Inferred	Cu: 0.31	2.78	5.47	0.24	1.53
Total	**Cu: 0.31**	**17.42**	**7.15**	**0.31**	**1.00**
East Zone – Pyrite					
Resources – Measured	S: 12	0.35	20.76	0.30	0.18
Resources – Indicated	S: 12	18.68	20.04	0.07	0.08
Resources – Inferred	S: 12	8.97	18.16	0.03	0.09
Total	**S: 12**	**28.00**	**19.45**	**0.06**	**0.08**

Note:

1. Figures may not be added due to roundings.
2. The Mineral Resources are inclusive of Ore Reserves.
3. Estimated tonnage basis: Resources - In Place

The information in this annual report which relates to Ore Reserves is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

ORE RESERVES

The mine is in a full production stage at the date of this annual report. Mining rate has been achieved about 3,000 tonnes per day (tpd). The mining production and underground development have been contracted to two subcontractors with supervision of Jinding's mining team.

The geotechnical conditions are classified to be moderate. The water regime of the mine area is complex. BOYD noted that Jinding and subcontractors have made various endeavors to ensure secured mining operation. The current underground development included above 50 m intervals from Level –390m, up to –340m, –290m, –240m, –190m and –140m, with sub-levels with 15-20 m intervals.

RESOURCE AND RESERVE

The mining methods include overhand post pillar mining, overhand cut and fill mining and overhand drift and fill mining. The mining cycle includes drilling, blasting, ventilation, scaling, mucking and filling. Excavation of ore starts from the bottom slice, advancing upward in 3.5 or 4.0 m vertical (slices) intervals. A HT81A drill rig is used to drill 3.5m long horizontal 43 mm diameter blastholes. The burden is 1m and the spacing interval is 1.2m. Non-electric detonators are used for initiating of emulsion explosives.

The Ore Reserve statement is presented in table below.

Ore Reserve Statement of Huangtun Pyrite Mine as of 31 March 2024

Category	Equivalent Cut-off Grade%	Tonnage (Mt)	TS (%)	Cu (%)	Au(g/t)
West Zone – Gold-Copper					
Reserves – Probable	Cu: 0.46	8.94	8.07	0.34	0.93
East Zone – Pyrite					
Reserves – Probable	S: 21.8	6.28	22.85	0.17	0.13

Note:

1. The Mineral Resources are inclusive of Ore Reserves.

2. Estimated tonnage basis: Reserves – ROM

The information in this annual report which relates to Ore Reserves is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

RESOURCE AND RESERVE

The aggregate mining rate for the East and West Zones is 1.0 Mtpa ore. The current underground development has reached six levels, which supports a mine production schedule for 16 years life of mine ("LoM") from financial year ("FY") ending 31 March 2025 until FY2040 shown in table below.

Proposed Life of Mining Schedule

FY	Output (Mt)	Cu-Au Ore Tonnage (Mt)	Quality			S Ore Tonnage (Mt)	Quality		
			Cu (%)	Au (g/t)	S (%)		Cu (%)	Au (g/t)	S (%)
2025	1.00	0.85	0.42	0.99	7.93	0.15	0.17	0.15	22.33
2026	1.00	0.85	0.42	0.99	7.93	0.15	0.13	0.11	21.10
2027	1.00	0.85	0.42	0.99	7.93	0.15	0.13	0.11	21.10
2028	1.00	0.85	0.42	0.99	7.93	0.15	0.15	0.15	21.71
2029	1.00	0.85	0.38	0.95	8.04	0.15	0.15	0.15	21.71
2030	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.15	21.71
2031	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.15	21.71
2032	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.12	23.89
2033	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.12	23.89
2034	1.00	0.85	0.29	0.83	8.33	0.15	0.15	0.12	23.89
2035	1.00	0.44	0.28	0.79	8.38	0.56	0.12	0.10	24.40
2036	1.00	–	–	–	–	1.00	0.12	0.10	24.40
2037	1.00	–	–	–	–	1.00	0.12	0.10	24.40
2038	1.00	–	–	–	–	1.00	0.12	0.10	24.40
2039	1.00	–	–	–	–	1.00	0.12	0.10	24.40
2040	0.22	–	–	–	–	0.22	0.12	0.10	24.40

RESOURCE AND RESERVE

TIBET TIANREN

LICENCE

Tibet Tianren Mining Company Limited ("Tibet Tianren") holds the mining licence to operate the Bangpu molybdenum-copper project. The current licence was issued in 2011 and is valid until 15 October 2024. The mining licence could be renewed according to mining regulations. It covers 2.4189 square kilometres with an elevation range from 5,200 m above sea level (ASL) down to 4,000 m ASL.

In addition, Tibet Tianren holds an exploration licence adjacent to the mining licence. The exploration area is in the west.

EXPLORATION

No exploration activities were undertaken in the Year. Historic exploration in the current mining licence area was done prior to 2011 and Tibet Tianren carried out systematic exploration and data compilation in 2022. A total of 13 boreholes were drilled in 2022, with an aggregate length of about 7,300 m, including a hydrogeological hole of 555 m. A total of 4,179 samples were taken for chemical analyses.

Tibet Tianren compiled and reviewed the historical data, and the valid database consists of 79 drillholes with a total of 25,949 samples available at the Project.

MINERAL RESOURCE ESTIMATION

Mineral Resource Estimation for the Bangpu Project within current mining licence area was done by BOYD. A cut-off grade of 0.03% Mo or 0.2% Cu was considered for "reasonable prospects for economic extraction" and the elevation limit above 4,000 m ASL was applied. As of 31 March 2024, the Mineral Resources at the Bangpu Project (within mining licence area) were reported in accordance with JORC Code (2012 edition); including about 73.58 million tonnes (Mt) of Measured Resources with an average grade of 0.200% Cu and 0.071% Mo, about 507.17 Mt of Indicated Resources with an average grade of 0.204% Cu and 0.063% Mo, and about 77.98 Mt Inferred Resources with an average grade of 0.196% Cu and 0.063% Mo.

Mineral Resource Statement, as of 31 March 2024

Category	Equivalent Cut-off Grade%	Tonnage (Mt)	Mo(%)	Cu(%)
Resources – Measured	Mo: 0.03 Or Cu: 0.2	73.58	0.071	0.200
Resources – Indicated	Mo: 0.03 Or Cu: 0.2	507.17	0.063	0.204
Resources – Inferred	Mo: 0.03 Or Cu: 0.2	77.98	0.063	0.196
Total	**Mo: 0.03 Or Cu: 0.2**	**658.73**	**0.064**	**0.203**

Note:

1. Figures may not be added due to roundings.

2. The Mineral Resources are inclusive of Ore Reserves.

3. Estimated tonnage basis: Resources – In Place

RESOURCE AND RESERVE

The information in this annual report which relates to Mineral Resources is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

ORE RESERVE

A feasibility study named as "Feasibility Study Report on the Mo (Cu) Polymetallic Project of Mining, Processing and Tailings in Bangpu Mining Area", (hereinafter referred as FS) was prepared by Sichuan Metallurgical Design & Research Institute (hereinafter referred as the "Sichuan Institute"), and dated in October 2022.

The final open pit proposed in the FS reached outside of mining licence boundary at west. Additional exploration work has been performed after completion of FS. The latest Mineral Resource estimate was conducted by BOYD based on both the old and new data. At the date of this annual report, Ore Reserve was estimate by BOYD based on the FS and BOYD's modifications. Ore Reserve statement is shown in table below.

Ore Reserve Statement, as of 31 March 2024

Category	Equivalent Cut-off Grade%	Tonnage (Mt)	Mo (%)	Cu (%)
Reserves – Probable	Mo: 0.074	115.67	0.079	0.224

Note:

1. The Mineral Resources are inclusive of Ore Reserves.

2. Estimated tonnage basis: Reserves – ROM

The information in this annual report which relates to Ore Reserves is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

MINING

Trial mining was conducted in a very short period of few months in 2006. No further mining was conducted in the following years. Bangpu Mine was still in the pre-construction phase as of the date of reporting and construction expect to commence in the second half of calendar year 2024.

Based on current feasibility study, the Project will be exploited as an open pit mine due to shallow overburden and hundreds of meters thick orebody. The annual production capacity for the open pit mining will be 6.0 Mt ore.

RESOURCE AND RESERVE

Conventional drill-blast-load-haul mining cycle is assumed to move rocks within the open pit. The bench is designed with 15 m high. Drill rig YZ-35D was proposed to drill vertically in the rock to generate blast holes to charge with explosives. Emulsion explosives were proposed to break rocks due to existing of groundwater. Shovel WK-10 was proposed to load blasted materials to rubber-tired trucks TR-100.

PROCESSING

A feasibility study for the processing plant was carried out in 2010 and Sichuan Institute was commissioned to update and optimize the feasibility study.

The ore belongs to porphyry type molybdenum (copper) ore, the main copper bearing mineral is chalcopyrite, the main molybdenum ore is molybdenite. The designed capacity of ROM treatment is 6 Mtpa (including 5 Mtpa of industrial ore and 1 Mtpa of low-grade ore), with 300 working days per year and 20,000 t per day.

The design adopts the process of coarse crushing +SABC grinding circuit and the flotation process of "Mo preferential flotation – Mo rough concentrate regrinding separation – recover Cu from Mo flotation tailings", and the products are Mo concentrate and Cu concentrate. The designed Mo concentrate grade is 53% with a Mo recovery rate of 84.50%, and Cu concentrate grade is 22% with a Cu recovery rate of 91.00%.

TAILINGS

Tailings will be transported from the concentrator to the tailings storage facilities (TSF) by self-flow pipeline using wet discharge scheme. The designed dam is with a height of 160m, with total storage capacity about 96.79 million m^3. The service life of TSF is designed 16 years, as a second-class TSF.

ENVIRONMENTAL AND SOCIAL

The Bangpu Project is located in Mozhugongka County, Tibet Autonomous Region. The general surrounding land of the mine site is pastures. The EIA approval requires the company to enhance its understanding of Tibetan socio-economic and historical culture, and to respect the lifestyle and religious beliefs of the local people.

An "Environment Impact Assessment Report on the Mo (Cu) Polymetallic Project of Mining, Processing and Tailings in Bangpu Mining Area" (EIA) was prepared by Chongqing Shengxiyi Ecological Environment Consulting Service Co, LTD, and dated in January 2024. Tibet Tianren expects the EIA to be approved by the authorities before the mine starts construction in the second half of 2024.

SUMMARY OF EXPENDITURE

During the Year, the expenditures of exploration, development and mining activities are summarised in the following table:

Project	**Exploration**	**Development**	**Mining**
	RMB'000	RMB'000	RMB'000
Anhui Jinding	3,460	4,771	43,708
Tibet Tianren	14,004	–	–

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance by establishing formal and transparent procedures to protect the interests of the shareholders of the Company. To the best knowledge of the Board, the Company had throughout the Year complied with the principles and code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") except for the following deviations:

Code	Provisions Considered	Deviation	Reason for deviation
C.1.6	Generally, independent non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of the Company's shareholders.	Only Ms. Qin Chunhong and Mr. Ma Tianyi, being the executive Directors, attended the annual general meeting of the Company held on 22 September 2023.	Other Directors, including all the independent non-executive Directors were unable to attend the general meeting due to other business commitments.
C.1.8	An issuer should arrange appropriate insurance cover in respect of legal action against its directors.	During the Year and as at the date of this annual report, the Company does not have insurance cover in respect of legal action against the Directors.	The Board is of the view that the Group has an established and efficient risk management and internal control system which could effectively minimise the Directors' risks of being sued or getting involved in litigations in their capacity as a Director. Nevertheless, as part of the Group's risk management and internal control procedures, the Board will review the need for insurance cover from time to time.
C.2.1	The roles of chairman and chief executive should be separate and should not be performed by the same individual.	Since Mr. Xiong Zeke's resignation from the position of the Chairman on 1 February 2023, Mr. Ma Tianyi, the Chief Executive Officer, has been appointed as the Chairman in place of Mr. Xiong Zeke.	The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business strategies. Nevertheless, the Board will review the current corporate governance structure of the Group from time to time. If any candidate with suitable knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

CORPORATE GOVERNANCE REPORT

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors 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. The Company also had made specific enquiry with all the Directors and all of them confirmed that they had fully complied with the required standards set out in the Company's code of conduct regarding directors' securities transactions during the Year. Additionally, other employees of the Group who are likely to be in possession of inside information of the Company are also subject to the same dealing restrictions.

BOARD OF DIRECTORS

The Board collectively oversees the management and operation of the Group and held meetings regularly during the Year to discuss the operation strategy and financial performance of the Group, while the senior management of the Group are responsible for the supervision and day-to-day management and operation of the Group and the execution of the plans of the Group as approved by the Board.

Board Composition

The Directors who held office during the Year and as at the date of this annual report are as follows:

Executive Directors

Mr. Ma Tianyi *(Chairman and Chief Executive Officer)*
Mr. Liu Fali *(Chief Operating Officer)*
Ms. Qin Chunhong
Mr. Xiong Zeke *(resigned on 14 April 2023)*
Mr. Ma Gangling *(resigned on 14 April 2023)*
Ms. Ma Ye
Mr. Ma Yong *(appointed on 14 April 2023)*

Independent Non-executive Directors

Ms. Zhang Jinghua
Mr. Ha Suoku
Ms. Yao Yunzhu *(resigned on 20 April 2023)*
Mr. Li Xu *(appointed on 20 April 2023)*

Save that (i) Mr. Ma Tianyi is the son of Mr. Ma Qiang, who was the former executive Director and Chairman of the Board, (ii) Mr. Liu Fali is the cousin of Mr. Ma. Qiang and the uncle of Mr. Ma Tianyi, (iii) Ms. Ma Ye is the aunt of Mr. Ma Tianyi, the younger sister of Mr. Ma Qiang and the cousin of Mr. Liu Fali, and (iv) Mr. Ma Yong is the uncle of Mr. Ma Tianyi and the cousin of Mr. Ma Qiang, Mr. Liu Fali and Ms. Ma Ye, there are no relationships, including financial, business, family or other material relationships, among members of the Board.

The biographical details of the Directors and other senior management are set out on pages 32 to 35 of this annual report.

Appointment and Re-election of Directors

Each of the Directors (including independent non-executive Directors) has entered into a service agreement or letter of appointment with the Company for a term of one to three year(s). According to article 86(3) of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board provided that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in any general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

Also according to article 87(1) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed from a specific term) shall be subject to retirement by rotation at least once every three years. Article 87(2) further provides that a retiring Director shall be eligible for re-election and any Director so to retire shall be subject to retirement by rotation who have been longest in office since their last re-election or appointment.

Directors' Responsibilities

The main responsibilities of the Board are set out below:

- to implement the resolutions of the general meetings;
- to formulate the Company's business plans and investment plans;
- to formulate the Company's annual budgets and financial policies;
- to report its work in general meetings, to submit reports to regulatory authorities, and to disclose information in accordance with statutory requirements; and
- the daily operation and management of the Company, in which the Board formulates the Company's overall policies and plans, and regularly monitors and supervises their implementation by the executive Directors and the senior management.

There are clearly defined authorities and duties for the management, for example periodic reporting to the Board, and specified matters that require prior approval by the Board before their implementation, including matters such as the establishment of internal management structure and the appointment and re-designation of the senior managements, while the management is entrusted with appropriate delegation to ensure normal functioning of the Company.

Board Independence

The Board has established mechanisms to ensure independent views and input from individual Director are conveyed to the Board to enhance the objectiveness in the Board's decision-making process. The Company has adopted the following mechanisms:

1. as at the date of this annual report, the Board consists of eight Directors and three of them are independent non-executive Directors, which complies with the requirements of the GEM Listing Rules that the Board must have at least three independent non-executive Directors representing at least one-third of the Board;

2. on an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 5.09 of the GEM Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments;

3. the nomination committee of the Company assesses the independence of the independent non-executive Directors and review their annual confirmations on independence;

4. external independent professional advice is available as and when required by individual Directors at the Company's expense; and

5. all Directors are encouraged to speak freely and express their views without influence from other Directors during the Board meetings and/or Board committee meetings.

The Board shall convene meetings at least four times every year (basically once every quarter). Extraordinary general meetings shall be convened under special circumstances or to decide on important issues. If the Directors are not able to attend a meeting to be held at the designated place, the meeting may be held by means of a telephone conference, and thereby facilitates and enhances the attendance of Directors at the Board meeting. If an independent non-executive Director is unable to attend a meeting for some reasons, the Company will seek their opinion in advance on the issues to be discussed in the meeting.

The Board is responsible for the performance of the following corporate governance duties:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the Year, the Company held seven Board meetings (excluding Board committee meetings) and one general meeting with an average attendance rate of 100% and approximately 25%, respectively. Details of the attendance of the Board of Directors for the Year are as follows:

	Board meeting	**General meeting**
Total number of Board meetings held	7	1
Name of the Directors	**Attended/Eligible to attend**	
Executive Directors		
Mr. Ma Tianyi	7/7	1/1
Mr. Liu Fali	7/7	0/1
Ms. Qin Chunhong	7/7	1/1
Ms. Ma Ye	7/7	0/1
Mr. Ma Yong *(appointed on 14 April 2023)*	6/6	0/1
Mr. Xiong Zeke *(resigned on 14 April 2023)*	0/0	0/0
Mr. Ma Gangling *(resigned on 14 April 2023)*	0/0	0/0
Independent non-executive Directors		
Ms. Zhang Jinghua	7/7	0/1
Mr. Ha Suoku	7/7	0/1
Mr. Li Xu *(appointed on 20 April 2023)*	4/4	0/1
Ms. Yao Yunzhu *(resigned on 20 April 2023)*	2/2	0/0

Independence of the Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their respective independence pursuant to Rule 5.09 of the GEM Listing Rules and accordingly, the Company considers that all of the independent non-executive Directors remain independent. As at the date of this report, the Company is not aware of the occurrence of any event which would cause it to believe that the Directors' independence has been impaired.

Directors' training is an ongoing process. During the Year, the Directors received regular updates on changes and developments of the Group's business and to the legislative and regulatory environments in which the Group operate. All Directors are also encouraged to attend relevant training courses at the Group's expense.

During the Year, the Directors participated in the kinds of training in compliance with code provision C.1.4 of the Code as follows:

Name of the Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
Executive Directors			
Mr. Ma Tianyi *(Chairman and Chief Executive Officer)*	✓	✓	✓
Mr. Liu Fali *(Chief Operating Officer)*	✓	✓	✓
Ms. Qin Chunhong	✓	✓	✓
Mr. Xiong Zeke *(resigned on 14 April 2023)*	✓	✓	✓
Mr. Ma Gangling *(resigned on 14 April 2023)*	✓	✓	✓
Ms. Ma Ye	✓	✓	✓
Mr. Ma Yong *(appointed on 14 April 2023)*	✓	✓	✓
Independent non-executive Directors			
Ms. Zhang Jinghua	✓	✓	✓
Mr. Ha Suoku	✓	✓	✓
Ms. Yao Yunzhu *(resigned on 20 April 2023)*	✓	✓	✓
Mr. Li Xu *(appointed on 20 April 2023)*	✓	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual in order to maintain a clear division of responsibilities and ensure a balance of power and authority for the prevention of the concentration of power.

Mr. Ma has been the Chairman and the Chief Executive Officer of the Company, which constitutes a deviation from code provision C.2.1 of the Code. Despite the concentration of powers, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business strategies.

REMUNERATION COMMITTEE

A remuneration committee of the Company (the "Remuneration Committee") has been established with specific written terms of reference which deal clearly with its authority and duties in compliance with code provision E.1.2 of the Code. The Remuneration Committee is responsible for reviewing and developing the remuneration policies of the Directors and senior management to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management. The Remuneration Committee has adopted the approach under E.1.2(c)(ii) of the code provisions of the Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. As at 31 March 2024, the Remuneration Committee comprises three independent non-executive Directors and one executive Director, namely Ms. Zhang Jinghua, Mr. Ha Suoku and Ms. Yao Yunzhu (resigned on 20 April 2023), Mr. Li Xu (appointed on 20 April 2023) and Ms. Qin Chunhong, respectively. The Remuneration Committee has been chaired by Ms. Zhang Jinghua. The Board has adopted a set of the revised terms of reference of the Remuneration Committee which are aligned with the provisions set out in the Code. The terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

During the Year, the Remuneration Committee held three meetings. Details of the attendance of the Remuneration Committee for the Year are as follows:

Total number of meetings held	3
Name of members	**Attended/Eligible to attend**
Ms. Zhang Jinghua *(Chairperson)*	3/3
Mr. Ha Suoku	3/3
Ms. Yao Yunzhu *(resigned on 20 April 2023)*	1/1
Ms. Qin Chunhong	3/3
Mr. Li Xu *(appointed on 20 April 2023)*	1/1

During the Year, the Remuneration Committee has reviewed and assessed the performance of the executive Directors, made recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management, and considered and reviewed the existing terms of employment contracts of the executive Directors, senior management and appointment letters of independent non-executive Directors and is of opinion that their respective engagement matters are fair and reasonable.

No material matters relating to share schemes under Chapter 23 of the GEM Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Year.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REMUNERATION

During the Year, total Directors' remuneration amounted to approximately RMB2.59 million (2023: RMB2.89 million). Details of the remuneration of the Directors for the Year are set out in note 9 to the consolidated financial statements.

AUDITORS' REMUNERATION

During the Year, the remuneration in respect of audit and other services (i.e. agreed-upon-procedures in respect of the Company's preliminary results announcement) provided by auditors, amounted to approximately RMB2.99 million.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Each of the Directors understands and acknowledges his/her responsibility for the preparation of the consolidated financial statements, which give a true and fair view of the financial position and the financial performance of the Group in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). The external auditor of the Company acknowledge their reporting responsibilities in the auditor's report on the consolidated financial statements for the Year.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern and the Directors have prepared the consolidated financial statements on a going concern basis.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions D.3.1 to D.3.7 of the Code. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. As at 31 March 2024, the Audit Committee consists of the three independent non-executive Directors of the Company, namely Ms. Zhang Jinghua, Mr. Ha Suoku and Ms. Yao Yunzhu (resigned on 20 April 2023), Mr. Li Xu (appointed on 20 April 2023). The Audit Committee has been chaired by Ms. Zhang Jinghua whom has appropriate professional qualifications and experience in financial matters.

During the Year, the Audit Committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly reports and results announcements.

Details of the attendance of the Audit Committee for the Year are as follows:

Total number of meetings held	4
Name of members	**Attended/Eligible to attend**
Ms. Zhang Jinghua *(Chairperson)*	4/4
Mr. Ha Suoku	4/4
Ms. Yao Yunzhu *(resigned on 20 April 2023)*	0/0
Mr. Li Xu *(appointed on 20 April 2023)*	4/4

During the Year and up to the date of this report, the Audit Committee reviewed the first quarterly results and report of the Company for the three months ended 30 June 2023, the interim results and report of the Company for the six months ended 30 September 2023, the third quarterly results and report of the Company for the nine months ended 31 December 2023, and the annual report of the Group for the Year. The Audit Committee also reviewed the Group's risk management and internal control system, as well as the effectiveness of the issuer's internal audit function, for the Year. All issues raised by the Audit Committee are addressed and/or dealt with by the relevant member of the management team and the work, findings and recommendations of the Audit Committee are reported regularly to the Board. During the Financial Year, there was no disagreement between the Board and the Audit Committee regarding the external auditor and there was no issue of significant importance requiring disclosure in this report under the GEM Listing Rules. The Group's annual results for the year ended 31 March 2024 had been reviewed by the Audit Committee and it is of the opinion that the consolidated financial statements of the Group for the Year comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made in the annual report of the Group for the Year.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") with written terms of reference in compliance with code provision B.3.1 of the Code. The primary duties of the Nomination Committee are, among others, reviewing the structure, size and composition and diversity of the Board of Directors on a regular basis (at least once a year) and making recommendations regarding any proposed changes, identifying and recommending individuals suitably qualified to become board members, and assessing the independence of independent non-executive Directors. As at 31 March 2024, the Nomination Committee consists of the three independent non-executive Directors of the Company, namely Mr. Ha Suoku, Ms. Zhang Jinghua and Ms. Yao Yunzhu (resigned on 20 April 2023), Mr. Li Xu (appointed on 20 April 2023). The nomination committee has been chaired by Mr. Ha Suoku.

The Board adopted the nomination policy, which sets out the key selection criteria and nomination procedures of the Nomination Committee in making recommendations to Board on the appointment of Directors and succession planning for Directors.

In assessing the suitability of the candidate to the Board regarding the appointment or re-appointment of any existing Director(s), the Nomination Committee will consider the following factors: (a) commitment for responsibilities of the Board in respect of available time and effort; (b) qualifications, including accomplishment and experience in the relevant industries that the Group's business is involved in; (c) reputation for integrity; (d) experience in the Group's principal business and/or the industry in which the Group operates; (e) (in the case of an independent non-executive Director) independence requirements set out in the GEM Listing Rules; and (f) diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and the number of directorships in other listed/public companies, and in the case of independent non-executive Directors, the length of service, where an independent non-executive Director serving more than nine years could be relevant to the determination of a non-executive Director's independence.

The Nomination Committee shall convene a meeting to invite nominations of candidates from Directors (if any) or it may also nominate candidates for its consideration. The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

During the Year, the Nomination Committee held two meetings. Details of the attendance of the Nomination Committee for the Year are as follows:

Total number meetings held	2

Name of the Directors	**Attended/Eligible to attend**
Mr. Ha Suoku *(Chairperson)*	2/2
Ms. Zhang Jinghua	2/2
Ms. Yao Yunzhu *(resigned on 20 April 2023)*	1/1
Mr. Li Xu *(appointed on 20 April 2023)*	0/0

The Nomination Committee will review the nomination policy periodically to ensure that it fulfils the Company's needs and complies with the regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established by the Company and the Board is responsible for performing the corporate governance duties according to the code provision A.2.1 of the Code, which include:

(1) developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board;

(2) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(3) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;

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

(5) reviewing the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

During the Year, the Board reviewed and monitored the training and continuous professional development of the Directors and company secretary of the Company to comply with the Code and the GEM Listing Rules. Further, the Board also reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements. Lastly, the Board reviewed the Company's compliance with the Code and the disclosure of the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility for the risk management and internal control systems of the Group and for reviewing their effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interests of the Shareholders and the Group's assets. The Group's risk management and internal control systems are, however, 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.

In order to provide reasonable assurance against significant risks of errors, losses or fraud, the Group has established risk management procedures which comprise the following steps:

- Identification of risks: identify risks that may potentially affect the Group's business and operations.

- Risk evaluation: assess the impact and consequence of the identified risks on the business and the likelihood of their occurrence.

- Risk mitigation: prioritise the risks by comparing the results of risk evaluation and develop effective control activities to prevent, avoid or mitigate the risks.

- Risk monitoring: perform ongoing and regular monitoring of the risk and ensure that appropriate internal control processes are in place.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the Year. The senior management reviews and evaluates the internal control process and monitors any risk factors on an annual basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions as well as those relating to the Company's ESG performance and reporting. The Board had also reviewed the changes in the nature and extent of significant risks since the last annual review, the ability of the Group to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of risks, the internal control system, and the work of its internal audit function, the significant control failings or weaknesses that have been identified during the year and the extent to which they have resulted in a material impact on the Group's financial performance or condition, the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management, as well as the effectiveness of the Company's processes for compliance with the GEM Listing Rules.

The Company has established an internal audit department during the Year, which is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

In relation to the handling and dissemination of inside information, the Group has implemented an information disclosure policy to ensure potential inside information is being captured and confidentiality of such information is being maintained until consistent and timely disclosure is made in accordance with the GEM Listing Rules. The key procedures in place include:

- defining the requirements of periodic financial and operational reporting to the Board and the company secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controlling the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to the public; and

- implementing procedures for communication with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs. To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

ANTI-CORRUPTION AND WHISTLEBLOWING

The Group adopts a zero-tolerance policy towards all kinds of corruption and bribery in all business dealings of the Group. It is fully committed to conducting business with integrity and in compliance with all applicable laws and regulatory requirements for the prevention of corruption and bribery. Corrupt practices may subject the Group and individual employees to potential criminal and civil liabilities, which may in turn cause substantial impact on the reputation and operation of the Group. The Group sets out the relevant policies in the employee handbook and guide the employees to abide by the code of conduct, which provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interests.

The Group has also set up whistleblowing procedures to encourage the employees and any third parties (including customers and suppliers of the Group) to report any misconduct and dishonest behaviour, such as bribery, fraud and other offences. The Board is of the view that such procedures can provide reporting channels to employees and third parties, and enhance the efficiency in detecting and inhibiting any suspected misconduct, malpractice or irregularity.

COMPANY SECRETARY

Ms. Shen Tianwei ("Ms. Shen") joined the Group in August 2006. The biographical details of Ms. Shen are set out under the section headed "Directors and Senior Management Profile".

Ms. Shen has been informed of the requirement of Rule 5.15 of the GEM Listing Rules, and she confirmed that she had attained no less than 15 hours of relevant professional training during the Year.

DIVIDEND POLICY

The Company has a dividend policy to set out the approach by the Board in recommending dividends, to allow the shareholders of the Company to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

Determination Mechanism: The Board has discretion to declare and distribute dividends to the shareholders of the Company. The Board shall take into account the following factors when considering the declaration and payment of dividends:

- the Group's current and future operations and earnings;
- the Group's liquidity position and future commitments at the time of declaration of dividend;
- any contractual restrictions on payment of dividends by the Company to its shareholders or by the Company's subsidiaries to the Company;

- the retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the general market conditions; and
- any other factors that the Board deems appropriate.

Review: The Board reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and it shall in no way constitute a legally binding commitment by the Company in respect of its future dividends and/or in no way obligate the Company to declare a dividend at any time or from time to time.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's constitutional documents. Details of such rights to demand a poll and the poll procedures are included in all related circulars to the shareholders and are explained during the proceedings of meetings.

Poll results will be posted on the websites of the Company and the Stock Exchange on the same day of the Shareholders' meeting.

The general meeting of the Company provides a forum for communication between the shareholders and the Board.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including election of individual directors.

The Company continues to enhance communication and relations with its investors. Enquires from investors are dealt with in a timely manner. The Company has reviewed the implementation and effectiveness of the shareholders' communication policy during the Year and considered it to be effective.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy and the Nomination Committee is responsible for monitoring the achievement of the measurable objectives set out in the policy.

In designing the Board's composition, factors including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge will be taken into account by the Nomination Committee. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee shall develop measurable objectives for implementing this policy and make recommendations to the Board. The Nomination Committee shall also review the progress of achieving these objectives as may be adopted by the Board from time to time.

During the Year, the Company has achieved the following measurable objectives for the board diversity policy:

(a) to ensure the appropriate proportion of non-executive Directors or independent non-executive Directors in the Board. In particular, at least one-third of the number of members of the Board shall be independent non-executive Directors;

(b) to ensure at least one-third of the members of the Board members shall have attained bachelor's degree or above;

(c) to ensure at least two members of the Board shall have obtained accounting or other professional qualifications;

(d) to ensure at least two members of the Board shall have more than five years of experience in the industry he/she is specialized in; and

(e) to ensure at least two members of the Board shall have China-related work experience.

During the Year, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The board diversity policy was consistently implemented throughout the Year. As at the date of this annual report, the Board consists of three females and five male Directors. The Board is of the view that the gender diversity in respect of the Board is satisfactory based on the board diversity policy.

The Company is committed to provide equal employment and promotion opportunities for all employees without regard to their genders, ages, religions and place of ancestry. In particular, the male to female ratio in the workforce level (including senior management) is approximately 4:1 as at the date of this annual report. The Board considers that the gender ratio is in line with the industry and the Company has achieved gender diversity in the workforce level. For further details in relation to the Company's employees, please refer to the 2024 Environmental, Social and Governance Report of the Company.

SHAREHOLDER'S RIGHTS

Procedure for the Shareholders to convene an extraordinary general meeting

Pursuant to article 58 of the articles of association of the Company, any one or more members holding at the date of 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 to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting 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 the requisitionist(s) by the Company.

The procedures by which enquiries may be put to the Board and sufficient contact details to enable these enquiries to be properly directed

The Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Unit 07, 21/F, Shun Tak Centre West Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong by post for the attention of the Board.

Procedures and sufficient contact details for putting forward proposals at the shareholders' meetings

The shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at the shareholders' meeting. Proposal shall be sent to the Board by written requisition. Pursuant to the articles of association of the Company, the shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures as set out in the paragraph headed "Procedure for the Shareholders to convene an extraordinary general meeting" above.

INVESTOR RELATIONS

The Company has established a number of channels for maintaining an on-going dialogue with the shareholders as follows: (a) corporate communications such as announcements, annual reports, quarterly reports and circulars are published and available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.pizugroup.com; (b) corporate information is made available on the Company's website; (c) general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management, and the poll results of the general meetings are published on the websites of the Company and the Stock Exchange; and (d) the Company's share registrars serve the shareholders in respect of share registration, dividend payment, change of the shareholders' particulars and related matters. Based on the Company's review of the initiatives taken by the Company, it is of the view that the implementation of the Shareholders' communication policy is satisfactory and effective during the Financial Year.

CONSTITUTIONAL DOCUMENTS

There is no significant changes in the Company's constitutional documents during the Year. The latest memorandum of association and articles of association of the Company are available on both the websites of the Company and the Stock Exchange.

CONCLUSION

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerable effort to strengthen and improve the standards of the corporate governance of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Ma Tianyi (馬天逸), aged 29, is an executive Director, chairman and chief executive officer during the Year. He joined the Group on 1 March 2017 as an executive Director and has been appointed as the chief executive officer of the Company on 1 May 2021. He has also been appointed as the Chairman of the Board and authorised representative from 1 February 2023. He is a director of Shiny Ocean Holdings Limited ("Shiny Ocean") since January 2018. He graduated from Downing College, University of Cambridge in June 2016 with a Bachelor's Degree in Arts, specializing in Natural Sciences Tripos and obtained the qualification on Master of Business Administration from the University of Hong Kong in 2020.

Mr. Ma Tianyi is the son of Mr. Ma Qiang, who was the former executive Director and former chairman of the Board. Mr. Ma Tianyi is also the nephew of Mr. Liu Fali, an executive Director and the Chief Operating Officer of the Company, the nephew of Ms. Ma Ye, an executive Director and the nephew of Mr. Ma Yong, an executive Director.

Mr. Liu Fali (劉發利), aged 48, is an executive Director, the Chief Operating Officer and vice president of the Company. He is a senior blasting engineer. Mr. Liu is a director of certain subsidiaries of the Group. He graduated from Jilin Art Institute 吉林藝術學院 with a bachelor's degree. Mr. Liu has more than 23 years of experience in the civil explosives industry. From October 1997 to March 2000, he worked in 內蒙古東升廟化工廠 (Inner Mongolia Dong Sheng Miao Chemical Factory) (the predecessor of Dongyitai Chemical (as defined below) which was principally engaged in the manufacturing and sale of civil explosives). From March 2000 to April 2006, he was the manager of sales and procurement department of 東升廟伊泰化工有限責任公司 (Dong Sheng Miao Yitai Chemical Co., Ltd.) ("Dongyitai Chemical") in which he was responsible for the sales of civil explosives and procurement for production of civil explosives. From April 2006 to January 2008, he was promoted as the general manager of Dongyitai Chemical. Since January 2008, he worked as a general manager, chairman of the Board 內蒙古盛安化工有限責任公司 (Inner Mongolia Shengan Chemical Limited) ("Shengan Chemical (Inner Mongolia)") in which he was responsible for management, business operation and safety operation. Mr. Liu was the assistant general manager and office supervisor of Shengshi Huaxuan from February 2012 to July 2013. From May 2015 to April 2023, he had been a director and in charge of the Tibet branch of 內蒙聚力工程爆破有限公司 (Inner Mongolia Juli Engineering and Blasting Services Limited). From December 2015 to present, he served as director of Inner Mongolia Juli Engineering and Blasting Services Limited.

Mr. Liu Fali is the cousin of Mr. Ma Qiang, who was the former executive Director and former chairman of the Company. Mr. Liu Fali is also the uncle of Mr. Ma Tianyi, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company and the uncle of Mr. Ma Yong, an executive Director. He is also the cousin of Ms. Ma Ye, an executive Director.

Ms. Qin Chunhong (秦春紅), aged 51, is an executive Director, vice president, department head of Internal Audit, compliance officer of the Company appointed pursuant to Rule 5.19 of the GEM Listing Rules, a member of Remuneration Committee and a director of certain subsidiaries of the Group. She joined the Group on 14 December 2012 as an executive Director. Ms. Qin obtained a bachelor's degree in economics from Henan Institute of Finance and Economics in June 2003. In July 2009, she obtained a master's degree in business administration from the School of Business Administration in Peking University. She has been a member of the China Certified Tax Agents Association since September 2009 and a member of the Chinese Institute of Certified Public Accountants since December 2000. Ms. Qin was the chief financial officer of 內蒙古雙利資源(集團)有限責任公司 (Inner Mongolia Shuangli Resources Group Co., Limited) from 2006 to 2009 and the chief financial officer of Western Mining Group (Hong Kong) Company Limited from 2005 to 2006. Since 2013, Ms. Qin has been the chief financial officer of 西藏福德圓實業集團有限公司 (Tibet Fudeyuan Trading Limited).

Ms. Ma Ye (馬曄), aged 49, is an executive Director. Ms. Ma graduated from Inner Mongolia Higher Education Self-study Examination Chinese Language and Literature Education in 1996. From November 2007 to July 2013, she served as the administrative manager of Shengshi Huaxuan, responsible for daily administrative management and human resources. Since July 2013, she has been the general manager of Shengshi Huaxuan. Since 2016, she has been the chairman of Shenzhen Boyang Electronics Co., Ltd.

Ms. Ma is the aunt of Mr. Ma Tianyi, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company and the aunt of Mr. Ma Yong, an executive Director. She is the younger sister of Mr. Ma Qiang, who was the former executive Director and former chairman of the Company. And she is the cousin of Mr. Liu Fali, an executive Director and chief operating officer of the Company.

Mr. Ma Yong (馬永), aged 41, is an executive Director. He joined the Group on 14 April 2023 as an executive Director. Mr. Ma graduated from Wuhan Institute of Technology* (武漢工業學院) (currently known as Wuhan Polytechnic University (武漢輕工大學)) in PRC in June 2006 with a bachelor's degree of management. Mr. Ma obtained licence of human resources* (人力資源師) in February 2005, he has also passed the qualification examination for a tour guide in January 2006, and he was qualified as a junior blasting engineer* (初級爆破工程師) in March 2022. Mr. Ma has over 14 years of experience in corporate management. He has been the general manager of Tajikistan KM MUOSIR since March 2023. During the period of January 2021 to March 2023, he was the general manager of Shenzhen Boyang Science and Training Development Group Co., Ltd.* (深圳市博洋科貿發展集團有限公司); from November 2017 to January 2021, he was employed by Inner Mongolia Juli Engineering and Blasting Services Limited (內蒙聚力工程爆破有限公司) with his last position as the general manager; and from May 2008 to November 2017, he was employed by Hulumbeier Shengshi Mining Investment Co., Ltd.* (呼倫貝爾盛世礦業投資有限公司) with his last position as the general manager.

Mr. Ma is the uncle of Mr. Ma Tianyi, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Ma is also a cousin of (i) Mr. Ma Qiang, a former executive Director and a former chairman of the Board; (ii) Mr. Liu Fali, an executive Director and the Chief Operating Officer of the Company; and (iii) Ms. Ma Ye, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Ms. Zhang Jinghua (張敬華), aged 49, has been appointed as an independent non-executive Director, chairperson of Audit Committee and Remuneration Committee and a member of Nomination Committee of the Company with effect from 1 December 2021. She graduated from Georgia State University in May 2000 with a Master Degree in Accounting. She was licensed as a certified public accountant (inactive) in Richmond VA, the United States from October 2002. She has over 20 years of financial management experience.

* *For identification purpose only*

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Ha Suoku (哈索庫), aged 51, has been appointed as an independent non-executive Director, chairperson of Nomination Committee, a member of Audit Committee and Remuneration Committee of the Company with effect from 1 December 2021. He graduated from Department of Economics, Inner Mongolia University in July 1994. He has over 20 years of securities and futures investment experience.

Mr. Li Xu (李煦), aged 50, has been appointed as an independent non-executive Director, and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 20 April 2023. Mr. Li received a bachelor's degree in Economics (International Business Management profession) from the University of International Business and Economics in Beijing (北京對外經濟貿易大學) in July 1997, a master degree in Finance from the Boston College in December 1998 and a degree of doctor of philosophy in accounting from Massachusetts Institute of Technology's Sloan School of Management in June 2004.

Between January to August 1999, Mr. Li worked as a financial analyst in Lucent Technologies Inc., a company which was formerly listed on the New York Stock Exchange. Mr. Li served as an assistant professor of The University of Texas at Dallas from July 2004 to August 2010 and was the assistant professor of Lehigh University from August 2010 to June 2012. Mr. Li has been an associate professor of the Faculty of Business and Economics at the University of Hong Kong since July 2012, where he is mainly involved in imparting practical knowledge in the commercial world during the teaching of accounting and financial management courses. He is also currently the program director of executive master of business administration offered by the University of Hong Kong, where he is responsible for project management and promoting accounting, business and finance education towards the development of the business and finance profession and human capital. Mr. Li become a member of the American Accounting Association since September 2002. Since October 2003, he has obtained the Certified Financial Analyst (CFA) qualification from the CFA Institute (formerly known as the Association for Investment Management and Research). Mr. Li serves as an independent non-executive director of China Tianbao Group Development Company Limited (stock code: 1427) since November 2019, China Kangda Food Company Limited (stock code: 834) since August 2020 to July 2023 and China South City Holdings Limited (stock code: 1668) since May 2023, which are all listed on the Stock Exchange. Save as disclosed above, Mr. Li did not hold any directorship in any listed public companies in the past three years.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Yan Zhihe (閆志賀), aged 58, is the chief engineer of Shengan Chemical (Inner Mongolia) and is responsible for the production technologies, safety, processes and equipment management of the company. Mr. Yan obtained a bachelor's degree majoring in explosives and related technology in 淮南礦業學院 (Huainan Mining Institute) (currently known as 安徽理工大學 (Anhui University of Science & Technology)) in July 1990. He was qualified as a 國家質量工程師 (national quality engineer) and 國家註冊安全工程師 (national certified safety engineer) in December 2002 and January 2006 respectively. From July 1990 and February 2005, he held various positions such as engineer, senior engineer and technical supervisor in 開灤礦務局 (Kailung Coal Mining Bureau), a production base of cleaned coal in the PRC. From February 2005 to April 2007, he worked as an assistant general manager in 承德興湘化工有限公司 (Chengde Xing Xiang Chemical Co., Limited) (currently known as 河北興安民爆有限公司 (Hebei Xingan Civil Explosives Co., Limited), which was then principally engaged in the production of civil explosives. Before he joined the Group in August 2009, he was an assistant general manager of 內蒙古日盛民爆集團有限公司 (Inner Mongolia Ri Sheng Civil Explosives Co., Limited) (which was principally engaged in the production of civil explosives) from April 2007 to July 2009 during which he was responsible for technical support, quality and safety management.

Mr. Zhang Yong (張勇), aged 48, has served as the chairman of Shengan Chemical (Inner Mongolia) since February 2017. He served as the general manager of Inner Mongolia Juli Engineering and Blasting Services Limited responsible for operational management from May 2015 to March 2018. Mr. Zhang obtained a college degree in finance and accounting from 內蒙古財經學院 (Inner Mongolia Finance and Economics College) in July 1997, and an intermediate accounting title in July 2008. From March 2006 to December 2007, he was the chief executive of 內蒙古雙利鐵礦有限公司 (Inner Mongolia Shuangli Iron Ore Co., Ltd.), which was then mainly engaged in iron concentrate. From January 2008 to November 2011, he held the positions such as the chief financial officer and the executive deputy general manager of 烏海市西部煤化工有限公司 (Wuhai Western Coal Chemical Co., Ltd.), which was mainly engaged in the production of coking coal. Mr. Zhang worked as the assistant general manager of Inner Mongolia Juli Engineering Explosive Co., Ltd. from December 2011 to January 2012, and the general manager of 內蒙古鄂托克旗盛安九二九化工有限責任公司 (Inner Mongolia Otog Banner Shengan 929 Chemical Limited) ("Shengan Chemical (Otog Banner)") from February 2012 to April 2015. From December 2011 to August 2016, he was also the assistant general manager of Shengan Chemical (Inner Mongolia) in charge of supply and sales. From March 2023, he has been appointed as the deputy general manager of 西藏福德圓實業集團有限公司 (Tibet Fudeyuan Trading Limited).

COMPANY SECRETARY

Ms. Shen Tianwei (MAPAIS, HKICPA, CICPA) (沈天蔚), aged 51, is the chief financial officer, company secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2006, she has over 13 years of auditing, accounting and financial management experience in Big 4 and other sizable corporations. She has a Master degree in Professional accounting and information system from City University of Hong Kong and is an associate member of both the Hong Kong Institute of Certified Public Accountants and Chinese Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Directors present herewith their annual report and the audited consolidated financial statements of the Group for the Year.

BUSINESS REVIEW

A review of the Group's business, description of the principal risks and uncertainties facing by the Group, and discussion on the future development in the Group's business are set out in to the section headed "Management Discussion and Analysis" of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company continued to be investment holding. Details of the principal activities of the Group's subsidiaries are set out in note 47 to the consolidated financial statements.

An analysis of the Group's revenue contributed by its principal activities for the Year are set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the Year are set out in the consolidated statement of comprehensive income on pages 89 to 90.

The financial position of the Group as at 31 March 2024 are set out in the consolidated statement of financial position on pages 91 to 92.

The Board recommends the payment of final dividend of HK$0.01 per share (2023: HK$0.01 per share) in respect of the Year (the "Proposed Final Dividend"). The Proposed Final Dividend, if approved, shall be payable on Friday, 6 December 2024 and is subject to the approval of the shareholders of the Company at the annual general meeting of the Year ("2024 AGM"). The shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 10 October 2024 will be entitled to the Proposed Final Dividend.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2024 AGM

The register of members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 September 2024. The record date for the attending and voting at the meeting is Friday, 13 September 2024.

b. For determining the entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from Monday, 7 October 2024 to Thursday, 10 October 2024 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to qualify to receive the Proposed Final Dividend, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 October 2024. The record date for determining the entitlement to the Final Dividend is Thursday, 10 October 2024.

FINANCIAL SUMMARY

A summary of the financial performance and the assets and liabilities of the Group for the last five financial years is set out on page 202 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group for the Year.

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 95 to 96.

DISTRIBUTABLE RESERVES

As at 31 March 2024 and 2023, the Company's distributable reserves, subject to a solvency test, amounted to approximately RMB722 million and RMB709 million respectively.

SHARE CAPITAL

Details of movements in share capital of the Company during the Year are set out in note 36 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations totalling RMB1.63 million (2023: RMB0.24 million).

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

DIRECTORS' REPORT

DIRECTORS

The Directors who held office during the Year and up to the date of this report were:

Executive Directors

Mr. Ma Tianyi *(Chairman and Chief Executive Officer)*
Mr. Liu Fali *(Chief Operating Officer)*
Ms. Qin Chunhong
Mr. Xiong Zeke *(resigned on 14 April 2023)*
Mr. Ma Gangling *(resigned on 14 April 2023)*
Ms. Ma Ye
Mr. Ma Yong *(appointed on 14 April 2023)*

Independent non-executive Directors

Ms. Zhang Jinghua
Mr. Ha Suoku
Ms. Yao Yunzhu *(resigned on 20 April 2023)*
Mr. Li Xu *(appointed on 20 April 2023)*

In accordance with articles 83(3) and 84(1) of the Company's articles of association, Ms. Qin Chunhong, Ms. Zhang Jinghua and Mr. Ha Suoku will retire as Directors by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

The Company has received from each of the independent non-executive Directors an annual confirmation of their respective independence pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this report, the Company considers that all of the independent non-executive Directors remain independent.

CHANGES IN DIRECTORS' INFORMATION

Changes in the Directors' information in respect of the period between the publication date of the 2022/2023 annual report and this report, which are required to be disclosed pursuant to the requirement of Rule 17.50A of the GEM Listing Rules are set out below:

(1) with effect from 14 April 2023, (i) Mr. Xiong Zeke has resigned as an executive Director and ceased to be an authorised representative of the Company due to the new arrangement of work of the Company; (ii) Mr. Ma Gangling has resigned as an executive Director due to the new arrangement of work of the Company; (iii) Mr. Ma Yong has been appointed as an executive Director; and (iv) Mr. Ma Tianyi has been appointed as an authorised representative of the Company. For details, please refer to the announcement of the Company published on 14 April 2023.

(2) with effect from 20 April 2023, (i) Ms. Yao Yunzhu has resigned as an independent non-executive director and a member of each of audit committee, remuneration committee and nomination committee due to her focus on other personal commitments, and (ii) Mr. Li Xu has been appointed as an independent non-executive director and a member of each of audit committee, remuneration committee and nomination committee. For details, please refer to the announcement of the Company published on 20 April 2023.

DIRECTORS' AND SENIOR MANAGEMENTS' REMUNERATION

The remuneration of the senior management (excluding the Directors) of the Group by band for the Year is set out below:

Remuneration band	**Number of senior management**
Nil to HK$1,000,000	3

Further details of the Directors' remuneration and the five highest paid individuals for the Year are set out in notes 9 and 10 to the consolidated financial statements respectively.

No emoluments have been paid to any of the Directors or any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Year and prior years.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, which were not contract of service with any Director or any person engaged in full time employment of the Company, were entered into or existed during the Year.

No contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholder (as defined in the GEM Listing Rules) of the Company, or any of its subsidiaries.

No contract of significance for the provision of services to the Group by any of the controlling shareholder of the Company or any of its subsidiaries was entered into.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Group within one year without payment of a compensation, other than the statutory compensation.

The appointment of each of the independent non-executive Directors is for a continuous term unless terminated by either party serving not less than 2 month's prior written notice to the other.

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Year, except as disclosed in the section headed "Connected Transactions" in this directors' report and note 40 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

DIRECTORS' INTERESTS IN CONTRACTS

During the Year, except as disclosed in the section headed "Connected Transactions" in this directors' report and note 40 to the consolidated financial statements, none of the Directors is or was materially interested, directly or indirectly, in any contract or arrangement subsisting during the Year or as at 31 March 2024 which was significant in relation to the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO), or which were required, to be entered in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

The Company – interests in Shares and underlying Shares

Name of Director	Capacity/nature of interest	Number and class of securities held *(Note 1)*	Approximate percentage of shareholding *(Note 2)*
Mr. Ma Tianyi	Interest of a controlled corporation *(Note 4)*	58,980,000 ordinary shares (L)	1.66%
	Beneficial owner	2,000,000 ordinary shares (L)	0.06%

Name of Director	Capacity/nature of interest	Number and class of securities held *(Note 1)*	Approximate percentage of shareholding *(Note 2)*
Mr. Liu Fali	Beneficial owner	242,415,854 ordinary shares (L)	6.81%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO	1,659,687,368 ordinary shares (L) *(Note 3)*	46.64%
Ms. Qin Chunhong	Interest of a controlled corporation *(Note 5)*	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	2,540,000 ordinary shares (L)	0.07%
Ms. Ma Ye	Beneficial owner	126,005,000 ordinary shares (L)	3.54%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO	1,776,098,222 ordinary shares (L) *(Note 3)*	49.91%
Mr. Ma Yong	Beneficial owner	169,000 ordinary shares (L)	0.005%

Notes:

1. The letter "L" denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.

2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 31 March 2024.

3. By virtue of the SFO and the Irrevocable Undertaking given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang, (1) Mr. Ma Suocheng was deemed to be interested in all the Shares in which Ms. Ma Xia, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (2) Ms. Ma Xia was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (3) Ms. Ma Ye was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Mr. Liu Fali and Mr. Ma Qiang were interested; and (4) Mr. Liu Fali was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Ma Qiang were interested.

4. These shares represented the interests of Pin On Everest Asset Holdings Ltd in 58,980,000 shares of the Company. As the entire issued share capital of Pin On Everest Asset Holdings Ltd was owned by Mr. Ma Tianyi, he was deemed to be interested in all the shares in which Pin On Everest Asset Holdings Ltd was interested by virtue of the SFO.

5. These shares includes the interests of Crystal Sky Development Inc. in 34,024,908 shares of the Company which is equally owned by Ms. Qin and her husband. Ms. Qin was deemed to be interested in all the Shares by virtue of the SFO.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES UNDER SFO

So far as is known to any Director or chief executive of the Company, as at 31 March 2024, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares

Name of shareholder	Capacity/nature of interest	Number and class of securities held *(Note 1)*	Approximate percentage of shareholding *(Note 2)*
Shiny Ocean	Beneficial owner	1,361,516,331 ordinary shares (L)	38.26%
Ma Family Holdings Co. Limited	Interest of a controlled corporation	1,361,516,331 ordinary shares (L) *(Note 3)*	38.26%
Equity Trustee Limited	Trustee (other than a bare trustee)	1,361,516,331 ordinary shares (L) *(Note 3)*	38.26%
Mr. Ma Suocheng	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO	1,902,103,222 ordinary shares (L) *(Note 4)*	53.45%
Ms. Ma Xia	Beneficial owner	172,166,037 ordinary shares (L)	4.84%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO	1,729,937,185 ordinary shares (L) *(Note 4)*	48.61%
Mr. Ma Qiang	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO	1,902,103,222 ordinary shares (L) *(Note 4)*	53.45%
Mr. Yang Tao	Beneficial owner	274,979,268 ordinary shares (L)	7.73%
Mr. Li Man	Beneficial owner	272,059,268 ordinary shares (L)	7.64%
Mr. Lv Wenhua	Beneficial owner	240,696,854 ordinary shares (L)	6.76%

Notes:

1. The letter "L" denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.

2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 31 March 2024.

3. These shares were held by Shiny Ocean, which was wholly owned by Ma Family Holdings Co. Limited. The entire issued share capital of Ma Family Holdings Co. Limited was owned by Equity Trustee Limited as trustee of the Ma Family Trust of which Mr. Ma Suocheng and male lineal descendants of Mr. Ma Qiang are the discretionary beneficiaries.

4. By virtue of the SFO and the Irrevocable Undertaking given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang, (1) Mr. Ma Suocheng was deemed to be interested in all the Shares in which Ms. Ma Xia, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (2) Ms. Ma Xia was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (3) Ms. Ma Ye was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Mr. Liu Fali and Mr. Ma Qiang were interested; and (4) Mr. Liu Fali was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Ma Qiang were interested.

Save as disclosed herein, as at 31 March 2024, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register which was required to be kept under section 336 of the SFO concerning persons carrying rights to vote in all circumstances at general meetings of any other members of the Group.

ISSUE OF SECURITIES

There was no issue of securities by the Company during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws in Cayman Islands.

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

There was no purchase, sale or redemption of the Company's listed shares (including sale of treasury shares (as defined under the GEM Listing Rules)) by the Company or its subsidiaries during the Year.

As at 31 March 2024, the Company has 62,311,000 treasury shares which are intended to form part of the share pool under the share award scheme adopted by the Company on 8 July 2019.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the remuneration of the Directors and the five highest paid individuals in the Group are set out in notes 9 and 10 respectively to the consolidated financial statements.

RETIREMENT BENEFIT COST

Particulars of retirement benefit cost of the Group are set out in note 8 to the consolidated financial statements.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 8 July 2019 (the "**Scheme**"). The following is a summary of the principal terms of the Scheme but does not form part of, nor was it intended to be, part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

Purpose of the Scheme

The purposes of the Scheme are to recognise and reward the contribution of certain employees and directors to the growth and development of the Group, to give incentives to such individuals in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Participants of the Scheme

Any employee or director of any member of the Group is eligible for being selected for participation in the Scheme, excluding any such individual who is resident in a place where the award of Shares and/or vesting and transfer of the relevant Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individuals.

Total Number of Shares to be Granted

The Board shall not make any further award of Shares which will result in the number of Shares awarded by the Board under the Scheme exceeding 200,000,000 Shares.

As at 1 April 2023, 31 March 2024 and the date of this Report, respectively, the total number of Shares available to be awarded under the Scheme is 172,931,000 Shares, representing approximately 4.86% of the issued Shares as at the date of this Report. No Shares were awarded under the Scheme during the Year.

Maximum Entitlement of Each Participant

Generally, there is no limit on the total number of Shares to be awarded to an eligible participant selected by the Board under the Scheme, subject to any rules of the Scheme or as otherwise restricted by the GEM Listing Rules.

Administration of the Scheme

The Scheme shall be subject to the administration of the Board and the trustee in accordance with the rules of the Scheme and the terms of the trust deed made and entered into between the Company and the trustee (as restated, supplemented and amended from time to time) for the administration of the Scheme. The decision of the Board with respect to any matter arising under the Scheme shall be final and binding. The trustee shall hold the trust fund in accordance with the rules of the Scheme and the terms of the trust deed.

Vesting Period of Share Awards Granted under the Scheme

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions (if any) on such selected persons as specified in the Scheme and the relevant grant notice, the respective awarded Shares held by the trustee on behalf of the selected participant shall vest in such selected participant in accordance with the vesting schedule as set out in the grant notice, provided that the selected participant remains at all times after the date of final approval by the Board in connection therewith and on the relevant vesting date(s) an eligible participant of the Group.

The trustee shall cause the awarded Shares to be transferred to such selected participant on the vesting date. The Board may at its absolute discretion, grant additional Shares out of the trust fund representing all or part of the income or distributions declared by the Company or derived from such awarded Shares during the period from the date of award to the vesting date to a selected participant.

Consideration for Acceptance

The Board may award the Shares under the Scheme either without receiving any consideration from the selected persons or requiring the selected persons to contribute cash consideration at the rate fixed by the Board. The purchase price of the Shares shall be at the prevailing marking price on or off market.

Remaining Life of the Scheme

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of five (5) years commencing on the date of adoption of the Scheme (namely, 8 July 2019), hence the Scheme will be expired as at 7 July 2024.

For further details of the Scheme, please refer to the announcement of the Company dated 8 July 2019. No shares were awarded under the Share Award Scheme of the Company during the Year.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this report, there was or is permitted indemnity provision (within the meaning in Section 469 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in the articles of association of the Company being in force.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Year, none of the Directors had rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or had exercised such rights; none of the Company or any of the subsidiaries of the Company was a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTION

The following sets out a summary of the connected transaction of the Company subject to the reporting requirements under Chapter 20 of the GEM Listing Rules for the Year:

Further acquisition of interest in a subsidiary

On 19 April 2023 (after trading hours), Pizu (Tibet) Resources Development and Utilisation Co., Ltd.* (比優西藏資源開發利用有限責任公司) ("Pizu (Tibet)"), an indirect and non-wholly owned subsidiary of the Company, as purchaser, and Mr. Yue Hua (岳華) ("Mr. Yue"), a connected person of the Company at the subsidiary level, as vendor, entered into an equity transfer agreement, pursuant to which, Pizu (Tibet) has agreed to purchase and Mr. Yue has agreed to sell 27% equity interest in Tibet Tianren Mining Co., Ltd.* (西藏天仁礦業有限公司) ("Tibet Tianren"), a non-wholly owned subsidiary of the Company, at a consideration of RMB54,000,000 (equivalent to approximately HK$61,560,000) (the "Acquisition"). The Board considers that Acquisition enables the Group to further develop and expand its mining operation business by consolidating the control over the Target Company, which is in line with the business development strategy of the Group.

For further details, please refer to the announcement of the Company dated 19 April 2023.

None of the related party transactions referred to in note 40 to the consolidated financial statements constituted a "connected transaction" or a "continuing connected transaction" subject to reporting requirements under Chapter 20 of the GEM Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules in respect of the connected transactions or continuing connected transactions.

COMPETING INTERESTS

During the Year, none of the Directors or substantial shareholders or any of their respective associates (as defined in the GEM Listing Rules) had an interest in any business that compete or may compete with the business of the Group.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this Report.

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the Year is set out in note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases during the Year attributable by the Group's five largest customers and suppliers are as follows:

Sales	**Percentage to total sales of the Group (%)**
– The largest customer of the Group	29%
– Five largest customers in aggregate	51%

Purchases	**Percentage to total purchases of the Group (%)**
– The largest supplier of the Group	40%
– Five largest suppliers in aggregate	55%

None of the Directors, their close associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital (excluding treasury shares)) had any interest in the Group's five largest customers or suppliers noted above.

ENVIRONMENTAL PROTECTION

The Group has established an environmental management department and management system and has strictly complied with the relevant laws and regulations of environmental protection promulgated by the PRC government; "Environmental Impact Assessment" and "Designed, Constructed and Put into use or operation simultaneously" systems are stringently implemented during the course of project construction, reconstruction and extension, which are examined and accepted by environmental authority of the PRC. The Environmental, Social and Governance Report for the year ended 31 March 2024 containing all information required by the GEM Listing Rules. Please refer to section headed "2024 Environmental, Social and Governance Report" of this annual report for details.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by its subsidiaries in the British Virgin Islands, Hong Kong, the PRC, Tajikistan and Mongolia and the Company is incorporated in the Cayman Islands and is a listed company on GEM of the Stock Exchange. Therefore, the Group should comply with relevant laws and regulations of Cayman Islands, British Virgin Islands, PRC, Tajikistan, Mongolia and Hong Kong. The Group will seek professional legal opinions from its external legal advisors when necessary to ensure that the Group's transactions and business are in conformity with all applicable laws and regulations.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the Year, there were no material and significant dispute between the Group and its employees, customers and suppliers.

EVENT AFTER THE REPORTING PERIOD

Details of the significant events affecting the Group after the reporting period and up to the date of this annual report are set out in Note 48 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the Year was audited by BDO Limited who will retire as the Company's auditor at the end of the forthcoming annual general meeting of the Company and being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Ma Tianyi
Chairman and Chief Executive Officer

China, 28 June 2024

* *For identification purpose only*

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Pizu Group Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), is pleased to present this Environmental, Social and Governance Report (the "Report") to provide an overview of the Group's management of significant issues affecting the operations, including environmental, social and governance ("ESG") issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with the disclosure requirements under the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). The Group has complied with the "comply or explain" provisions in the GEM Listing Rules.

This Report summarises the performance of the Group with respect to corporate social responsibility, covering its operating activities which are considered as material by the Group – (i) explosives trading, blasting services and mining engineering: manufacturing and sale of explosives, provision of blasting operations and mining engineering in the PRC and Tajikistan; (ii) mining, processing of pyrite, iron ore and copper and the sales of the said mineral products in the PRC; and (iii) trading of non-ferrous metals and minerals in Hong Kong and the PRC. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken the initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in English and Chinese on the websites of the Stock Exchange and of the Company. Should there be any discrepancy between the English and the Chinese versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 April 2023 to 31 March 2024.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email at info@pizugroup.com.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Group is principally engaged in manufacturing and sale of explosives and provision of blasting operation and related services in the PRC and Tajikistan, as well as mining, processing of pyrite, iron ore and copper and the sales of the said mineral products in the PRC.

The Group acknowledges the significance of effective sustainability practices to achieve business excellence and enhance capabilities for long-term competitiveness. The Group is committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and fostering a positive impact on society. The sustainability strategy of the Group is based on compliance with the applicable legal requirements, the principle of sustainability and opinions from stakeholders. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approach to the sustainable development of different areas are illustrated in this Report.

STAKEHOLDER ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Issues of concerns	Engagement channels
Government and Market Regulators	• Compliance with laws and regulations • Proper tax payment • Promotion of regional economic development and employment	• On-site inspections and checks • Research and discussion through work conferences, work reports preparation and submission for approval
Shareholders and Investors	• Return on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders	• Annual general meetings and other shareholder meetings • Annual reports, interim reports, ESG reports, announcements and website • Meeting with investors and analysts
Employees	• Safeguard the rights and interests of employees • Career development opportunities • Health and Safety	• Conferences • Training, seminars, briefing sessions • Cultural and sports activities • Emails and instant messaging systems
Customers	• Safe and high-quality services • Stable relationship • Information transparency • Business ethics	• Website and published financial reports • Emails • Visits and meetings
Suppliers and Partners	• Long-term partnership • Honest cooperation • Fair and open • Risk reduction	• Business meetings, phone calls, interviews • Regular meetings • Review and assessment • Tendering process
Peer and Industry Associations	• Experience sharing and cooperation • Fair competition	• Site visits
Public and Communities	• Community involvements • Social responsibilities	• Volunteering • Charity and social investments

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

This Report is in compliance with the reporting principles determined by the ESG Reporting Guide of the Stock Exchange. The reporting principles are detailed as follows:

MATERIALITY

Based on the principle of materiality, this Report offered an analysis of substantive issues, which were stipulated to the Board for consideration, and ensured the full disclosure of information that has material impact on investors and other stakeholders.

QUANTITATIVE

Based on the quantitative principle, this Report presented statistics on ESG quantitative performance and disclosed 2-year historical data.

BALANCE

Based on the principle of balance, this Report provided a complete and clear disclosure of the Group's ESG practices, thereby avoiding potential improper impacts of choice, omissions or presentation formats on the decisions or judgements of the reader to this Report.

CONSISTENCY

Based on the principle of consistency, this Report employed a consistent and uniform approach for disclosing contents, and provided clear explanations of the calculation formula and statistical calibre of ESG quantitative performance, so that meaningful ESG data comparison can be achieved in the future.

The Group has adopted the principle of materiality in ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix C2 of the GEM Listing Rules) and the guidelines of the Global Reporting Initiative ("GRI").

The Group has evaluated the materiality and importance of ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.

- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of the ESG Reporting Guide (Appendix C2 of the GEM Listing Rules).

Step 2: Prioritisation – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects are covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured all the key and material ESG areas, which were important to the business development, were reported and in compliance with the ESG Reporting Guide.

As a result of this process carried out in 2024, those important ESG areas to the Group were discussed in this Report.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG GOVERNANCE

Board's oversight of ESG issues

Board's overall vision and strategy in managing ESG issues

The board of directors ("Board") has a primary role in overseeing the management of the Group's sustainability issues. During the reporting period, the Board and the ESG Working Group spent significant time in evaluating the impact of ESG-related risks on our operation and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the management has all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

ESG Working Group

To demonstrate our commitment to transparency and accountability, our Group has established an ESG Working Group, which has clear terms of reference that set out the powers delegated to it by the Board. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the reporting period, the ESG Working Group consisted of 21 members.

The ESG Working Group is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group. Different ESG issues are reviewed by the Working Group at meetings quarterly. During the reporting period, the ESG Working Group and the management reviewed the ESG governance and different ESG issues.

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, a materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns of stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritisation with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.

Board review progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectations. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the company aspires to achieve.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG Working Group to carefully examine the attainability of the targets which should be weighed against the company's ambitions and goals. During the reporting period, our Group set targets on an absolute basis.

A. ENVIRONMENTAL ASPECTS

The Group is committed to continuously improving the environmental sustainability of its businesses and ensuring that environmental consideration remains one of the key focuses in fulfilling its obligations to both the environment and the community. Recognising the potential impacts of its businesses on the environment, the Group has established relevant emission reduction and energy-saving initiatives to manage the emissions and minimise the environmental impacts of its operations.

The Group strictly complies with the relevant environmental laws and regulations in the PRC, including the Environmental Protection Law of the PRC. During the reporting period, the Group was not aware (2023: nil) of any material non-compliance with relevant laws and regulations relating to air and greenhouse emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

A1. EMISSIONS

The Group acknowledges its responsibility to reduce emissions. The Group has implemented a policy of "Environmental Facilities Operation and Management" to monitor and manage the emissions generated during the Group's operations. The Group has also appointed relevant personnel to ensure its emission level meets the relevant national standards.

Air Pollutants Emission

The air pollutants emitted by the Group mainly come from fuel consumption during factory operations and vehicle use. It is crucial to implement emission control measures to reduce the environmental impacts and protect the health of employees. The Group strives to mitigate the generation of nitrogen oxides, sulfur dioxide and particulate matter. The Group has adopted different technologies to reduce the amount of air pollutants emitted.

In order to reduce the impact on the surrounding environment caused by exhaust generated during production, the Group increased the percentage of high-quality clean coal usage for production to reduce pollutants from impurities during the reporting period. The Group has also installed desulfurisation facilities in its production line and, with a desulfurisation efficiency of up to 95%, has effectively reduced exhaust emissions. Dust removal facilities have also been installed in production facilities.

Coal yards have been hardened with walls built around them for blockage. Water would be sprayed regularly on the coal piles to significantly reduce dust pollution.

Furthermore, the Group has appointed a third-party vendor to conduct regular inspections and has been monitored by the local Environmental Protection Bureau monitoring team. According to the results of regular monitoring conducted by environmental monitoring agencies, the dust concentration and sulfur dioxide concentration at each of the Group's production sites meet the local emission standards.

The slight increase in air pollutants emissions in 2024 was mainly due to the increase in energy consumption for the increase in explosives manufacturing activities, provision of blasting operations and mineral mining engineering activities in the PRC during the reporting period. Furthermore, the Group has set a comprehensive reduction target by 5% of intensity per area in m^2 on air pollutants over the five-year period.

During the reporting period, the air pollutant emissions were as follows:

Air Pollutants Emission	Unit	2024	2023
Nitrogen oxides (NO_x)	kg	5,998.75	5,865.06
Sulfur dioxide (SO_2)	kg	14,461.22	14,085.17
Particulate matter (PM)	kg	395.16	388.28

Greenhouse Gas ("GHG") Emission

GHG is considered as one of the major contributors to the climate change and global warming. Fuel and electricity consumption account for a major part of the Group's GHG emission. The Group places great emphasis on improving energy efficiency and reducing energy consumption to minimise its GHG emissions. The Group has adopted energy-saving initiatives that will be further elaborated in the section "Use of Resources" of this Report.

Besides, the Group has established business travel conservation policies whereby employees are encouraged to use video conferences and telephone conferences, to reduce the use of company vehicles and instead take public transportation, and the use of electric cars or electric public transport has been reinforced to reduce emissions. Moreover, the Group has planted trees, flowers and grass in the office, production and surrounding areas to increase vegetation coverage, thereby improving the air quality of surrounding areas and absorbing greenhouse gases. In light of the increase in electricity consumption for the increase in explosives manufacturing activities, provision of blasting operations and mineral mining engineering activities in the PRC during the reporting period, the GHG emission increased accordingly in 2024. Furthermore, the Group has set a comprehensive reduction target by 5% of intensity per area in m^2 on GHG emission over the five-year period. During the reporting period, the GHG emission was as follows:

GHG emission	Unit	2024	2023
Scope 1[1]	tonnes of CO_2e	2,444.67	2,403.17
Scope 2[2]	tonnes of CO_2e	66,794.75	53,829.67
Total GHG emission	tonnes of CO_2e	69,239.42	56,232.84
GHG emission intensity	tonnes of CO_2e/area in m^2	0.19	0.16

1 Scope 1: Direct emissions from sources that are owned or controlled by the Group.

2 Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

Wastewater

The Group strives to effectively regulate the discharge of wastewater with the implementation of measures to monitor the pollutant level of wastewater. The Group has installed devices in the discharging pipes to regularly monitor the water quality so as to ensure the discharge of wastewater meets the relevant national standards. The Group also conducts regular maintenance for sewage treatment facilities to ensure efficient operations. The Group has implemented measures for reclaimed water recycling at various operation sites, including re-injecting boiler water vapour collected in the condensing tank into boilers for reuse, flushing toilets with wastewater that has been purified by water treatment equipment, and using sewage and domestic wastewater after precipitation treatment for landscaping use.

Hazardous and Non-hazardous Wastes

The Group recognises the importance of handling the wastes properly in order to minimise the impacts on the environment. The hazardous wastes mainly consist of waste batteries, waste lamps, waste ink cartridges, expired or used medicines in labs, etc., and are stored in a separate location handled with due care and processed by qualified waste disposal service providers.

For non-hazardous waste, it is generated from the Group's factories' operation and production. The Group engages qualified recycling companies to perform waste disposal. The Group strived to reduce the production of solid waste in all aspects of its operation. Raw material barrels are collected and reused in cooperation with the factories.

The Group strives to reduce the amount of waste generated and strengthen the environmental awareness of employees by introducing waste reduction initiatives as follows:

- Double-sided printing is encouraged.
- Employees are encouraged to reuse stationery such as used envelopes.
- Communication by electronic means, such as emails, is promoted.
- Wasted electrical and electronic equipment, such as computers, are donated to charity organisations or recycled by recycling companies.
- Recycling bins are installed to collect recyclables, such as wasted paper and plastics.
- Employees are educated on protecting the work environment through on-the-job training.

The Group generates mining rock as a byproduct during our mining operations, However, we have implemented a strict procedure to effectively handle and repurpose the mining rock, rather than considering it as mere waste. The comprehensive procedure includes the following steps:

Step 1: Strategically sell the mining rock to third-party entities that can make use of it for various purposes.

Step 2: Transform it into backfill slurry. This specialised slurry is then utilised to provide support and reinforcement to the mine's structure, particularly in the mountainous areas.

Step 3: In the event that there is still excess mining rock, we direct it to a tailings pond. The designated pond serves as a disposal site for tailings and other industrial wastes generated during the separation of ore in both metal and non-metal mines. The tailings pond is carefully created by constructing a dam at the entrance of a valley or enclosing a specific land area, which is strictly monitored.

By adhering to this rigorous procedure, we ensure the efficient management and repurposing of the mining rock, thereby minimising waste and promoting sustainability in our mining operations.

During the reporting period, the Group complied with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant environmental protection laws. There was no case of violating environmental laws and regulations during the reporting period. The increase in total waste generated was mainly due to the upsurge in domestic waste caused by the influx of new employees during the reporting period. The Group has set a comprehensive reduction target by 5% of intensity per employee on hazardous waste and non-hazardous waste generated over the five-year period.

The hazardous and non-hazardous wastes generated by the Group were as follows:

Waste generated	Unit	2024	2023
Hazardous waste generated	tonnes	0.05	0.06
Hazardous waste intensity	tonnes/employee	0.000051	0.000062
Non-hazardous waste generated	tonnes	88.71	64.61
Non-hazardous waste recycled	tonnes	13.92	12.92
Non-hazardous waste intensity	tonnes/employee	0.08	0.06
Mining rock	tonnes	897,283.91	754,215.67

A2. USE OF RESOURCES

The major resources used by the Group are fuel, electricity and water. With the implementation of the Group's "Energy Resources Control Procedures", the Group aims to promote resource saving by implementing energy and water efficiency initiatives and motivating its employees to participate in resource conservation activities.

Energy Consumption

Electricity and fuels account for the Group's major energy consumption. In view of the scarcity of energy, the Group has advocated various energy conservation strategies. For example, street lamps in the factory area of the Group, hot water systems in the dormitories, canteen and washrooms are all driven by solar energy, increasing the use of renewable energy, office lighting have all been replaced with energy-saving lamps, and sound and light-controlled bulbs have been installed to avoid permanent lighting in the corridors at night in order to reduce energy waste.

Considering methanol's volatile nature, colourless appearance, flammability, and toxic properties. During the reporting period, our canteens have transitioned from using methanol to electricity as the primary energy source, which leads to zero methanol consumption. This strategic shift aims to enhance the safety of our working environment.

In addition, the temperature of air-conditioning in offices is maintained at an energy-efficient level of around 25 degrees Celsius. An energy-saving mode is set on computers when they are not in use for a long period of time. We also require all office equipment and production machinery to be switched off when leaving work. Furthermore, we use more energy-efficient vehicles to transport blasting materials and more energy-efficient rigs for drilling to reduce the consumption of fossil fuels in factories and production sites. The increase in energy consumption in 2024 was mainly due to the increase in electricity consumption from a newly set up carbon-in-pulp factory in the PRC during the reporting period. The Group has set a comprehensive reduction target by 5% of intensity per area in m^2 on energy consumption over the five-year period.

During the reporting period, the energy consumption was as follows:

Energy Consumption	Unit	2024	2023
Purchase electricity	MWh	82,513.46	65,644.66
Liquified Petroleum Gas ("LPG")	MWh	41.40	48.60
Methanol	MWh	–	19.89
Diesel	MWh	1,185.27	1,254.98
Petrol	MWh	1,815.33	1,751.07
Coal	MWh	4,867.85	4,740.31
Total energy consumption	MWh	90,423.31	73,459.51
Energy consumption intensity	MWh/area in m^2	0.25	0.22

Water Consumption

Water is another important resource used by the Group during its operations. The Group endeavours to conserve water effectively. Employees are reminded to turn off the water taps after use. In case of water leakage from pipes, it is fixed promptly to avoid unnecessary wastage of water. The decrease in water consumption in 2024 was mainly attributable to the effective implementation of a water-saving policy and facilities update by the Group during the reporting period. The Group has set a comprehensive reduction target by 5% of intensity per area in m^2 on water consumption over the five-year period.

During the reporting period, the water consumption was as follows:

Water consumption	Unit	2024	2023
Water consumption	m^3	60,122	64,413
Water consumption intensity	m^3/area in m^2	0.17	0.19

Packaging Materials

The major packaging materials used in our manufacturing business in the PRC are paper, plastic, metal and fabric. The packaging materials consumption slightly decreased in 2024 was mainly attributable to the effective implementation of the packaging materials usage management policy that was implemented by the Group during the reporting period. The Group has set a comprehensive reduction target by 5% of intensity per area in m^2 on packaging materials consumption over the five-year period.

During the reporting period, the consumption of packaging materials is as follows:

Packaging materials consumption	Unit	2024	2023
Paper	tonnes	29.14	28.50
Plastic	tonnes	118.77	132.78
Metal	tonnes	6.72	9.31
Fabric	tonnes	7.13	6.22
Total packaging materials consumption	tonnes	161.76	176.81
Packaging materials consumption intensity	tonnes/ area in m^2	0.00045	0.00052

A3. ENVIRONMENT AND NATURAL RESOURCES

With the aforementioned measures to reduce emissions, waste generation and resources consumption, the Group strives to enhance environmental sustainability and minimise its impacts on the environment and natural resources. Besides, the Group has established a "Pollution Accident Management" session under the policy of "Environmental Facilities Operation and Management System". In case of any accident of pollution, emergency plans will be formulated immediately and the case will be reported to the relevant authorities to reduce the environmental impacts to the minimum.

A4. CLIMATE CHANGE

Governance

Our group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Working Group.

Supported by our ESG Working Group, our Board oversees climate-related issues and risks regularly during board meetings and ensures that they are incorporated into our strategy.

Our ESG Working Group provides effective governance for integrating and addressing ESG issues, including climate change, within our business. The ESG Working Group is responsible for approving operational emissions targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercise to identify gaps in both disclosure and policy relative to the best practice standards. Moreover, the ESG Working Group works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues and report to the management.

Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our product or service range. This diversity of risk is combined with our business strategy and broad geographic footprint helps us distribute risk and provide protection against the impacts of short-term climate change effects. Our products and services continue to provide protection for people in our communities against weather and heat-related disease. Besides, we continue to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a "2°C or lower scenario" through the following steps:

Step 1: Set Future Images Assuming Climate Change Effects

As climate change measures proceeds, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness. In light of these climate change effects, based on the International Energy Agency ("IEA") scenarios and others, we developed multiple future images as the external environment that will surround our Group.

With regard to the IEA scenarios, we put focus on the 2°C scenario (2DS) and pictured future images in case where climate change measures do not progress and where such measures progress further "Beyond 2°C scenario".

Step 2: Consider the Impacts

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that it will be possible to expedite carbon dioxide reduction effects in our society.

With regard to the effects on raw material procurement and production, introduction of and increases in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher raw material procurement and production costs.

On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as flooding.

Step 3: Respond to the Strategies

Our Group will begin promoting the reduction of non-renewable energy in our daily operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through these types of initiatives, we are working to achieve zero carbon emission in our business.

We minimise carbon emissions through comprehensive energy-saving and introduction of renewable energy. With respect to renewable energy in particular, we have set a new target, achieving a reduction rate for purchased electricity in the coming few years.

With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and a sustainable increase in corporate value through appropriate information disclosure, and dialogue with institutional investors and other stakeholders.

Risk Management

Our Group identifies the climate change-related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed can be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of the occurrence of climatic hazards in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyse and evaluate risk

- Identify a set of decision areas or systems (i.e., geographical areas, business operations, assets, ecosystems, etc.) that have the potential to be at risk in future

As outlined within the Governance section above, the Group has robust risk management and business planning processes that are overseen by the board of directors in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organisations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remain gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce its environmental footprint.

Significant Climate-related Issues

During the reporting period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group's business and strategy in (i) operations, products and services, (ii) supply chain and value chain, (iii) adaptation and mitigation activities, (iv) investment in research and development, and (v) financial planning, as well as the steps taken to manage these risks, are as follows:

Climate-related risks description	Financial Impact	Steps taken to manage the risks
Physical Risk		
Acute physical risks		
• Increased severity and frequency of extreme weather events such as cyclones and floods, which may damage our plants.	• Operating cost and maintenance cost increase	• Elevated the dwells in the mines and installed floodgates in designated areas in preparation for increased risk of flooding.
• Increased likelihood of drought, may vulnerable to water stress.	• Revenue decreases	• Planned to adopt scenario analysis to disclose an organisation's planning under future scenarios, most notably one with in a 2°C scenario.
• Increased likelihood and severity of wildfire. Financial loss occurs as the production plants cannot work.	• Revenue decreases	• Monitored and updated climate data closely and regularly, and issued early warnings timely. • Strengthened the HSE (Health, Safety, Environment) management.
Chronic physical risks		
• Extreme variability in weather patterns. Frequent extreme weather events such as heat waves may affect the facilities' operations, while the utilities become frozen under cold waves, which may affect the operations of the mines as well.	• Revenue reduces from decreased production capacity • Maintenance cost increases • Operating cost increases	• Planned facility enhancements aim to reduce vulnerability to climate impacts and enhance long-term climate resilience. • Installed cooling facilities to ensure the facilities operate safely, and adopted warming facilities for the utilities.

Climate-related risks description	Financial Impact	Steps taken to manage the risks
Transitional Risk		
Policy risk		
• The government will introduce more stringent environmental and safety regulations, the metal mines, factories and production sites for explosive products have to upgrade the safety facilities, and maintain the noise generation as well as the impacts of the mining activities to water quality.	• Compliance cost increases possibly	• Paid close attention to the latest policies, regulations and treaties, and avoiding any increase of the company's cost and expenditure due to non-compliance.
• International, domestic, and regional treaties and agreements restricting greenhouse gas emissions, may result in high expenditure for the company.	• Operating cost increases	• Monitor the updates of the relevant laws and agreements, to avoid the unnecessary increase in cost and expenditure due to non-compliance.
Legal risk		
• Compliance with stricter climate change regulations, such as enhanced environmental standards for wastewater and noise treatments in our facilities, exposes our Group to litigation risk if not met.	• Operating cost increases	• Monitored the updates of environmental laws and regulations and implemented wastewater audit in advance.
• Enhanced emissions-reporting obligations. We may have to spend much time on fulfilling the ESG reporting standards to comply with the new regulation.	• Operating cost increases	• Monitored the updates of environmental laws and regulations and implemented GHG emissions calculations in advance.

Climate-related risks description	Financial Impact	Steps taken to manage the risks
Technology risk		
• Transition to low-carbon economy, such as implementing the energy saving strategies and low-carbon production will increase the company's technical innovation costs, and the scale of the new business model will affect the company's development strategy.	• Capital investment in technology development increases • Research and Development (R&D) expense increases	• Increased the investment in technological innovation and vigorously developed low-carbon and energy saving technologies.
Market risk		
• Public climate change awareness can influence demand for low-carbon products and services, affecting the market for civil explosives, blasting services, minerals, and non-ferrous metals. This may lead to increased capital expenditure and limited strategic growth opportunities. • The rapid development of unconventional oil and gas resources, alternative energy, new energy and new products may bring competitive pressure on the company.	• Revenue decreases from decreased demand for goods and the decrease in production capacity • Operating cost increases	• Continuing to pay attention on new trends, clean production, unit cost reduction and efficiency enhancement. • Vigorously developing strategies to save energy and reduce consumptions, to enhance the high-quality sustainable development of mines.
• Price level decreases resulting from the cutthroat competition of the foreign resources and overcapacity, which may bring competitive pressure on the company.	• Production cost increases	• Incorporated climate-related considerations into the investment decision-making process, and increased investment in new and alternative energies.

Climate-related risks description	Financial Impact	Steps taken to manage the risks
Reputational risk		
• A company's low-carbon image holds significant influence and is a key concern for stakeholders. Failing to achieve low-carbon development goals or deviating from the expected routes and measures can have adverse effects on the company's reputation and image.	• Revenue decreases from decreased demand for goods	• Accelerated low-carbon transition, enterprise standardisation of the company, as well as the development of green mines.
• Litigation related to climate may affect the company's reputation and image.	• Operating costs increase	• Extended external communication and participation.
• Standardisation, green and low-carbon factories for explosive products and metal mines have become crucial external labels for the company. Failing to achieve development goals or encountering unexpected obstacles in reaching targets may negatively impact the company's reputation and image.		• Improved level and transparency of ESG information disclosure.

During the reporting period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

Detailed description of climate-related opportunities	Financial Impact
Resource efficiency	
• Use of more efficient modes of transport • Use of more efficient production and distribution processes • Use of recycling • Reduce water consumption	• Operating cost is reduced through efficiency gains and cost reductions
Energy source	
• Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies • Shift toward decentralised energy generation	• Operating cost is reduced through use of lowest-cost abatement • Returns on investment in low-emission technology increases
Products and services	
• Development of climate adaptation and insurance risk solutions • Ability to diversify business activities • Development of new products or services through R&D and innovation	• Revenue increases through new solutions to adaptation needs, such as insurance risk transfer products and services
Markets	
• Access to new markets	• Revenue increases through access to new and emerging markets
Resilience	
• Participation in renewable energy programs and adoption of energy-efficiency measures • Resource substitution or diversification	• Market valuation increases through resilience planning, such as infrastructure, land and buildings • Reliability of the supply chain and ability to operate under various conditions increases • Revenue increases through new products and services related to ensuring resiliency

Metrics and Targets

Our Group adopts the key metrics to assess and manage climate-related risks and opportunities. The energy consumption and greenhouse gas (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information to be material and crucial for evaluating the impact of our operation on global climate change during the reporting period. Our Group regularly tracks our energy consumption and GHG emissions indicators to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute to our effort to have minimal impact on global warming.

The details of time frames over which the target applies and the base year from which progress is measured are described in section A1: "Emissions" and section A2: "Use of Resources" of this Report. Our Group adopts an absolute target to manage climate-related risks, opportunities and performance.

B. SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

B1. EMPLOYMENT

The Group believes employees are valuable assets and the foundation for the success and development of the Group. The Group strives to maintain a safe and equal working environment for our employees, provide development opportunities and promote employee health and well-being. The Group has established a set of human resources management policies in accordance to the Labour Law of the PRC, the Labour Contract Law of the PRC and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The Group's human resources management policies cover the Group's standards in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

The Group provides equal opportunity in all aspects of employment and prohibits discrimination or harassment against any individual on their gender, age, nationality, marital status, disability, race, colour, religion and any other characteristics protected by applicable laws. The Group's employees receive wages higher than the local minimum wage.

Since its establishment, employees are provided with social insurance, including social endowment insurance, unemployment insurance, work injury insurance, maternity insurance and medical insurance. Employees are also entitled to various benefits including marriage leave, compassionate leave, maternal leave as well as statutory holidays.

Since 2019, the Board has adopted the Scheme to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Scheme is subjected to the administration of the Board and the trustee in accordance with the rules of the Scheme and the Trust Deed.

During the reporting period, the Group was not aware (2023: nil) of any material non-compliance with the relevant laws and regulations regarding employment and labour practices in the PRC, Hong Kong and Tajikistan.

As at 31 March 2024, the employee compositions by gender, age group, geographical region, employment type and employment mode, were as follows:

Employee Compositions	2024	2023
By gender		
• Male	80%	80%
• Female	20%	20%
By age group		
• Age 30 or below	17%	16%
• Age 31-40	36%	36%
• Age 41-50	29%	30%
• Age 51 or above	18%	18%
By geographical region		
• The PRC	92%	92%
• Tajikistan	7%	7%
• Hong Kong	1%	1%
By employment type		
• Senior management	6%	6%
• Middle management	8%	8%
• General staff	85%	86%
• Contract/short-term staff	1%	–
By employment mode		
• Full-time staff	99%	99%
• Part-time staff	1%	1%

The employee turnover rate during the reporting period by gender, age group and geographical region are as follows:

Turnover rate	2024	2023
By gender		
• Male	22%	19%
• Female	11%	16%
By age group		
• 30 or below	25%	26%
• 31-40	16%	14%
• 41-50	19%	15%
• 51 or above	26%	25%
By geographical location		
• The PRC	18%	19%
• Tajikistan	47%	10%
• Hong Kong	35%	–

B2. HEALTH AND SAFETY

The Group places the highest priority on securing the health and safety of its employees. The Group continuously monitors and manages matters related to occupational health and safety so as to ensure strict compliance with the relevant laws and regulations in the PRC, Tajikistan and Hong Kong, including the Production Safety Law of the PRC, the Fire Control Law of the PRC and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

Workplace Safety

The Group places great emphasis on the safety of machinery and equipment. The Group conducts regular maintenance on the machinery and equipment to ensure they are in good condition. Operators are required to obtain relevant licenses and should be familiar with the operation of the machines before working on sites. In order to safeguard personal safety, employees are required to wear personal protective equipment when working on sites and equip with safety belts when working at height.

Safety Training and Education

The four major subsidiaries of the Group have established occupational health and safety management systems, and have successfully obtained the OHSAS18001 certification. Safety training is crucial to enhance employees' safety awareness in order to mitigate the risk of work-related injury. The Group has established a "Safety Training Management System" and required contractors and construction units to carry out safety training. The Group reminds employees of the importance of safe operation by posting safety warning signs and safety banners in the workplace, setting up a safety knowledge column and distributing safety leaflets. The Group also provides training for employees who are the first time to use protective equipment to ensure the protective equipment is properly used and maintained so as to protect the safety of employees. Besides, the Group organises safety drills with all operation units in order to ensure employees are prepared to respond in the event of an emergency.

In addition, the Group actively participates in safety training activities organised by the government and industry authorities. During the reporting period, the Group was not aware (2023: nil) of any material non-compliance with the relevant safety laws and regulations in the PRC, Hong Kong and Tajikistan. There was no work-related fatality (2023: nil, 2022: nil) and lost day due to work injury (2023: nil, 2022: nil) occurred during the reporting period.

B3. DEVELOPMENT AND TRAINING

The Group believes the knowledge, skills and capabilities of its employees are vital to the Group's continued business growth and success. Hence, the Group provides training for employees in accordance with the Group's training system to enhance their requisite knowledge and skills in discharging their duties. The training programs offered can be mainly divided into internal and external training.

1. Internal training

The internal training includes orientation training, skills training and attitude training. The orientation training is provided for newly recruited employees. It covers the Group's corporate culture, development history and management practices to familiarise the new employees with the Group's background and strengthen their sense of belonging. Skills training and attitude training are provided to employees based on the Group's development plan and the needs of respective departments.

2. External training

The external trainings include various training courses organised by external institutions and field trips for management staff or professional personnel.

During the reporting period, the percentage of employees trained in each gender and each employee category is as follows:

Percentage of employees trained	2024	2023
By gender		
• Male	58%	59%
• Female	40%	31%
By employee category		
• Senior management	44%	36%
• Middle management	52%	49%
• General staff	55%	55%
• Contract/short-term staff	–	–
Overall	54%	53%

During the reporting period, the detailed breakdown of the percentage of employees trained by gender and employee category is as follows:

Breakdown of the percentage of employees	2024	2023
By gender		
• Male	85%	88%
• Female	15%	12%
By employment category		
• Senior management	5%	4%
• Middle management	8%	8%
• General staff	87%	88%
• Contract/short-term staff	–	–

During the reporting period, the detailed breakdown of the average training hours completed by each employee is as follows:

Average training hours (hours/employee)	2024	2023
By gender		
• Male	12.04	12.41
• Female	7.92	6.22
By employment category		
• Senior management	10.42	9.71
• Middle management	12.87	12.56
• General staff	11.11	11.13
• Contract/short-term staff	–	–

B4. LABOUR STANDARDS

The Group strictly emphasises the prohibition of engaging in child labour and forced labour and fully complies with the relevant laws and regulations in the PRC and Hong Kong, including the Labour Law of the PRC, Provisions on the Prohibition of Using Child Labour and the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong). The Group has formulated the "Prohibition of Child Labour Recruitment and Remedies Procedures" on managing the prohibition of child labour. Regarding the prevention of child labour, candidates are required to present their identity proof for age verification during the recruitment process.

In case of any child labour engaged, the child labour will be stopped from working immediately. The Group will provide medical checks for him/her and bring him/her back home. To prevent reoccurrence, the Group will investigate the cause of misuse of child labour and formulate corrective plans.

During the reporting period, the Group was not aware (2023: nil) of any material non-compliance with relevant laws and regulations related to recruitment of child labour or forced labour practices.

OPERATING PRACTICES

B5. SUPPLY CHAIN MANAGEMENT

The Group's supply chain includes a range of suppliers to provide production materials and components for facilities and machinery. In order to ensure a fair, standardised and transparent tendering process, the Group has developed a set of standard procurement and tendering procedures. Tenderers are required to provide relevant information including safety production permits and qualification certificates, for the purpose of inspection.

The Group has selected its suppliers based on a set of strict criteria. All purchases of bulk raw materials are carried out by means of tendering. The purchase process is led by the enterprise management department and supervised by relevant executives to ensure that the purchasing decisions conform to the principles of fairness, openness and impartiality. The Group will request suppliers to provide quality, environmental, and occupational health and safety certifications for review of their reputation and assessment of their commitment to social responsibility.

The Group has established a code of conduct for the suppliers, including requiring suppliers to ensure that the packaging of products is intact and to prevent environmental pollution caused by packaging damage. The Group has also required suppliers to use environmentally friendly vehicles for product transportation to reduce vehicle exhaust emissions. To ensure that the performance of all suppliers continuously meets the requirements of the Group, we have appointed quality inspectors to inspect all raw materials entering our factories and convened relevant department heads to discuss, review and assess all qualified suppliers each year. All suppliers must comply with all the applicable laws and regulations. If any contravention is found, the supplier relationship will be terminated.

At the end of the reporting period, the Group had 137 suppliers (2023: 155 suppliers) of raw and auxiliary materials, of which 131 (2023: 153) of the suppliers were from Mainland China, 4 (2023: 1) was from Tajikistan, 1 (2023: 1) was from Russia and 1 (2023: 0) was from Uzbekistan.

B6. PRODUCT RESPONSIBILITY

The Group attaches great importance on maintaining the quality of our products and providing safe services to our customers. The Group is in strict compliance with the relevant laws and regulations in the PRC and Hong Kong, including the Production Safety Law of the PRC, the Trademark Law of the PRC and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Management Systems – The Group has established a comprehensive production management system where the entire production process, from raw materials used to semi-finished products and to finished products is strictly monitored by the quality department. Only products that have passed all tests and quality checks would be delivered to customers. All products delivered are accompanied by a quality certificate for identification. Since 2010, the main subsidiaries of the Group have successfully obtained the ISO 9001 Quality Management System Certification, which is an excellent recognition for their quality management.

Quality Control and Safety Management

Quality Inspection – The Group has set up physical and chemical analysis laboratories to carry out different forms of tests and sampling inspections such as sympathetic detonation, explosive grading and detonation velocity to assess the quality and safety of products. The Group has also regularly sent samples to the National Civil Explosive Quality Inspection Centre for testing in order to ensure that products leaving the factory meet the relevant specifications and safety requirements.

Excellent Construction – At the production sites where blasting is performed, we will exercise vigilance in the vicinity of the blasting process and will never use expired or unqualified detonators or explosives in order to ensure safety. After completion of the blasting, we will perform a post-explosion inspection to check whether the blasting has achieved the expected effect.

Product Information – The content of the Group's bilingual brochure has been strictly reviewed and verified by all departments, so as to ensure that all information received by customers on the Group's products and services is accurate and all aspects of product promotion are in compliance with the law. In addition, the Company will arrange meetings with sales personnel and sales assistants periodically to require them to improve product services and master product-related knowledge. The labels on our products have Chinese and English descriptions to help customers understand the correct use of our products.

Customer Feedback – The Group has established Measures for Management of Product Quality Accidents whereby whenever customer feedback on quality is received, the sales personnel of the supply and marketing department will promptly communicate with the customer concerned, and the quality control leading group will supervise and follow up on the quality accident and implement preventive, corrective and improvement measures to prevent the recurrence of product defect. When it is confirmed that a recall is needed, we will assist the customer to go through legal procedures with the government. The Group will regularly conduct customer satisfaction surveys by using questionnaires and make follow-up calls to better understand customers' opinions on the Group's products and services.

During the reporting period, no complaint (2023: nil) related to the service and products was received, and no products sold or shipped (2023: nil) were subjected to recalls for safety and health reasons by the Group.

Customer Data Protection and Privacy

The Group acknowledges the importance to safeguard and protect customer personal data. The Group has established a confidentiality policy to raise the awareness of confidentiality of employees. Employees are required to sign a confidentiality agreement and fully abide by the guidance on prohibiting any unauthorised disclosure of confidential information.

During the reporting period, the Group was not aware (2023: nil) of any material non-compliance with the relevant laws and regulations in relation to the customer data protection and privacy in the PRC and Hong Kong.

B7. ANTI-CORRUPTION

The Group is committed to upholding high standards of business ethics and integrity in the conduct of the Group's businesses and operations. The Group strictly adheres to all the relevant laws and regulations, including the Anti-Unfair Competition Law of the PRC, Regulations of the People's Republic of China for Suppression of Corruption, the Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

For external management, the Group strives to promote a fair and just commercial competition to achieve win-win situation with external business partners. For internal management, the Group has adopted a policy of "Anti-corruption Management System" and conveys its firm stance against corruption and fraud to our employees. Employees are prohibited from soliciting or accepting cash, banquets, gifts, rebates, commissions or other forms of bribing benefits from customers, potential customers or business partners. The Group provides trainings towards anti-corruption for new employees and existing employees.

The Group has established various communication channels, including phone (a whistle-blowing hotline), email and mail, for employees and stakeholders to report on observed and suspected case of non-compliance and questionable practices involving corruption and fraud. Relevant department is assigned to conduct inspections, handle employee grievance and report the matters of suspected misconduct.

For procurement policy, the Group has established a clear open tender policy to prevent corruption and bribery in procurement activities. To minimise the possibility of malpractice, the Group has clarified the approval authority of personnel at all levels in the Company's contract management system.

During the reporting period, no legal case concerned (2023: nil) with corruption practices was brought against the Group.

In addition, the Group provided training sessions of anti-corruption to the directors and staff. During the reporting period, the detailed breakdown of the number of employees trained by gender and employee category is as follows:

Anti-corruption Training	2024	2023
Number of employees received anti-corruption training		
• Board	–	5
• Senior management	16	15[3]
• Middle management	34	33[3]
• General staff	431	411[3]
Total employees	**481**	**464**[3]
Number of anti-corruption training hours		
• Board	–	15
• Senior management	53	67[3]
• Middle management	135	248[3]
• General staff	1,504	2,086[3]
Total number of anti-corruption training hours	**1,692**	**2,416**[3]

[3] The year 2023 data has been restated to correct previous data.

COMMUNITY

B8. COMMUNITY INVESTMENT

The Group is constantly aware of the needs of community and takes up its corporate responsibility to contribute to the society. The Group has adopted a "Corporate Investment Policy" and actively participated in local community activities. The Group focuses on the living standards of community, cultural projects, education and development and labour cooperation. The Group also encourages its employees to dedicate their time and skills to supporting local communities with the aim of creating a harmonious society.

Since 2012, the Group has set up the Sheng'an Foundation for Poverty Alleviation to help college students and families in poverty and patients with major diseases. In addition, the Company has set up a voluntary fire brigade, organised a voluntary tree planting activity each year, periodically helped neighbouring communities build roads and drill wells, and carried out activities to collect clothes, books and other supplies for donation to children in poor mountainous areas, making a significant effort to play an active role in volunteering in large charity activities.

The Group donated approximately RMB1,626,975 (2023: RMB240,000) to different charities and organisations during the reporting period. The detail donation information is as below:

Donees	Amount
Inner Mongolia Wulatehouqi Sheng'an Foundation for Poverty Alleviation (內蒙古烏拉特後旗盛安愛心濟困基金會)	RMB200,000
Inner Mongolia Wulatehouqi Charity Association (內蒙古烏拉特後旗慈善協會)	RMB10,000
Inner Mongolia Ordos Foundation for Poverty Alleviation (內蒙古鄂爾多斯市扶貧基金會)	RMB102,040
Tajikistan Danghara's village	TJS 25,000
Tajikistan Football Federation	TJS 2,000,000

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
A. Environmental			
A1: Emissions			
General Disclosure		"Emissions"	56
KPI A1.1	The types of emissions and respective emissions data	"Emissions – Air Pollutants Emission"	57
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity	"Emissions – Greenhouse Gas Emission"	57
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	"Emissions – Hazardous and Non-hazardous Wastes"	58
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	"Emissions – Hazardous and Non-hazardous Wastes"	58
KPI A1.5	Description of measures to mitigate emissions and results achieved	"Emissions – Air Pollutants Emission", "Emissions – Greenhouse Gas Emission"	56
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	"Emissions – Hazardous and Non-hazardous Wastes"	59
A2: Use of Resources			
General Disclosure		"Use of Resources"	60
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	"Use of Resources – Energy Consumption"	60
KPI A2.2	Water consumption in total and intensity	"Use of Resources – Water Consumption"	61
KPI A2.3	Description of energy use efficiency initiatives and results achieved	"Use of Resources – Energy Consumption"	60
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	"Use of Resources – Water Consumption"	61
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	"Use of Resources – Packaging Materials"	61

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
A3: The Environment and Natural Resources			
General Disclosure		"The Environment and Natural Resources"	61
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	"The Environment and Natural Resources"	61
A4: Climate Change			
General Disclosure		"Climate Change"	62
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them	"Climate Change"	62
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure		"Employment"	70
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	"Employment"	70
KPI B1.2	Employee turnover rate by gender, age group and geographical region	"Employment"	71
B2: Health and safety			
General Disclosure		"Health and Safety"	72
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	No work-related fatality occurred in each of the past three years including the reporting year.	N/A
KPI B2.2	Lost days due to work injury	No lost day due to work injury was occurred during the reporting year.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	"Health and Safety"	72

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
B3: Development and Training			
General Disclosure		"Development and Training"	72
KPI B3.1	The percentage of employee trained by gender and employee category	"Development and Training"	73
KPI B3.2	The average training hours completed per employee by gender and employee category	"Development and Training"	74
B4: Labour Standards			
General Disclosure		"Labour Standards"	74
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	74
KPI B4.2	Description of steps taken to eliminate such practices when discovered	"Labour Standards"	74
Operating Practices			
B5: Supply Chain Management			
General Disclosure		"Supply Chain Management"	74
KPI B5.1	Number of suppliers by geographical region	"Supply Chain Management"	75
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	"Supply Chain Management"	74
B6: Product Responsibility			
General Disclosure		"Product Responsibility"	75
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Group currently does not disclose on this indicator.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with	The Group currently does not disclose on this indicator.	N/A
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	The Group currently does not disclose on this indicator.	N/A
KPI B6.4	Description of quality assurance process and recall procedures	"Product Responsibility – Quality Control and Safety Management"	75
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility – Customer Data Protection and Privacy"	76

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	76
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No concluded legal case regarding corrupt practices was noted.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	76
KPI B7.3	Description of anti-corruption training provided to directors and staff	"Anti-corruption"	77
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	78
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment"	78
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	"Community Investment"	78

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE MEMBERS OF PIZU GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pizu Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 89 to 201, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill and other non-current assets of mining operation

Refer to notes 3.11, 4.1(ii), 19 and 20 to the consolidated financial statements

At the reporting date, management performed impairment assessments on the goodwill and other non-current assets of Anhui Jinding Mining Co., Ltd ("Anhui Jinding") and Tibet Tianren Mining Co., Ltd. ("Tibet Tianren"), the two cash-generating units in the mining operation segment (the "mining operation CGUs"). The goodwill and other non-current assets are assigned to the respective mining operation CGUs to which they belong for the purpose of impairment assessment. As at 31 March 2024, the carrying value of the goodwill, mining rights and property, plant and equipment related to the mining operation CGUs were RMB42,632,000, RMB473,122,000 and RMB1,875,510,000 respectively.

Recoverable amount is the higher of fair value less costs of disposal and value in use. At 31 March 2024, the recoverable amounts of mining operation CGUs were determined by the management using fair value less costs of disposal basis. The Group uses income approach to estimate the fair value less costs of disposal of the mining operation CGUs, which required the management to prepare a cash flow projections based on the updated mine production plan of the mining operation CGUs. The preparation of the cash flow projections required the exercise of significant judgement and estimates by the management in adoption of assumptions, including estimation of mineral and metal reserves, the expected tonnes and grade of mineral and metal mined, long-term commodity prices, production costs, operating expenditure, capital expenditure as well as appropriate discount rate. Estimation uncertainty is considered to be significant due to the long lives of the assets and uncertainty in the timing of future cash flows. In performing the impairment assessment, management was assisted by the external specialists on the part of the mineral and metal resources and reserves estimation and valuations of the cash flow projections.

Based on the impairment assessment, management concluded that impairment provision is not required for Anhui Jinding while a reversal of impairment loss totalling RMB21,397,000 for Tibet Tianren is made for the year ended 31 March 2024.

We have identified the impairment assessment of the goodwill and other non-current assets of the mining operation CGUs as a key audit matter as considerable amount of judgement and estimation being required for the impairment assessment as described above.

Our response:

Our procedures in relation to management's impairment assessment included:

(i) obtaining an understanding of the management's control procedures of impairment assessment and assessing inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factor;

(ii) evaluating the competence, capabilities and objectivity of the specialists;

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill and other non-current assets of mining operation (Continued)

Our response: (Continued)

(iii) evaluating the methodology adopted by the management to estimate the recoverable amount;

(iv) obtaining an understanding on the latest mine plan and ensuring the cash flow projections, reflected the latest plan;

(v) assessing appropriateness of the cash flow projections in determining the recoverable amount, challenging the reasonableness of key assumptions used in the cash flow projections including deployment of mineral reserves, selling prices and operating costs, production volume, and discount rate applied based on our knowledge of the business and industry and with the assistance of our specialists;

(vi) validating key inputs and assumptions adopted in the cash flow projections to supporting evidences including checking to the technical report of the mine and checking the market prices of commodities;

(vii) assessing reliability of management's forecast capital and operating expenditure by comparing budgeted results with actual performance in prior periods;

(viii) checking the mathematical accuracy of the cash flow projections; and

(ix) assessing the disclosure made for the impairment assessment including the sensitivity analysis in consideration of potential impact of reasonably possible downside changes in the key assumptions.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES 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 Hong Kong Financial Reporting Standards issued by the HKICPA 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Lee Ming Wai
Practising Certificate Number P05682

Hong Kong, 28 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000 (Re-presented)
Continuing operations			
Revenue	5	**1,366,367**	1,494,459
Cost of goods sold and services provided		**(794,923)**	(1,057,457)
Gross profit		**571,444**	437,002
Other income	6	**75,582**	37,046
Selling and distribution expenses		**(51,219)**	(47,907)
Administrative and other operating expenses		**(250,506)**	(174,860)
Other gains/(losses)			
Reversal of impairment loss/(impairment loss) on property, plant and equipment	16	**14,837**	(14,837)
Reversal of impairment loss/(impairment loss) on other intangible assets	20	**6,560**	(6,560)
Impairment loss on amount due from a joint venture	21(c)	**–**	(949)
Impairment loss on trade receivables	24	**(17,838)**	(11,439)
Reversal of impairment loss/(impairment loss) on other receivables	25	**633**	(4,585)
Loss on disposal of an associate		**(473)**	–
Loss on disposal of a subsidiary	34	**(4,822)**	–
Profit from operations	7	**344,198**	212,911
Finance costs	11	**(26,237)**	(31,366)
Share of profit of associates	22	**13,638**	13,439
Profit before income tax		**331,599**	194,984
Income tax expense	12	**(75,036)**	(39,449)
Profit from continuing operations		**256,563**	155,535
Loss on discontinued operation, net of tax	13	**(542)**	(929)
Profit from continuing and discontinued operations		**256,021**	154,606

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	2024 RMB'000	2023 RMB'000 (Re-presented)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences arising from:			
– translation of Company's financial statements to presentation currency		**931**	(9,148)
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising from:			
– translation of foreign operations		**(2,072)**	29,749
– reclassification relating to disposal of a subsidiary		**(3)**	–
		(2,075)	29,749
Other comprehensive income for the year		**(1,144)**	20,601
Total comprehensive income for the year		**254,877**	175,207
Profit attributable to:			
Owners of the Company			
– From continuing operations		**131,570**	88,950
– From discontinued operation		**(542)**	(929)
Non-controlling interests			
– From continuing operations		**124,993**	66,585
		256,021	154,606
Total comprehensive income attributable to:			
Owners of the Company			
– From continuing operations		**128,119**	100,093
– From discontinued operation		**(542)**	(929)
Non-controlling interests			
– From continuing operations		**127,300**	76,043
		254,877	175,207
Basic and diluted earnings per share	14	**RMB**	RMB
– from continuing and discontinued operations		**0.037**	0.025
– from continuing operations		**0.038**	0.025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	16	**2,045,669**	1,940,086
Right-of-use assets	17(a)(i)	**43,119**	35,204
Prepayments and other receivables	25	**91,942**	61,708
Deferred tax assets	18	**57,959**	94,110
Goodwill	19	**42,632**	43,359
Other intangible assets	20	**654,920**	576,342
Interest in a joint venture	21	**–**	–
Interests in associates	22	**50,573**	83,034
		2,986,814	2,833,843
Current assets			
Inventories	23	**117,995**	111,220
Contract assets and trade and bills receivables	24	**388,432**	442,115
Other receivables, prepayments and deposits	25	**171,731**	150,808
Amounts due from associates	22(d)	**32,284**	23,748
Amount due from a joint venture	21(c)	**2,838**	1,290
Amounts due from shareholders	26	**–**	343
Restricted bank balances	27	**2,631**	16,056
Cash and cash equivalents	27	**223,776**	586,625
		939,687	1,332,205
Current liabilities			
Trade and bills payables	29	**384,244**	523,546
Other payables and accruals	30	**945,212**	972,694
Borrowings	28	**412,565**	593,000
Dividend payable		**5,813**	4,053
Lease liabilities	17(a)(ii)	**1,823**	2,893
Amount due to an associate	22(d)	**–**	18,000
Amounts due to related companies	26	**85,530**	73,530
Amount due to a shareholder	26	**47,141**	31,553
Income tax payable		**9,493**	7,060
		1,891,821	2,226,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Net current liabilities		**(952,134)**	(894,124)
Total assets less current liabilities		**2,034,680**	1,939,719
Non-current liabilities			
Borrowings	28	**319,708**	270,306
Lease liabilities	17(a)(ii)	**814**	1,956
Deferred tax liabilities	18	**10,586**	9,758
Provision	31	**11,886**	11,886
		342,994	293,906
Net assets		**1,691,686**	1,645,813
Capital and reserves			
Share capital	36	**40,259**	40,259
Treasury shares	36	**(27,640)**	(27,640)
Reserves	37	**836,172**	766,514
		848,791	779,133
Non-controlling interests	38	**842,895**	866,680
Total equity		**1,691,686**	1,645,813

On behalf of the Board

Mr. Ma Tianyi
Director

Ms. Shen Tianwei
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Profit before income tax	**331,057**	194,055
Adjustments for:		
Amortisation of intangible assets	**12,716**	14,168
Depreciation for property, plant and equipment	**91,962**	117,709
Depreciation for right-of-use assets	**3,164**	25,416
Gain on disposal of right-of-use assets	**–**	(4,940)
Loss on disposal of a subsidiary	**4,822**	–
Loss on disposal of an associate	**473**	–
Loss/(gain) on disposal of property, plant and equipment	**893**	(689)
Impairment loss on trade receivables	**17,838**	11,439
(Reversal of impairment loss)/impairment loss on other receivables	**(633)**	4,585
Impairment loss on amount due from a joint venture	**–**	949
(Reversal of impairment loss)/impairment loss on other intangible assets	**(6,560)**	6,560
(Reversal of impairment loss)/impairment loss on property, plant and equipment	**(14,837)**	14,837
Interest income	**(6,041)**	(7,945)
Waiver income	**(32,511)**	–
Compensation income	**(25,352)**	–
Write-off of inventories	**3,312**	–
Finance costs	**26,237**	31,366
Share of profit of associates	**(13,638)**	(13,439)
Net exchange differences	**(3,261)**	4,599
Operating profit before working capital changes	**389,641**	398,670
Increase in inventories	**(8,907)**	(51,619)
Decrease in contract assets and trade and bills receivables	**35,916**	72,752
(Increase)/decrease in other receivables, prepayments and deposits	**(19,963)**	113,477
Decrease in trade and bills payables	**(139,387)**	(102,173)
Increase in other payables and accruals	**7,519**	38,866
Increase in amounts due from associates	**(8,536)**	(3,288)
Cash generated from operations	**256,283**	466,685
Income tax paid	**(35,615)**	(35,010)
Net cash generated from operating activities	**220,668**	431,675

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Interest received		**5,316**	7,945
Proceeds from disposal of property, plant and equipment	41(a)	**1,553**	22,427
Proceeds from disposal of right-of-use assets		**–**	23,555
Purchase of right-of-use assets		**(11,004)**	–
Investment in an associate		**–**	(2,000)
Proceed from disposal of an associate	41(b)	**1,810**	–
(Increase)/decrease in amount due from a joint venture		**(1,548)**	2,297
Acquisition of subsidiaries	32	**–**	2,671
Purchase of property, plant and equipment		**(182,188)**	(215,093)
Increase in prepayments for purchase of property, plant and equipment and land use right		**(4,203)**	(1,778)
Purchase of other intangible assets		**(93,017)**	(38,312)
Dividend received from associates		**25,816**	9,169
Release of restricted bank balance		**13,425**	2,033
Net cash used in investing activities		**(244,040)**	(187,086)
Cash flows from financing activities			
Dividend paid	41(e)	**(30,826)**	(58,925)
Dividend paid to non-controlling interests		**(124,267)**	(103,318)
Contribution from non-controlling interests		**5,000**	75,500
Proceeds from borrowings	41(e)	**250,900**	135,000
Repayment of borrowings	41(e)	**(397,000)**	(288,000)
Interest paid for bank borrowings	41(e)	**(12,072)**	(16,155)
Lease payments	41(e)	**(2,396)**	(19,535)
Advance from a related company	41(e)	**12,000**	–
Repayment to a related company	41(e)	**–**	(16,000)
Advance from a shareholder	41(e)	**14,000**	6,778
Acquisition of additional equity interest in a subsidiary	33	**(54,000)**	–
Net cash used in financing activities		**(338,661)**	(284,655)
Net decrease in cash and cash equivalents		**(362,033)**	(40,066)
Cash and cash equivalents at beginning of the year		**586,625**	623,396
Effect of exchange rate changes on cash and cash equivalents		**(816)**	3,295
Cash and cash equivalents at end of the year		**223,776**	586,625

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Equity attributable to owners of the Company												
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000 (note 37(a))	Capital distributable reserve* RMB'000 (note 37(b))	Contributed surplus* RMB'000 (note 37(c))	Restructuring reserve* RMB'000 (note 37(d))	Merger reserve* RMB'000 (note 37(e))	Foreign currency translation reserve* RMB'000 (note 37(f))	Statutory and other reserves* RMB'000 (notes 37(g) and (h))	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2022	40,259	(27,640)	559,616	25,141	933	89,227	(613,604)	(50,139)	35,410	650,780	709,983	726,616	1,436,599
Profit for the year	–	–	–	–	–	–	–	–	–	88,021	88,021	66,585	154,606
Other comprehensive income:													
Exchange differences from:													
– translation of Company's financial statements to presentation currency	–	–	–	–	–	–	–	(9,148)	–	–	(9,148)	–	(9,148)
– translation of foreign operations	–	–	–	–	–	–	–	20,291	–	–	20,291	9,458	29,749
Total comprehensive income for the year	–	–	–	–	–	–	–	11,143	–	88,021	99,164	76,043	175,207
Transactions with owners:													
Dividends declared or approved	–	–	(30,014)	–	–	–	–	–	–	–	(30,014)	–	(30,014)
Acquisition of subsidiaries (note 32)	–	–	–	–	–	–	–	–	–	–	–	91,839	91,839
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(103,318)	(103,318)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	75,500	75,500
	–	–	(30,014)	–	–	–	–	–	–	–	(30,014)	64,021	34,007
Transfer to statutory and other reserves	–	–	–	–	–	–	–	–	13,737	(13,737)	–	–	–
Utilisation of other reserves	–	–	–	–	–	–	–	–	(6,671)	6,671	–	–	–
At 31 March 2023	40,259	(27,640)	529,602	25,141	933	89,227	(613,604)	(38,996)	42,476	731,735	779,133	866,680	1,645,813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Equity attributable to owners of the Company												
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000 (note 37(a))	Capital distributable reserve* RMB'000 (note 37(b))	Contributed surplus* RMB'000 (note 37(c))	Restructuring reserve* RMB'000 (note 37(d))	Merger reserve* RMB'000 (note 37(e))	Foreign currency translation reserve* RMB'000 (note 37(f))	Statutory and other reserves* RMB'000 (notes 37(g) and (h))	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2023	40,259	(27,640)	529,602	25,141	933	89,227	(613,604)	(38,996)	42,476	731,735	779,133	866,680	1,645,813
Profit for the year	–	–	–	–	–	–	–	–	–	131,028	131,028	124,993	256,021
Other comprehensive income:													
Exchange differences from:													
– translation of Company's financial statements to presentation currency	–	–	–	–	–	–	–	931	–	–	931	–	931
– translation of foreign operations	–	–	–	–	–	–	–	(4,379)	–	–	(4,379)	2,307	(2,072)
– reclassification relating to disposal of a subsidiary (note 34)	–	–	–	–	–	–	–	(3)	–	–	(3)	–	(3)
Total comprehensive income for the year	–	–	–	–	–	–	–	(3,451)	–	131,028	127,577	127,300	254,877
Transactions with owners:													
Dividends declared or approved	–	–	(32,384)	–	–	–	–	–	–	–	(32,384)	–	(32,384)
Acquisition of additional equity interest in a subsidiary (note 33)	–	–	–	–	–	–	–	–	(25,535)	–	(25,535)	(28,465)	(54,000)
Disposal of a subsidiary (note 34)	–	–	–	–	–	–	–	–	–	–	–	(3,353)	(3,353)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(124,267)	(124,267)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	5,000	5,000
	–	–	(32,384)	–	–	–	–	–	(25,535)	–	(57,919)	(151,085)	(209,004)
Transfer to statutory and other reserves	–	–	–	–	–	–	–	–	70,515	(70,515)	–	–	–
Utilisation of other reserves	–	–	–	–	–	–	–	–	(39,315)	39,315	–	–	–
At 31 March 2024	40,259	(27,640)	497,218	25,141	933	89,227	(613,604)	(42,447)	48,141	831,563	848,791	842,895	1,691,686

* The total of these balances at the end of the reporting date represents "Reserves" in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2024

1. CORPORATE INFORMATION

Pizu Group Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 07, 21/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 August 2004.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in manufacturing and sale of explosives, provision of blasting operations and related services and mining operation.

The consolidated financial statements for the year ended 31 March 2024 were approved and authorised for issue by the directors on 28 June 2024.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of new or amended HKFRSs

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

The adoption of these new or amended HKFRSs has no material impact on the Group's consolidated financial statements except as described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2

The HKICPA issued HKFRS Practice Statement 2 *Making Materiality Judgements* in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting polices' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Revised HKFRSs that have been issued but are not yet effective and not early adopted

The following revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants ("2022 Amendments")[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify that the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that an entity will exercise its right to defer settlement of a liability. The amendments also clarify the situations that are considered a settlement of a liability.

In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively. Earlier application is permitted.

The directors of the Company are currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Revised HKFRSs that have been issued but are not yet effective and not early adopted (Continued)

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Early adoption is permitted, but will need to be disclosed.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 21, Lack of Exchangeability

The amendments specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted.

When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The amendments are to be applied prospectively.

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Revised HKFRSs that have been issued but are not yet effective and not early adopted (Continued)

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1 January 2019). Earlier application is permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance, basis of measurement and going concern assumption

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance, basis of measurement and going concern assumption (Continued)

Going concern assumption

As at 31 March 2024, the Group's current liabilities exceed its current assets by RMB952,134,000. In preparing these consolidated financial statements using the going concern basis, the directors of the Company considered the future liquidity of the Group based on a cash flow forecast covering 15 months from the end of the reporting period that takes into account of the following:

(i) The current liabilities consist of contract liabilities of RMB23 million (note 30) which is unlikely to result in future cash outflows as it is highly likely that the performance obligations of the relevant sale contracts would be satisfied.

(ii) A related company and a shareholder have agreed in writing not to demand repayment from the Group for the amounts due to them as at 31 March 2024 of RMB121 million in total until after 30 June 2025.

(iii) The Group had unutilised bank loan facility of RMB109 million as at 31 March 2024 which is not repayable within one year.

(iv) Included in the other payables and accruals of the Group as at 31 March 2024 were amounts due to the 46% Shareholder of Tibet Tianren Mining Co., Ltd (i.e. non-controlling shareholder of a subsidiary) and its creditor, amounted to RMB674 million in aggregate (the "Debts"). As disclosed in note 32(a), the Company obtained control of Tibet Tianren Mining Co., Ltd. ("Tibet Tianren") on 11 November 2022 and the assets and liabilities of Tibet Tianren including the Debts were recognised by the Group on the same date.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Statement of compliance, basis of measurement and going concern assumption (Continued)

Going concern assumption (Continued)

(iv) (Continued)

Tibet Tianren is engaging in mining business and its mine is currently in the stage of preparing for construction in the coming financial year. As at 31 March 2024, Tibet Tianren had net assets of RMB118 million, including non-current assets (mainly property, plant and equipment and mining right) of RMB1,131 million and current liabilities (including the Debts) of RMB986 million.

The directors of the Company anticipate that it is highly unlikely the repayment of the Debts would be made in the next 12 months from the end of the reporting period on the following basis.

– A creditor of the 46% Shareholder of Tibet Tianren applied to the court in the PRC for its liquidation and debt restructuring of the 46% Shareholder of Tibet Tianren, which was accepted by the court in June 2023;

– The repayment demand would not be made until the debt restructuring plan will be formulated by the administrator of the 46% Shareholder of Tibet Tianren; and

– Given the complexity, the debt restructuring process of the 46% Shareholder of Tibet Tianren, including the demand of the Debts to be made, will not be taken within one year after the end of the reporting period despite its contractual term of being repayable on demand, as advised by the legal advisor of the Company.

Up to the date of issue of the consolidated financial statements, the administrator who handles the liquidation and debt restructuring of the 46% Shareholder of Tibet Tianren has identified a potential corporate investor.

During the year, the Group further invested in Tibet Tianren by increasing the equity stake by 27% to reinforce its control of Tibet Tianren. Opportunity also exists for the Group to further acquire the balance of equity interest of Tibet Tianren held by the 46% Shareholder of Tibet Tianren. The Group would procure the necessary funds including to obtain new bank facilities for acquiring the 46% equity interest in Tibet Tianren held by the 46% Shareholder of Tibet Tianren and at the same time to resolve the Debts issue.

(v) The Group is able to generate the net operating cash inflows during the forecast period.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Functional and presentation currency

The functional currency of the Company is Hong Kong Dollars ("HK$"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. In the opinion of the directors, it is appropriate to present the consolidated financial statements in RMB since the Group has been operating in the RMB environment and the Group has planned to continue to invest in the PRC in the long run.

3.3 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (see note 3.4 below) made up to 31 March each year. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate.

Acquisition of businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group has elected to measure the non-controlling interests that represent present ownership interests in the subsidiary at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.3 Business combination and basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Indemnification assets shall be recognised at fair value at acquisition date, and subsequently measured on the same basis as the indemnified liability, subject to any contractual limitations on its amount and the collectability of the indemnification asset. The Group shall derecognise the asset when it collects the asset, sells it, or otherwise loses the right to it.

3.4 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
– Potential voting rights held by the Group, other vote holders or other parties;
– Rights arising from other contractual arrangements; and
– Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions needs to be made, including voting patterns at previous shareholders' meetings.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated using the units of production ("UOP") basis to write off the cost of the asset proportionately to the extraction of the proven and probable mineral reserves.

The estimated useful lives of property, plant and equipment other than construction in progress are as follows:

Buildings	Shorter of the terms of land leases or 20 years
Leasehold improvements	Over the remaining term of the lease
Plant and machinery	2-10 years
Furniture and equipment	3-7 years
Motor vehicles	2-8 years
Mining infrastructure	Mining lifetime of mine

Included in property, plant and equipment is mining infrastructure located at the mining sites. Depreciation is provided to write off the cost of the mining infrastructure using the UOP method based on the proven and probable mineral reserves.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.6 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs of disposal.

3.7 Joint arrangement

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- *Joint ventures:* where the Group has rights to only the net assets of the joint arrangement; or

- *Joint operations:* where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.7 Joint arrangement (Continued)

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interest in a joint venture in the same manner as investments in associates (i.e. using the equity method – see note 3.6).

3.8 Goodwill

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 3.11), and whenever there is an indication that the unit may be impaired.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.9 Other intangible assets

Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses.

Amortisation is provided on a straight-line basis over the useful lives of the following intangible assets as follows:

Computer software	3-10 years
Patents	10 years
Production quota use right	Over 3 years

Mining rights is stated at cost less accumulated amortisation and any impairment losses. Mining rights include cost of acquiring mining licences, exploration and evaluation costs transferred from exploration and evaluation assets and the cost of acquiring interests in the mining reserves of existing mining properties. Mining rights is amortised in accordance with the production plans of the concerned mine over the proven and probable mineral reserves of the mine using the UOP basis. Mining rights is written off to profit or loss if the mining property is abandoned.

The amortisation expense is recognised in profit or loss and included in cost of goods sold or administrative and other operating expenses.

Intangible assets with indefinite useful lives including permanent land use right, production permits and production quotas are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (note 3.11).

3.10 Leases

Group as a lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.10 Leases (Continued)

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
Buildings	Over the lease terms
Motor vehicles	Over the lease terms

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.11 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased, or when annual impairment testing for those assets is required:

- Property, plant and equipment;
- Right-of-use assets;
- Goodwill;
- Other intangible assets;
- Interests in associates;
- Interest in a joint venture;
- Prepayments for purchase of property, plant and equipment and land use right; and
- Investments in subsidiaries.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

Impairment loss recognised for a CGU is charged pro rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.11 Impairment of non-financial assets (Continued)

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's or CGU's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

3.12 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sales.

3.13 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets at fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, other contract assets, other financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are 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. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 *Financial Instruments* ("HKFRS 9") simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, depending on credit worth of customers.

Irrespective of the above, 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.

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, e.g. when the debtor has been placed under liquidation or has been entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 5 years past due, whichever occurs sooner. Financial assets written of 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.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost.

Financial liabilities at amortised cost including trade and bill payables, other payables and accruals, dividend payable, amounts due to related parties and borrowings are subsequently measured at amortised cost, using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(vii) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.14 Revenue recognition

Sale of explosives and mineral concentrates

Revenue from sale of explosives and mineral concentrates is recognised at a point in time when the control of goods have been transferred to the buyer. There is generally only one performance obligation. Invoices are payable upon presentation. New customers and customers related to sale of mineral concentrates are normally required to pay in advance. The advance received is recognised as contract liabilities.

Provision of blasting services

Revenue from the provision of blasting operation is recognised over time when the services are rendered. Invoices are issued monthly. Invoices are usually payable within 60 days.

Part of the invoiced amount will be retained by customers as retention monies and will be settled 6 to 12 months after the completion of the relevant service contracts. Retention monies are recognised as contract assets. The retention receivables will be transferred to trade receivables when the Group has unconditional right to payments from the customers.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.15 Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates 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 at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, 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.

3.16 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.16 Foreign currency (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss to the extent attributable to owners of the Company as part of the profit or loss on disposal.

3.17 Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) *Defined contribution retirement plan*

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.18 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker, i.e. the board of directors (the "Board"), for the purposes of allocating resources to, and assessing the performance of, the Group's various business operation and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3.19 Fair value measurement

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

3.20 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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 of economic benefits is remote. Possible obligations, the existence of which 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 of economic benefits is remote.

Provisions for the Group's obligations for land reclamation are based on estimates of required expenditure for the mine in accordance with the PRC rules and regulations. The Group estimates its liabilities for final reclamation and mine closure based on a detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure date. Provision for land reclamation is reviewed at the end of each of the reporting period and adjusted to reflect the current best estimate. When changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities), the revisions to the obligation and the asset are recognised at the appropriate discount rate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements used in preparing consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's consolidated financial statements, are disclosed below.

4.1 Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions adopted 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:

(i) Impairment of trade and other receivables and contract assets

The Group makes allowance for impairment on trade receivables and contract assets following the accounting policy set out in note 3.13(ii). The Group uses judgement in making assumptions and selecting inputs to determine the ECLs calculations of trade receivables and contract assets, which mainly based on the Group's historical credit loss experience, existing market conditions as well as forward-looking estimates at the end of the reporting period. For other receivables and deposits, the Group assessed ECLs by considering probabilities of default of the counterparties which also requires judgement by the management. Further details about the ECLs assessment are set out in note 44(a).

(ii) Impairment of goodwill and other non-current assets of mining operation

For the purpose of performing impairment assessment as disclosed in notes 19 and 20, the recoverable amount of the CGUs in the mining operation segment were determined based on fair value less costs of disposal which was derived using discounted cash flow expected to be derived from the CGUs. The values of the cash flow are impacted by estimation of mineral and metal reserves, the expected tonnes and grade of mineral and metal mined, long-term commodity prices, production costs, operating expenditure, capital expenditure as well as appropriate discount rate. Future changes in the circumstances and conditions underlying the estimates and judgement exercised may affect the estimation of the recoverable amount and thus result in adjustment to the carrying amounts of those assets comprising the CGUs.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

4.1 Estimation uncertainty (Continued)

(iii) Current tax and deferred tax

Estimation and judgement is required in determining the amount of the provision for taxes and the timing of payment of the related taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

(iv) Impairment of other intangible assets with infinite useful lives

For the purpose of performing impairment assessments for the permanent land use right, production permits and production quotas as disclosed in note 20, the recoverable amount of the CGUs were determined based on value-in-use which was derived using discounted cash flow expected to be derived from the CGUs. The values of the cash flow are impacted by estimation of average growth rate, average operating margin, discount rate and long-term growth rate. Future changes in the circumstances and conditions underlying the estimates and judgement exercised may affect the estimation of the recoverable amount and thus result in adjustment to the carrying amounts of the other intangible assets.

4.2 Critical judgements in applying accounting policies

Going concern assumption

As disclosed in note 3.1, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of using going concern basis is assessed after taking into consideration all relevant available information about the future liquidity and performance of the Group, including the Group's cash position and the operating cash inflow of the Group, availability of financing facilities, and the timing of repayment to the creditors including the undertaking of a related company and a shareholder of the Company not to demand repayment of the balances the Group owed them within 15 months from the reporting date. Such assessment involves uncertainties. Actual outcome could differ significantly and hence render the adoption of the going concern basis inappropriate.

5. REVENUE

The principal activities of the Group are disclosed in note 1. An analysis of the revenue from the Group's principal activities is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers from continuing operations		
Sales of explosives	**715,295**	743,605
Provision of blasting operations	**135,513**	380,910
Sales of mineral concentrates	**515,559**	369,944
	1,366,367	1,494,459

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Bank interest income	**5,316**	7,945
Other interest income	**725**	–
Government grants (note)	**6,181**	11,777
Compensation income (note 25)	**25,352**	–
Waiver income (note 30(a))	**32,511**	–
Rental income	**–**	6,035
Net foreign exchange gain	**158**	273
Gain on disposal of right-of-use assets	**–**	4,940
Gain on disposal of property, plant and equipment	**–**	689
Sundry income	**5,339**	5,387
	75,582	37,046

Note:

Government grants mainly represented value-added tax refund and research and development subsidies received from the PRC government. The Group does not have unfulfilled obligations relating to these grants.

7. PROFIT FROM OPERATIONS

Profit from operations for continuing operations is arrived at after charging/(crediting) the following:

	2024 RMB'000	2023 RMB'000 (Re-presented)
Auditor's remuneration:		
– current year	**2,987**	2,673
– under-provision in previous year	**–**	412
	2,987	3,085
Costs of inventories recognised as expenses	**701,232**	692,305
Write-off of inventories#	**3,312**	–
Amortisation of intangible assets*	**12,716**	14,168
Depreciation for property, plant and equipment	**91,962**	117,709
Depreciation for right-of-use assets	**3,164**	25,363
Loss/(gain) on disposal of property, plant and equipment, net	**893**	(689)
Research and development costs@	**38,119**	41,069
Staff costs (including directors' emoluments) (note 8)	**201,227**	182,920

* included in cost of goods sold and services provided and administrative and other operating expenses in the consolidated statement of comprehensive income

@ included in administrative and other operating expenses in the consolidated statement of comprehensive income

included in cost of goods sold and services provided in the consolidated statement of comprehensive income

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 RMB'000	2023 RMB'000 (Re-presented)
Continuing operations		
Salaries, wages and other benefits	**158,006**	154,334
Contributions to defined contribution retirement plans (note)	**43,221**	28,586
	201,227	182,920

Note:

The Group operated the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set out in the Company's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid. Contributions to the MPF Scheme are recognised as an expense in profit or loss when the services are rendered by the employees.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

In respect of the subsidiary established in Tajikistan, the Group has contributed to the state pension scheme of Tajikistan, which is administrated by the State Social Fund. The pension scheme is a defined contribution scheme. The contribution is calculated at certain percentages of the minimum wages. The Group does not have any pension arrangements separate from the state pension system of Tajikistan. In addition, the Group has no post-retirement benefits or other significant compensation plan in Tajikistan.

For the year ended 31 March 2024, no forfeited contribution in respect of the above defined contribution retirement plans was utilised by the Group to reduce the contribution payable to the plans (2023: Nil).

9. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 March 2024				
Executive directors				
Qin Chunhong	309	–	–	309
Liu Fali	309	387	–	696
Ma Tianyi	–	808	16	824
Ma Ye	218	–	–	218
Ma Yong (Appointed on 14 April 2023)	211	–	–	211
Ma Gangling (Resigned on 14 April 2023)	9	–	–	9
Independent non-executive directors				
Zhang Jinghua	109	–	–	109
Ha Suoku	109	–	–	109
Li Xu (Appointed on 20 April 2023)	103	–	–	103
Yao Yunzhu (Resigned on 20 April 2023)	6	–	–	6
	1,383	1,195	16	2,594
For the year ended 31 March 2023				
Executive directors				
Qin Chunhong	209	–	–	209
Liu Fali	131	387	–	518
Ma Tianyi	–	663	16	679
Ma Ye	209	–	–	209
Xiong Zeke (Resigned on 14 April 2023)	–	741	16	757
Ma Gangling (Resigned on 14 April 2023)	209	–	–	209
Independent non-executive directors				
Zhang Jinghua	104	–	–	104
Ha Suoku	104	–	–	104
Yao Yunzhu (Resigned on 20 April 2023)	104	–	–	104
	1,070	1,791	32	2,893

No incentive payment or compensation for loss of office was paid or payable to any directors during the year ended 31 March 2024 (2023: Nil).

10. FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT EMOLUMENTS

During the year ended 31 March 2024, two (2023: three) of the directors whose emoluments are disclosed in note 9 were among the five individuals of the Group with the highest emoluments. The emoluments of the remaining three (2023: two) highest paid non-director individuals for the current year are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and other benefits in kind	**2,097**	1,299
Contributions to defined contribution retirement plans	**84**	29
	2,181	1,328

The emoluments of the three (2023: two) highest paid non-director individuals are within the following band:

	2024	2023
	No. of individuals	No. of individuals
Nil to HK$1,000,000	**3**	2

No emolument was paid by the Group to any of the non-director highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office in the current year or in prior year.

The emoluments paid or payable to members of senior management (excluding directors) are within the following band:

	2024	2023
	No. of individuals	No. of individuals
Nil to HK$1,000,000	**3**	3

11. FINANCE COSTS

	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities (note 17(a)(ii))	**102**	143
Interest expense on bank borrowings	**11,715**	15,782
Interest expense on other borrowings	**15,424**	15,441
	27,241	31,366
Less: interest capitalisation	**(1,004)**	–
	26,237	31,366

12. INCOME TAX EXPENSE

Income tax expense comprises:

	2024	2023
	RMB'000	RMB'000
Current tax for the year		
PRC Enterprise Income Tax ("EIT")		
– provision for the year	**29,480**	28,430
– (over)/under-provision in respect of previous years	**(1,864)**	307
	27,616	28,737
Tajikistan Corporate Income Tax		
– provision for the year	**10,441**	3,759
Deferred tax expenses for the year (note 18)	**36,979**	6,953
	75,036	39,449

12. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong profits tax and Mongolia corporate income tax is made for current year and prior year as there is no assessable profits arising in Hong Kong or Mongolia for both years. Tajikistan Corporate Income Tax rate is calculated at applicable rates of 23% (for activities other than goods production) and 13% (for activity of goods production); whereas EIT is calculated at the applicable rate of 25%, except that:

(i) The Tajikistan subsidiary of the Company is exempted from Tajikistan Corporate Income Tax for 5 years until June 2022 pursuant to the investment agreement between the subsidiary and the Tajikistan government. During the year ended 31 March 2023, the Tajikistan government further extended the exemption period to November 2022. The Tajikistan subsidiary has adopted the applicable rates above since December 2022.

(ii) Three PRC subsidiaries of the Company which have obtained the New and Hi-tech Enterprise recognition are entitled to enjoy preferential EIT rate of 15% for a period of 3 years from 1 December 2021, 14 December 2022 and 26 October 2023 (2023: 4 September 2020, 1 December 2021 and 14 December 2022) respectively.

(iii) Three branches and two subsidiaries of the Company which are located in the Tibet Autonomous Region of the PRC are entitled to preferential tax rate. Based on the tax ruling announced by the PRC central tax authorities, the EIT rate of Lhasa is 9% for one of the subsidiaries from years 2015 to 2025. The EIT rate will resume to 15% from 2026 onwards if no further announcement from the PRC central tax authorities is made. For other branches and a subsidiary, the EIT rate was 15%.

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2024 **RMB'000**	2023 RMB'000
Profit before income tax	**331,057**	194,055
Tax calculated at the rates applicable to the tax jurisdictions concerned	**77,718**	43,705
Tax effect of exemptions or preferential treatment granted to certain subsidiaries	**(15,853)**	(24,995)
Tax effect of non-deductible expenses	**22,537**	14,531
Tax effect of non-taxable income	**(6,353)**	(4,107)
Tax effect of share of results of associates	**(3,410)**	(3,360)
Tax loss not recognised	**4,629**	7,572
Utilisations of tax loss previously not recognised	**(5,345)**	(109)
(Over)/under-provision in respect of previous years	**(1,864)**	307
Withholding tax on dividends received from subsidiaries during the year not recognised	**2,149**	5,484
Effect of withholding tax on the undistributed profits of PRC subsidiaries	**828**	421
Income tax expense	**75,036**	39,449

13. DISCONTINUED OPERATION

During the year, the Group has deregistered the subsidiary which carried out all of the Group's business of bulk mineral trade, as the commercial viability of the business is not promising. The deregistration constituted as disposal and was completed in April 2023, on which date control of the subsidiary has been lost.

The post-tax loss of discontinued operation was determined as follows:

	2024 **RMB'000**	2023 RMB'000
Results of discontinued operation		
Revenue	**–**	–
Administrative and other operating expenses	**(281)**	(929)
Loss on deregistration of the subsidiary involving in the discontinued operation after tax	**(261)**	–
Loss for the year	**(542)**	(929)
The consolidated statements of cash flows includes the following amounts related to the discontinued operation:		
Operating cash flows	**(281)**	(818)
Investing cash flows	**–**	–
Financing cash flows	**346**	808
Net cash from/(used in) discontinued operation	**65**	(10)

For the purpose of presenting the discontinued operation of bulk mineral trade, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

14. EARNINGS PER SHARE

Basic earnings per share

For continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations is based on the following data:

	2024 RMB'000	2023 RMB'000 (Re-presented)
Profit for the year attributable to owners of the Company	131,028	88,021

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,496,414	3,496,414

For continuing operations

The calculation of the basic earnings per share from continuing operations is based on the following data:

	2024 RMB'000	2023 RMB'000 (Re-presented)
Profit for the year attributable to owners of the Company	131,570	88,950

The denominator is the weighted average number of ordinary shares used for the calculation of basic earnings per share for continuing and discontinued operations as detailed above.

For discontinued operation

The calculation of the loss per share from discontinued operation is based on the following data:

	2024 RMB'000	2023 RMB'000 (Re-presented)
Loss for the year attributable to owners of the Company	(542)	(929)

The denominator is the weighted average number of ordinary shares used for the calculation of basic earnings per share for continuing and discontinued operations as detailed above. Basic loss per share for the discontinued operation is RMB0.001 (2023: RMB0.0003) per share.

Diluted earnings per share

There was no dilutive potential ordinary share in issue during the years ended 31 March 2024 and 2023.

15. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. The information are reported to and reviewed by the Board, the chief operating decision-makers, for the purpose of resource allocation and performance assessment.

An operating segment regarding the bulk mineral trade, which represented the trading of non-ferrous metals and minerals in Hong Kong and the PRC, was discontinued in the current year. The segment information reported in this note does not include any amounts for the discontinued operation, which is described in more detail in note 13. Prior year segment disclosures have been re-presented to conform with the current year's presentation.

The Group has identified and presented the segment information for the following reportable operating segments. These segments are managed separately.

Continuing operations

- Mining operation: exploration, mining and processing of pyrite, iron ore, copper and molybdenum and sales of the said mineral products in the PRC and Mongolia
- Explosives trading and blasting services: manufacturing and sales of explosives and provision of blasting operations in the PRC and Tajikistan

Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Board monitor the results, assets and liabilities attributable to each reportable operating segment on the following basis:

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses including directors' emolument which are managed on group basis are not allocated to individual segments. Segment profit/loss also exclude tax, other income and other operating expenses which are not directly attributable to the operating segments.

Segment assets principally comprise non-current assets and current assets directly attributable to each segment and exclude amounts due from related parties, deferred tax assets, unallocated cash and cash equivalents and unallocated corporate assets.

Segment liabilities include trade and bill payables, other payables, accrued liabilities and other liabilities which are directly attributable to the business activities of the operating segments and exclude amounts due to related parties, dividend payable, income tax payable, deferred tax liabilities and unallocated corporate liabilities.

15. SEGMENT INFORMATION (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment revenue and segment results

For the year ended 31 March 2024

	Continuing operations		
	Mining operation RMB'000	**Explosives trading and blasting services RMB'000**	**Total RMB'000**
Segment revenue			
External sales	**563,358**	**803,009**	**1,366,367**
Segment profit	**177,526**	**168,394**	**345,920**
Unallocated income			**3,131**
Unallocated corporate expenses			**(17,452)**
Profit before income tax from continuing operations			**331,599**

For the year ended 31 March 2023

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000 (Re-presented)
Segment revenue			
External sales	384,684	1,109,775	1,494,459
Segment (loss)/profit	(17,806)	220,616	202,810
Unallocated income			7,595
Unallocated corporate expenses			(15,421)
Profit before income tax from continuing operations			194,984

15. SEGMENT INFORMATION (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment assets and liabilities

As at 31 March 2024

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000
Segment assets	2,775,446	1,013,819	3,789,265
Amounts due from related parties			35,122
Unallocated cash and cash equivalents			19,332
Deferred tax assets			57,959
Unallocated corporate assets			24,823
Consolidated total assets			3,926,501
Segment liabilities	1,707,623	364,951	2,072,574
Amounts due to related parties			132,671
Dividend payable			5,813
Income tax payable			9,493
Deferred tax liabilities			10,586
Unallocated corporate liabilities			3,678
Consolidated total liabilities			2,234,815

15. SEGMENT INFORMATION (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment assets and liabilities (Continued)

As at 31 March 2023

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000 (Re-presented)
Segment assets	2,789,067	1,152,009	3,941,076
Amounts due from related parties			25,381
Unallocated cash and cash equivalents			61,152
Deferred tax assets			94,110
Assets relating to discontinued operation			25
Unallocated corporate assets			44,304
Consolidated total assets			4,166,048
Segment liabilities	1,736,647	634,477	2,371,124
Amounts due to related parties			123,083
Dividend payable			4,053
Income tax payable			7,060
Deferred tax liabilities			9,758
Liabilities related to discontinued operation			211
Unallocated corporate liabilities			4,946
Consolidated total liabilities			2,520,235

15. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended as at 31 March 2024

	Continuing operations				
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Sub-total RMB'000	Unallocated RMB'000	Total RMB'000
Additions to specified non-current assets*	193,309	98,060	291,369	1	291,370
Interest income	3,478	1,208	4,686	1,355	6,041
Interest expenses	25,179	2,049	27,228	13	27,241
Depreciation and amortisation	77,892	28,004	105,896	1,946	107,842
Impairment loss on trade receivables	–	17,838	17,838	–	17,838
Reversal of impairment loss on other receivables	–	633	633	–	633
Reversal of impairment loss on property, plant and equipment	14,837	–	14,837	–	14,837
Reversal of impairment loss on other intangible assets	6,560	–	6,560	–	6,560
Share of profit of associates	–	13,638	13,638	–	13,638
Loss on disposal of a subsidiary	4,822	–	4,822	–	4,822
Loss on disposal of an associate	–	473	473	–	473
Interests in associates	–	50,573	50,573	–	50,573

* including additions to the Group's property, plant and equipment, right-of-use assets and other intangible assets, and investment in/increase in interests of subsidiaries, associates and joint venture.

15. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended as at 31 March 2023

	Continuing operations				
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Sub-total RMB'000	Unallocated RMB'000	Total RMB'000 (Re-presented)
Additions to specified non-current assets*	1,260,071	34,591	1,294,662	1,140	1,295,802
Interest income	–	6,510	6,510	1,435	7,945
Interest expenses	24,324	7,015	31,339	27	31,366
Depreciation and amortisation	93,599	61,949	155,548	1,692	157,240
Impairment loss on trade receivables	–	11,439	11,439	–	11,439
Impairment loss on other receivables	–	4,585	4,585	–	4,585
Impairment loss on amount due from a joint venture	–	949	949	–	949
Impairment loss on property, plant and equipment	14,837	–	14,837	–	14,837
Impairment loss on other intangible assets	6,560	–	6,560	–	6,560
Share of (loss)/profit of associates	(1,420)	14,859	13,439	–	13,439
Interests in associates	–	83,034	83,034	–	83,034

15. SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

For the year ended 31 March 2024

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000
Primary geographic market			
– The PRC	563,358	686,203	1,249,561
– Tajikistan	–	116,806	116,806
	563,358	803,009	1,366,367
Timing of revenue recognition			
At a point in time			
– Sales of mineral concentrates	515,559	–	515,559
– Sales of explosives	47,799	667,496	715,295
	563,358	667,496	1,230,854
Transferred over time			
– Provision of blasting operations	–	135,513	135,513
	563,358	803,009	1,366,367

15. SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers (Continued)

For the year ended 31 March 2023

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000
Primary geographic market			
– The PRC	384,684	1,012,481	1,397,165
– Tajikistan	–	97,294	97,294
	384,684	1,109,775	1,494,459
Timing of revenue recognition			
At a point in time			
– Sales of mineral concentrates	369,944	–	369,944
– Sales of explosives	14,740	728,865	743,605
	384,684	728,865	1,113,549
Transferred over time			
– Provision of blasting operations	–	380,910	380,910
	384,684	1,109,775	1,494,459

15. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are conducted in Hong Kong, other region of the PRC and Tajikistan.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC (country of domicile)	**1,249,561**	1,397,165	**2,859,800**	2,661,804
Hong Kong	**–**	–	**420**	1,346
Mongolia	**–**	–	**–**	7,217
Tajikistan	**116,806**	97,294	**68,635**	69,366
	1,366,367	1,494,459	**2,928,855**	2,739,733

Information about major customers

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

	2024	2023
	RMB'000	RMB'000
Explosive trading and blasting services		
– Customer A	**N/A***	298,215
– Customer B	**146,411**	162,906
Mining operation		
– Customer C	**389,481**	196,257

* Revenue from the customer did not contribute 10% or more of the total revenue of the Group for the year ended 31 March 2024.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Mining infrastructures RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
As at 1 April 2022	239,625	229	320,679	8,582	97,574	833,373	6,145	1,506,207
Additions	35,489	–	7,979	4,067	2,150	66,542	98,866	215,093
Transfers	–	–	–	–	–	81,563	(81,563)	–
Acquisition of subsidiaries (note 32)	11	–	48	278	182	–	714,193	714,712
Disposals	(39,210)	–	(67,003)	(214)	(6,671)	–	–	(113,098)
Exchange realignment	8,758	21	3,342	138	529	–	80	12,868
As at 31 March 2023	244,673	250	265,045	12,851	93,764	981,478	737,721	2,335,782
Additions	3,991	–	11,508	2,466	7,443	–	157,784	183,192
Transfers	24,185	–	14,795	–	–	32,627	(71,607)	–
Disposal of a subsidiary (note 34)	–	–	–	(108)	–	–	–	(108)
Disposals	(768)	–	(4,493)	(626)	(6,928)	–	–	(12,815)
Exchange realignment	2,133	12	817	44	154	–	21	3,181
As at 31 March 2024	274,214	262	287,672	14,627	94,433	1,014,105	823,919	2,509,232
Accumulated depreciation and impairment:								
As at 1 April 2022	70,811	50	142,572	6,015	77,585	31,145	–	328,178
Depreciation	12,198	71	26,488	1,065	10,991	66,896	–	117,709
Written back upon disposals	(10,232)	–	(54,165)	(204)	(3,828)	–	–	(68,429)
Impairment loss recognised (note 20)	–	–	–	–	–	–	14,837	14,837
Exchange realignment	2,043	5	978	62	313	–	–	3,401
As at 31 March 2023	74,820	126	115,873	6,938	85,061	98,041	14,837	395,696
Depreciation	14,252	82	22,936	1,392	4,008	49,292	–	91,962
Disposal of a subsidiary (note 34)	–	–	–	(22)	–	–	–	(22)
Written back upon disposals	(540)	–	(4,116)	(583)	(5,130)	–	–	(10,369)
Reversal of impairment loss (note 20)	–	–	–	–	–	–	(14,837)	(14,837)
Exchange realignment	680	7	318	26	102	–	–	1,133
As at 31 March 2024	89,212	215	135,011	7,751	84,041	147,333	–	463,563
Net carrying amount:								
As at 31 March 2024	185,002	47	152,661	6,876	10,392	866,772	823,919	2,045,669
As at 31 March 2023	169,853	124	149,172	5,913	8,703	883,437	722,884	1,940,086

At the end of the reporting period, the directors of the Company performed impairment assessment for the mining right (note 20) together with property, plant and equipment and other non-current assets which collectively form the CGUs in the mine operating segment. Details of the impairment assessment are set out in notes 19 and 20.

17. LEASES

(a) The Group as lessee

The Group has lease contracts for leasehold land, office premises, staff quarters and motor vehicles. Lump sum payments were made upfront to acquire the interests in the leasehold land in the PRC. Leases of office premises and staff quarters generally have initial lease terms ranging from 1 to 5 years. One of the leases in relation to staff quarter contains early termination option where the Group is reasonably certain not to exercise at the inception of the lease. Leases of motor vehicles ran for 6 to 24 months and the title of the motor vehicles was passed to the Group at the end of the respective leases.

Lease payments of all of the leases above are fixed over the lease terms and do not include contingent rental.

For certain leases of office premises and staff quarters which have lease terms of 12 months, the Group did not capitalise these leases by applying the short-term lease recognition exemption.

(i) Right-of-use assets

The movements of the right-of-use assets in respect of the above leases during the year are set out below:

	Leasehold land	Office premises and staff quarters	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 April 2022	32,224	5,473	40,763	78,460
Additions	–	538	–	538
Depreciation	(823)	(2,445)	(22,148)	(25,416)
Disposal	–	–	(18,615)	(18,615)
Exchange realignment	–	237	–	237
As at 31 March 2023	31,401	3,803	–	35,204
Additions	11,004	–	–	11,004
Depreciation	(958)	(2,206)	–	(3,164)
Exchange realignment	–	75	–	75
As at 31 March 2024	41,447	1,672	–	43,119

17. LEASES (Continued)

(a) The Group as lessee (Continued)

(ii) Lease liabilities

The movements of the lease liabilities in respect of the leases of office premises, staff quarters and motor vehicles are as follows:

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**4,849**	23,457
New leases	**–**	538
Interest expense	**102**	143
Payments	**(2,396)**	(19,535)
Exchange realignment	**82**	246
At the end of the year	**2,637**	4,849
Classified under:		
Non-current portion	**814**	1,956
Current portion	**1,823**	2,893
	2,637	4,849

17. LEASES (Continued)

(a) The Group as lessee (Continued)

(ii) Lease liabilities (Continued)

Future lease payments are due as follows:

	2024		
	Minimum lease payments RMB'000	**Interest RMB'000**	**Present value of minimum lease payments RMB'000**
Within 1 year	**1,881**	**58**	**1,823**
1 to 2 years	**836**	**22**	**814**
	2,717	**80**	**2,637**

	2023		
	Minimum lease payments RMB'000	Interest RMB'000	Present value of minimum lease payments RMB'000
Within 1 year	2,994	101	2,893
1 to 2 years	2,036	80	1,956
	5,030	181	4,849

17. LEASES (Continued)

(a) The Group as lessee (Continued)

(iii) Information in relation to short-term leases

	2024	2023
	RMB'000	RMB'000
Short-term lease expenses	**1,770**	1,841
Aggregate undiscounted commitments for short-term leases	**50**	65

(b) The Group as lessor

The Group leased out certain of its motor vehicles under operating lease arrangements during the year ended 31 March 2023. The terms of the leases required the tenants to pay rents according to the usage of the leased assets.

As at 31 March 2024 and 2023, the Group had no future minimum lease receivable under non-cancellable operating lease with its tenants.

18. DEFERRED TAX ASSETS/(LIABILITIES)

The movements of the deferred tax assets/(liabilities) recognised at the end of the reporting period are as follows:

	Tax losses and depreciation allowance	**Fair value adjustments arising from acquisition of a subsidiary**	**Unrealised profits**	**Undistributed profits of the PRC subsidiaries**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2022	81,050	18,356	1,236	(9,337)	91,305
(Charged)/credited to profit or loss (note 12)	(6,635)	(1,273)	1,376	(421)	(6,953)
At 31 March and 1 April 2023	74,415	17,083	2,612	(9,758)	84,352
(Charged)/credited to profit or loss (note 12)	(37,712)	(861)	2,422	(828)	(36,979)
At 31 March 2024	36,703	16,222	5,034	(10,586)	47,373

18. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**57,959**	94,110
Deferred tax liabilities	**(10,586)**	(9,758)
	47,373	84,352

As at 31 March 2024, the Group had deductible temporary differences arising from unused tax losses arising in the PRC of RMB96,878,000 (2023: RMB275,748,000) and depreciation allowance of RMB85,488,000 (2023: RMB69,092,000) available for offset against future profits. Deferred tax assets of RMB36,703,000 (2023: RMB74,415,000) has been recognised in respect of these deductible temporary differences to the extent of RMB146,812,000 (2023: RMB297,661,000). No deferred tax asset has been recognised in respect of the remaining deductible temporary differences of RMB35,554,000 (2023: RMB47,179,000) due to unpredictability of future profits streams. The unused tax losses arising in the PRC will expire in five years (2023: five years) from the year in which the losses arose.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividend declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 and the applicable tax rate is 5%.

Deferred tax liabilities of RMB10,586,000 (2023: RMB9,758,000) have been recognised in respect of temporary differences relating to undistributed profits of the Group's PRC subsidiaries amounting to RMB211,720,000 (2023: RMB195,160,000). No deferred tax liability has been recorded on the remaining undistributed profits of RMB635,140,000 (2023: RMB585,505,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

There was no significant unrecognised deferred tax liability (2023: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries in other jurisdictions.

19. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost:		
At the beginning of the year	**133,121**	132,394
Acquisition of a subsidiary (note 32(b))	**–**	727
Disposal of a subsidiary (note 34)	**(727)**	–
At the end of the year	**132,394**	133,121
Accumulated impairment:		
At the beginning and the end of the year	**89,762**	89,762
Net carrying amount:		
At the end of the year	**42,632**	43,359
At the beginning of the year	**43,359**	42,632

Impairment testing of goodwill

Goodwill with net carrying amount of RMB42,632,000 (2023: RMB42,632,000) is allocated to the CGU (the "Anhui Jinding CGU") which represents the mine operation conducted by Anhui Jinding Mining Co., Ltd ("Anhui Jinding"), a non-wholly owned subsidiary of the Company and is included in the mining operation segment of the Group.

The carrying amount of the Anhui Jinding CGU mainly comprises the goodwill, property, plant and equipment (note 16) with carrying value of RMB1,089,119,000 (2023: RMB1,057,711,000), mining right (note 20) with carrying value of RMB147,170,000 (2023: RMB149,295,000) and other non-current assets and working capital attributable to the Anhui Jinding CGU.

The Anhui Jinding CGU is tested for impairment annually, and when impairment indication existed. In performing impairment assessment for the Anhui Jinding CGU, the directors engaged John T. Boyd Company, an independent firm of qualified valuers, to assist them in determining the recoverable amount of the Anhui Jinding CGU at the end of the reporting period.

19. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

2024

Recoverable amount is the higher of fair value less costs of disposal and value in use. As at 31 March 2024, the recoverable amount of the Anhui Jinding CGU was determined using fair value less costs of disposal ("FVLCD") basis.

The Group uses income approach to estimate the FVLCD of the Anhui Jinding CGU. The cash flow projection is determined based on financial budget covering a five-year period approved by the management and extended to derive for a mine production plan of 16 years from financial year ending 31 March 2025 ("FY2025") to financial year ending 31 March 2040, which is the estimated life of mine as determined by a mine expert based on current reserves estimation. The post-tax discount rate applied to the cash flow projection is 10.50%. The cash flow projection covers a period exceeding 5 years as based on the expert opinion, the mine is currently able to operate for 16 years. The fair value measurement is categorised into level 3 fair value hierarchy.

Other key assumptions used in determining the recoverable amount of the Anhui Jinding CGU as at 31 March 2024 are as follows:

Reserves – Extraction of probable reserves of 15.22 million tonnes represent key factors the management has considered in the production plan, on the basis of appropriate geological evidence and sampling, with reference to the reserves and resources statement prepared and updated by the mine expert who is an appropriate competent person.

Commodity prices – Commodity prices are based on the average prices of the mineral concentrates over the past four years. These prices are reviewed at least annually.

Production volume – Estimated production volume are based on the detailed life of mine plans taking into account development plans of the mine agreed by management as part of the long-term planning process. Management assumed production volume to be 1 million tonnes per annum ("p.a.") during the first 15 years and reduce to 200,000 tonnes in the last year.

Operating costs – Operating costs are estimated based on a cost forecast prepared by the management with reference to the operation costs incurred in previous years.

19. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

2024 (Continued)

Capital expenditure – As at 31 March 2024, capital planned for operation over the life of the mine includes capital for expansion and replacement capital in the coming 3 financial years for expansion of gold processing facilities and development of deep underground mining area and the stay-in-business capital thereafter. The annual stay-in-business capital is estimated to be RMB9 million to RMB13 million based on historical capital expenditure of Anhui Jinding except for financial year ended 31 March 2032, which is to be RMB36 million when a major repair and replacement of plant and machinery is expected.

Discount rate – The post-tax discount rate is determined using cost of capital and risk-adjusted to reflect specific risks relating to the Anhui Jinding CGU.

The values assigned to key assumptions are consistent with external information sources.

Based on the result of the impairment assessment, the recoverable amount of the Anhui Jinding CGU was higher than its carrying value as at 31 March 2024. Accordingly, the management of the Group determined that impairment loss is not required for the current year.

Management considered more conservative assumptions for certain variables and their financial impact arising are as follows:

(i) Reducing the commodity price of individual mineral concentrates by 5% and the respective recoverable amounts of the Anhui Jinding CGU is still higher than its carrying value;

(ii) Reducing the commodity price of individual mineral concentrates by 10% and impairment loss of RMB4 million to RMB28 million would arise; and

(iii) Increasing discount rate by 1% to 11.5% and the recoverable amount of the Anhui Jinding CGU is still higher than its carrying value.

2023

Recoverable amount is the higher of FVLCD and value in use. As at 31 March 2023, the recoverable amount of the Anhui Jinding CGU was determined using value-in-use (“VIU”) basis.

The VIU of the Anhui Jinding CGU comprises cash flow projection prepared based on a production plan of 13 years ending in calendar year 2035, which is the estimated life of mine as determined by a mine expert based on current reserves estimation. The pre-tax discount rate applied to the cash flow projection is 14.35%. The cash flow projection covers a period exceeding 5 years as based on the expert opinion, the mine is currently able to operate for 13 years.

19. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

2023 (Continued)

Other key assumptions used in determining the recoverable amount of the Anhui Jinding CGU as at 31 March 2023 are as follows:

Reserves – Extraction of probable reserves of 10.7 million tonnes represent key factors the management has considered in the production plan, on the basis of appropriate geological evidence and sampling, with reference to the reserves and resources statement prepared and updated by the mine expert who is an appropriate competent person.

Commodity prices – Commodity prices are based on spot prices of the mineral concentrates at the end of the reporting period. These prices are reviewed at least annually.

Production volume – Estimated production volume are based on the detailed life of mine plans taking into account development plans of the mine agreed by management as part of the long-term planning process. Management assumed production volume to be 1 million tonnes p.a. during the first 9 years until calendar year 2031 and reduce to 500,000 tonnes p.a. or less for the remaining 4 years until calendar year 2035.

Operating costs – Operating costs are estimated with reference to a cost forecast issued by a local expert and adjusted for the actual operating costs incurred for the current year.

Capital expenditure – As at 31 March 2023, the capital planned for operation over the life of the mine is the stay-in-business capital which excluded any capital for expansion and replacement capital. The stay-in-business capital was estimated to be 5% of the operating costs.

Discount rate – The pre-tax discount rate used is in real term and reflect specific risks relating to the Anhui Jinding CGU.

The values assigned to key assumptions are consistent with external information sources.

Based on the result of the impairment assessment, the recoverable amount of the Anhui Jinding CGU was higher than its carrying value as at 31 March 2023. Accordingly, the management of the Group determined that impairment loss is not required for the year ended 31 March 2023.

Management considered more conservative assumptions by (i) reducing the commodity prices by 5% and (ii) increasing the discount rate by 1% and under those situations, the respective recoverable amount of the Anhui Jinding CGU is still higher than its carrying value.

20. OTHER INTANGIBLE ASSETS

	Permanent land use right RMB'000	Production permits RMB'000	Production quotas RMB'000	Production quotas use right RMB'000	Mining rights RMB'000	Computer software RMB'000	Patents RMB'000	Total RMB'000
Cost:								
As at 1 April 2022	2,125	20,522	69,245	–	151,401	309	298	243,900
Additions	–	–	–	12,736	25,576	–	–	38,312
Acquisition of subsidiaries (note 32)	–	–	–	–	315,085	14	–	315,099
Exchange realignment	548	5,302	–	–	70	–	–	5,920
As at 31 March 2023	2,673	25,824	69,245	12,736	492,132	323	298	603,231
Additions	–	–	76,901	–	16,116	–	–	93,017
Disposal of a subsidiary (note 34)	–	–	–	–	(10,104)	–	–	(10,104)
Exchange realignment	133	1,291	–	–	397	–	–	1,821
As at 31 March 2024	2,806	27,115	146,146	12,736	498,541	323	298	687,965
Accumulated amortisation and impairment:								
As at 1 April 2022	–	–	–	–	5,658	208	295	6,161
Charge for the year	–	–	–	2,830	11,314	21	3	14,168
Impairment loss recognised	–	–	–	–	6,560	–	–	6,560
As at 31 March 2023	–	–	–	2,830	23,532	229	298	26,889
Charge for the year	–	–	–	4,245	8,447	24	–	12,716
Reversal of impairment loss	–	–	–	–	(6,560)	–	–	(6,560)
As at 31 March 2024	–	–	–	7,075	25,419	253	298	33,045
Net carrying amount:								
As at 31 March 2024	2,806	27,115	146,146	5,661	473,122	70	–	654,920
As at 31 March 2023	2,673	25,824	69,245	9,906	468,600	94	–	576,342

Production quotas use right

Production quotas use right relates to a lease of production quotas from an independent third party corporate for three years and is included in the explosive trading and blasting services segment.

20. OTHER INTANGIBLE ASSETS (Continued)

Permanent land use right, production permits and production quotas

The useful lives of the permanent land use right and the production permits for the operation in Tajikistan and the production quotas for the operation in the PRC are assessed by management to be indefinite. These assets are tested for impairment annually, and no impairment provision was recorded as at 31 March 2024 (2023: Nil).

Permanent land use right and production permits

Permanent land use right and production permits were tested for impairment at CGU level and the CGU which is included in the explosives trading and blasting services segment is conducted by Subsidiary A (as defined in note 47). The recoverable amount of this CGU was determined using VIU basis, which comprises cash flow projections prepared based on the financial budget approved by the management. The period covered by the financial budget is five years. Key assumptions used in the VIU calculation of the CGU include:

Subsidiary A

(a) Average growth rate of 0% (2023: 2%)

(b) Average operating margin of 58% (2023: 56%)

(c) Pre-tax discount rate of 18% (2023: 17%)

(d) Growth rate in extrapolation of cash flows beyond five years of 0% (2023: 2%).

Production quotas

Production quotas were tested for impairment at CGU level and the respective CGUs which are included in the explosives trading and blasting services segment are conducted by Subsidiary B and Subsidiary C (as defined in note 47). The recoverable amounts of these CGUs were determined using VIU basis, which comprises the respective cash flow projections prepared based on the financial budget approved by the management. The period covered by the financial budget is five years. key assumptions used in the VIU calculation of the CGUs include:

Subsidiary B

(a) Average growth rate of 0% (2023: 0%)

(b) Average operating margin of 41% (2023: 38%)

(c) Pre-tax discount rate of 7.9% (2023: 10%)

(d) Growth rate in extrapolation of cash flows beyond five years of 0% (2023: 0%)

Subsidiary C

(a) Average growth rate of 0% (2023: 0%)

(b) Average operating margin of 43% (2023: 42%)

(c) Pre-tax discount rate of 7.9% (2023: 10%)

(d) Growth rate in extrapolation of cash flows beyond five years of 0% (2023: 0%)

20. OTHER INTANGIBLE ASSETS (Continued)

Permanent land use right, production permits and production quotas (Continued)

The discount rates used reflects specific risk relating to Subsidiary A, Subsidiary B and Subsidiary C. Management estimated the operating margins and growth rates within five-year period based on past experience in explosive business in Tajikistan and the PRC where the above subsidiaries operate. The growth rates used in extrapolation of cash flows of Subsidiary A, Subsidiary B and Subsidiary C beyond the five-year period have been determined with reference to the long-term average growth rate of the explosive industry.

As at 31 March 2024 and 2023, the VIU of the respective CGUs exceeded their carrying amounts, and hence the permanent land use right, the production permits and the production quotas allocated to the respective CGUs were not regarded as impaired.

Mining rights

The mining rights were acquired through the acquisition of 51% equity interest Anhui Jinding in financial year ended 31 March 2021 and the Deemed Acquisition of Tibet Tianren disclosed in note 32(a).

(a) *Anhui Jinding*

The mining right is in respect of a mine located at Lujiang County, Anhui Province, the PRC with an aggregate area of mine field of approximately 1.304 km^2 (the "Huangtun Pyrite Mine"). The mining licence for the Huangtun Pyrite Mine lasts for a period of 27 years which will expire in August 2043. The Huangtun Pyrite Mine contains deposits including cooper, gold, pyrite and iron ore and major mine products include gold-bearing cooper concentrates, sulphur concentrates and iron concentrates. During the financial year, there is a new product, which is gold containing sludge.

At the end of the reporting period, the directors of the Company performed impairment assessment of the mining right together with goodwill, property, plant and equipment and other non-current assets which collectively form the Anhui Jinding CGU of the mining operation. Details of the impairment assessment are set out in note 19.

As at 31 March 2024, the mining right of Anhui Jinding with carrying value of approximately RMB147,170,000 (2023: RMB149,295,000) was pledged to secure the bank borrowings and the entrusted borrowing (note 28).

(b) *Tibet Tianren*

The mining right is in respect of a mine located at Medogongka County, Tibet, the PRC with an aggregate area of mine field of approximately 2.419 km^2 (the "Bangpu Mine"). The mining licence for the Bangpu Mine lasts for a period of 13 years which will expire in October 2024. The Bangpu Mine contains deposits including molybdenum and copper. The Banpu Mine is in the stage of preparing for construction in FY2025.

At the end of the reporting period, the directors of the Company performed impairment assessment of the mining right together with property, plant and equipment and other non-current assets and working capital attributable to the mine of Tibet Tianren, which collectively form the CGU ("Tibet Tianren CGU") of the mining operation.

20. OTHER INTANGIBLE ASSETS (Continued)

Mining rights (Continued)

(b) Tibet Tianren (Continued)

As at 31 March 2024, the mining right of Tibet Tianren with carrying value of approximately RMB325,952,000 (2023: Nil) was pledged to secure for a bank borrowing (note 28).

In performing impairment assessment for the Tibet Tianren CGU, the directors engaged John T. Boyd Company to assist them in determining the recoverable amount of the Tibet Tianren CGU at the end of the reporting period.

2024

Recoverable amount is the higher of FVLCD and VIU. As at 31 March 2024, the recoverable amount of the Tibet Tianren CGU was determined using FVLCD basis.

The Group uses income approach to estimate the FVLCD of the Tibet Tianren CGU. The cash flow projection is determined based on a mine production plan of 20 years, which is the estimated life of mine as determined by a mine expert based on current reserves estimation. The mining licence of Tibet Tianren is valid until October 2024. Renewal of mining licence is a matter of routine in general and is accomplished at no or insignificant costs. Having considered the recent correspondence among the Group with the relevant government authority regarding the extension application of the mining licence and the legal advice on the extension application, management is of view that it is highly probable that the mining licence could be renewed. The post-tax discount rate applied to the cash flow projection is 11.9%. The cash flow projection cover a period exceeding 5 years as based on the expert opinion, the mine is currently able to operate for 20 years from commencement of production in FY2027. The fair value measurement is categorised into level 3 fair value hierarchy.

Other key assumptions used in determining the recoverable amount of the Tibet Tianren CGU as at 31 March 2024 are as follows:

Reserves – Extraction of probable reserves of 115.7 million tonnes represent key factors the management has considered in the production plan, on the basis of appropriate geological evidence and sampling, with reference to the reserves and resources statement prepared and updated by the mine expert who is an appropriate competent person.

Commodity prices – Commodity prices are based on the average prices of molybdenum and copper over the past eight years and four years respectively. These prices are reviewed at least annually.

Production volume – Estimated production volume are based on the detailed life of mine plans taking into account development plans of the mine agreed by management as part of the long-term planning process. Management assumed production volume to be approximately 6 million tonnes p.a. in general during the mine production period except for financial year ending 31 March 2046 (last year) which production volume is expected to be 3.46 million tonnes.

20. OTHER INTANGIBLE ASSETS (Continued)

Mining rights (Continued)

(b) *Tibet Tianren (Continued)*

2024 (Continued)

Operating costs – Operating costs are estimated with reference to a cost forecast issued by a local expert and further adjusted based on the valuer's experience.

Capital expenditure – The Bangpu Mine is expected to commence production in FY2027. All initial capital expenditure required to engineer, design, procure and commission the works is incorporated in the cash flow projection. The capital planned for operation over the life of the mine includes capital for expansion, replacement capital and the stay-in-business capital. The annual stay-in-business capital is estimated to be RMB30 million to RMB60 million in general except for financial year ending 31 March 2037, which is expected to be RMB165 million when a major repair and replacement of plant and machinery is expected.

Discount rate – The post-tax discount rate is determined using cost of capital and risk-adjusted to reflect specific risks relating to the Tibet Tianren CGU.

The values assigned to key assumptions are consistent with external information sources.

Management considered more conservative assumptions for certain variables sensitive to the Tibet Tianren CGU and their financial impact arising are as follows:

(i) Reducing the commodity price of individual mine deposits by 5% and impairment loss of RMB80 million to RMB99 million would arise; and

(ii) Increasing the capital expenditure by 5% and impairment loss of RMB37 million would arise.

2023

Recoverable amount is the higher of FVLCD and VIU. As at 31 March 2023, the recoverable amount of the Tibet Tianren CGU was determined using VIU basis.

The VIU of the Tibet Tianren CGU comprises cash flow projection prepared based on a mine plan of 20 years ending in calendar year 2043, which is the estimated life of mine as determined by a mine expert based on current reserves estimation. The management is of view that they are able to renew the mining licence, which will expire in October 2024, as a matter of routine and at no or insignificant costs. The pre-tax discount rate applied to the cash flow projection is 11.43%. The cash flow projection cover a period exceeding 5 years as based on the expert opinions, the mine is currently able to operate for 20 years.

20. OTHER INTANGIBLE ASSETS (Continued)

Mining rights (Continued)

(b) Tibet Tianren (Continued)

2023 (Continued)

Other key assumptions used in determining the recoverable amount of the Tibet Tianren CGU as at 31 March 2023 are as follows:

Reserves – Extraction of probable reserves of 107.0 million tonnes represent key factors the management has considered in the production plan, on the basis of appropriate geological evidence and sampling, with reference to the reserves and resources statement prepared and updated by the mine expert who is an appropriate competent person.

Commodity prices – Commodity prices are based on the average prices of molybdenum and copper over the past three years. These prices are reviewed at least annually.

Production volume – Estimated production volume are based on the detailed life of mine plans taking into account development plans of the mine agreed by management as part of the long-term planning process. Management assumed production volume to be 6 million tonnes p.a. during the period from calendar year 2026 (commencement of production) to calendar year 2041 and 5 million tonnes p.a. and 3.8 million tonnes p.a. in calendar years 2042 and 2043 respectively.

Operating costs – Operating costs are estimated with reference to a cost forecast issued by a local expert.

Capital expenditure – As at 31 March 2023, the assumptions were the same as the current year except that the capital planned for operation over the life of the mine excluded any capital for expansion and replacement capital. The stay-in-business capital was estimated to be 3% of initial capital expenditure on mine construction.

Discount rate – The pre-tax discount rate used is in real term and reflect specific risks relating to the Tibet Tianren CGU.

The values assigned to key assumptions are consistent with external information sources.

20. OTHER INTANGIBLE ASSETS (Continued)

Mining rights (Continued)

(b) Tibet Tianren (Continued)

As at 31 March 2024, the carrying amount of the Tibet Tianren CGU which comprises property, plant and equipment (note 16) with carrying amount of RMB771,554,000 (2023: RMB721,485,000), mining right with carrying amount of RMB319,392,000 (2023: RMB318,773,000) and working capital attributable to the Tibet Tianren CGU, totalling RMB1,085,465,000 (2023: RMB977,441,000) (before reversal of impairment provision), and the recoverable amount of the Tibet Tianren CGU based on the result of the impairment assessment are as follows:

	2024	2023
	RMB'000	RMB'000
Recoverable amount (note)	**1,165,125**	956,044
Carrying amount	**1,085,465**	977,441
Amount of identified impairment loss	**N/A**	(21,397)

Note: Adjusted the fair value determined by the valuer for the estimated disposal costs, the recoverable amount of the Tibet Tianren CGU would amount to RMB1,165,125,000.

As at 31 March 2024, the recoverable amount of the Tibet Tianren CGU was higher than its carrying value as set out above. The substantial increase in the recoverable amount of the Tibet Tianren CGU as at 31 March 2024 is mainly attributable to the increase in proven reserves of the Tibet Tianren mine and the change in basis in determining recoverable amount where the use of FVLCOD basis warrants higher value for the Tibet Tianren mine. Accordingly, the impairment losses recognised on property, plant and equipment and other intangible assets of RMB14,837,000 (note 16) and RMB6,560,000 respectively were reversed in current year.

As at 31 March 2023, the recoverable amount of the Tibet Tianren CGU was lower than its carrying value and the shortfall of RMB21,397,000 was recognised as impairment loss. The impairment losses were allocated to the carrying amounts of property, plant and equipment and other intangible assets within the Tibet Tianren CGU on a pro rata basis. As a result of the impairment loss, the carrying amounts of property, plant and equipment and other intangible assets were reduced by RMB14,837,000 (note 16) and RMB6,560,000 respectively. The impairment loss for the year ended 31 March 2023 was mainly caused by the increase in discount rate driven by the increase in interest rate.

21. INTEREST IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Share of net assets	–	–

(a) Details of the joint venture are as follows:

Name of joint venture	Form of business structure	Registered capital	Place of establishment and operation	Principal activities	Percentage of ownership interests/voting rights/profit share held by the Group 2024	2023
陝西小山川礦產資源開發建設有限公司 Shaanxi Xiaoshan Chuan Mineral Resources Development and Construction Co., Ltd#	Limited liability company	RMB 90 million	PRC	Construction of mining trails, tunnels, public and residential buildings; mechanical and electrical equipment engineering installation; prefabricated components of the experiment; sale of ready-mixed concrete	51%	51%

\# The English name is for identification purpose only. The official name of the entity is in Chinese.

21. INTEREST IN A JOINT VENTURE (Continued)

(b) Summarised financial information in respect of the Group's joint venture which is considered by the directors as immaterial is presented below:

	2024	2023
	RMB'000	RMB'000
Share of the joint venture's loss for the year	**–**	–
Share of the joint venture's total comprehensive income for the year	**–**	–
Carrying amount of the Group's joint venture	**–**	–

For the year ended 31 March 2024, the unrecognised share of loss of the joint venture amounted to RMB1,775,000 (2023: RMB1,234,000). The cumulative unrecognised share of losses as at 31 March 2024 amounted to RMB3,009,000 (2023: RMB1,234,000).

(c) Amount due from a joint venture is interest-free, unsecured and repayable on demand. No impairment loss on the amount due from a joint venture was recognised during the year (2023: RMB949,000).

22. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**46,573**	79,034
Goodwill on acquisition	**4,000**	4,000
	50,573	83,034

(a) Details of the material associates are as follows:

Name of associate	Form of business structure	Place of establishment and operation	Principal activities	Percentage of ownership interests/voting rights/ profit share held by the Group 2024	2023
內蒙古生力眾成民爆有限公司 Inner Mongolia Shengli Zhongcheng Civil Explosive Company Limited# ("Shengli Zhongcheng")	Limited liability company	PRC	Manufacturing and sale of explosives	**25%**	25%
烏海市天潤爆破服務有限責任公司 Wuhai City Tianrun Blasting Services Company Limited# ("Tianrun Blasting")	Limited liability company	PRC	Provision of blasting operation and related services	**35%**	35%
烏海市安盛爆破服務有限責任公司 Wuhai Ansheng Engineering Co. Limited# ("Wuhai Ansheng")	Limited liability company	PRC	Provision of blasting operation and related services	**34%**	34%

The English names are for identification purpose only. The official names of these entities are in Chinese.

22. INTERESTS IN ASSOCIATES (Continued)

(b) Summarised financial information in respect of the Group's associates which are considered by the directors as material

The following table illustrates the summarised financial information in respect of the material associate and reconciled to the carrying amount of the investments in the consolidated financial statements:

	2024 Shengli Zhongcheng RMB'000
Current assets	68,700
Non-current assets, excluding goodwill	84,880
Current liabilities	(22,321)
Non-current liabilities	–
Net assets, excluding goodwill	131,259
Reconciliation of the Group's investment in the associate:	
Proportion of the Group's ownership	25%
Group's share of net assets of the associate, excluding goodwill	32,815
Goodwill on acquisition of the associate	4,000
Carrying amount of the investment	36,815
Revenue	105,474
Profit for the year	27,321
Total comprehensive income	27,321
Group's share of profit of the associate	6,830
Group's share of total comprehensive income of the associate	6,830
Dividend income from the associate	16,000

22. INTERESTS IN ASSOCIATES (Continued)

(b) Summarised financial information in respect of the Group's associates which are considered by the directors as material (Continued)

	2023 Tibet Tianren RMB'000	2023 Shengli Zhongcheng RMB'000
Current assets	Note	78,794
Non-current assets, excluding goodwill	Note	90,784
Current liabilities	Note	(1,639)
Non-current liabilities	Note	–
Net assets, excluding goodwill	Note	167,939
Reconciliation of the Group's investments in the associates:		
Proportion of the Group's ownership	27%	25%
Group's share of net assets of the associates, excluding goodwill	Note	41,985
Goodwill on acquisition of the associate	Note	4,000
Carrying amount of the investments	Note	45,985
Revenue	–	112,655
(Loss)/profit for the year	(5,258)	29,427
Total comprehensive income	(5,258)	29,427
Group's share of (loss)/profit of the associates	(1,420)	7,357
Group's share of total comprehensive income of the associates	(1,420)	7,357

Note:

As disclosed in note 32(a), Tibet Tianren has become a subsidiary of the Company since 11 November 2022. The carrying value of the Group's 27% equity interest in Tibet Tianren at the date of the Deemed Acquisition (as defined in note 32(a)) of RMB34,155,000 was considered as the consideration for the Deemed Acquisition.

22. INTERESTS IN ASSOCIATES (Continued)

(c) Summarised financial information in respect of the Group's associates which are considered by the directors as immaterial is presented below:

	2024 RMB'000	2023 RMB'000
Share of the associates' profit for the year	**6,808**	7,502
Share of the associates' total comprehensive income for the year	**6,808**	7,502
Aggregate carrying amount of the Group's investments in the associates	**13,758**	37,049
Capital injection to an associate	**–**	2,000
Dividend received from the associates	**9,816**	9,169

(d) Amounts due from/(to) associates are interest-free, unsecured and repayable on demand. Included in the amounts due from associates were balances of RMB19,269,000 (2023: RMB16,748,000) in total which arose from entering into trading transactions with the associates as detailed in note 40(a).

The ageing analysis of the amounts due from associates which is trade nature, based on invoice or transaction date, as of the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
0-30 days	**4,619**	2,996
31-90 days	**7,719**	6,527
91 days to 1 year	**6,931**	7,225
	19,269	16,748

23. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**50,811**	63,645
Finished goods	**67,184**	47,575
	117,995	111,220

24. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Contract assets	**144,575**	181,877
Trade receivables, net	**214,239**	150,555
	358,814	332,432
Bills receivables at FVOCI	**29,618**	109,683
	388,432	442,115

Trade receivables of sales of explosives are due upon presentation of invoices, while the Group grants credit period ranging from 0-60 days to its customers of provision of blasting operations. Customers of sales of mineral concentrates are required to pay in advance in full before delivery of mineral concentrates. Bills receivables generally have credit terms ranging from 6 to 12 months.

Contract assets represent retention receivables arising from provision of blasting operations and related services. Typical terms which impact on the amount of contract assets are set out in note 3.14. The expected timing of recovery or settlement for contract assets at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
With one year	**144,575**	39,659
More than one year but within two years	**–**	142,218
Total contract assets	**144,575**	181,877

24. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES (Continued)

The ageing analysis of net trade receivables and contract assets, based on invoice or transaction date, as of the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
0-30 days	106,870	36,936
31-90 days	39,539	47,302
91 days to 1 year	31,114	69,807
Over 1 year	181,291	178,387
	358,814	332,432

As at 31 March 2024 and 2023, all bills receivables are aged within 1 year.

The movement for the impairment loss of trade receivables is as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	17,007	8,493
Write-off of trade receivables	–	(2,925)
Impairment loss recognised for trade receivables arising from contracts with customers	17,838	11,439
At the end of the year	34,845	17,007

The Group recognised impairment loss for contract assets and trade and bills receivables based on the accounting policies set out in note 3.13(ii). The Group's credit policy and credit risk arising from trade receivables, contract assets and bills receivables are set out in note 44(a)(i).

As at 31 March 2023, contract assets and trade receivables of RMB142,218,000 were pledged to secure the Group's bank borrowings (note 28).

24. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES (Continued)

As at 31 March 2024, the Group endorsed certain bills receivables with carrying amount in aggregate of RMB324,437,000 (2023: RMB497,055,000) (the "Endorsed Bills") for settlement of certain trade payables due to the suppliers. The Endorsed Bills had a maturity of one to six months. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills have a right of recourse against the Group only if the PRC banks which issued the bills receivables default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Bills. Accordingly, it has derecognised the full carrying amounts of the Endorsed Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Bills and the undiscounted cash flows to repurchase these Endorsed Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Endorsed Bills are not significant.

During the years ended 31 March 2024 and 2023, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills. No gains or losses were recognised from Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

During the year ended 31 March 2023, the Group factored certain bills receivables which matured in August 2023 with carrying amount in aggregate of RMB5,000,000 to a bank with recourse. In the opinion of the directors of the Company, the Group retained the contractual rights to receive the cash flows, but assumed a contractual obligation to pay those cash flows to another party. These bills receivables had not been derecognised and a corresponding bank borrowing of RMB5,000,000 was recorded and included in "secured bank borrowings" (note 28) as at 31 March 2023.

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024	2023
	RMB'000	RMB'000
Prepayments for purchase of property, plant and equipment and land use right	**65,865**	61,708
Prepayments to subcontractors and suppliers	**55,455**	49,725
Indemnification asset (note)	**26,077**	–
Deposits and other receivables, net	**87,296**	68,820
Other taxes recoverable	**28,980**	32,263
Total	**263,673**	212,516
Less: Current portion	**(171,731)**	(150,808)
Non-current portion	**91,942**	61,708

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Note:

Indemnification asset is recognised upon business combination as asset of the Group and on the same basis as the indemnified item, taking into account the contractual limitations related to the amount and the collectability. The indemnified item of the respective asset represents the provision for the legal case initiated by a contractor against one of the subsidiaries of the Company in the PRC with details as set out in note 27.

In August 2023, the Group entered into a compensation agreement with the two non-controlling shareholders of the subsidiary, who were also the major shareholders at that time. The agreement confirmed the reimbursement details to the Group. Specifically, the shareholders agreed to cover the incurred liability, up to a maximum amount of RMB27,897,000 (2023: Nil). The repayment of the provided compensation is required within 24 months from the date of the agreement. Additionally, the non-controlling shareholders have the option to offset any future dividend receivable from this subsidiary against the compensation, provided that any discretionary dividends are declared within 24 months from the date of the agreement.

The indemnification asset is classified as non-current as the management expects to realise the asset after twelve months after the reporting period.

The movement for the impairment loss of other receivables is as follows:

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**10,218**	5,633
(Reversal of impairment loss)/impairment loss recognised	**(633)**	4,585
At the end of the year	**9,585**	10,218

The Group recognised impairment loss for other receivables and deposits based on the accounting policies set out in note 3.13(ii).

The Group's credit policy and credit risk arising from other receivables and deposits are set out in note 44(a)(ii).

26. AMOUNTS DUE FROM/TO SHAREHOLDERS/RELATED COMPANIES

Amounts due from/to shareholders and related companies are interest-free, unsecured and repayable on demand.

The amounts due from/to the related parties mainly represented advances to/from these parties.

27. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in bank balances and cash of the Group as at 31 March 2024 were amounts of RMB214,127,000 (2023: RMB593,937,000) which are denominated in RMB. RMB is not a freely convertible currency. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

Restricted bank balances of RMB1,121,000 (2023: RMB16,056,000) represent deposits frozen pursuant to assets preservation orders in relation to a PRC legal case initiated by a contractor against a subsidiary of the Company in prior years for outstanding construction cost payable by the subsidiary. According to the final court judgement issued by the People's Court of Hefei, Anhui Province (the "Court") issued during the year ended 31 March 2024, the subsidiary is liable to pay to the contractor an amount of RMB48,867,000 and the interest and penalty thereon. Based on this judgement, the provision for this obligation has been adjusted to reflect the current best estimate and a portion of the provision has been settled by the Group during the year. Certain portions of the obligation arising from the legal case has been contractually agreed to be indemnified by two non-controlling shareholders of the subsidiary, who were also the then major shareholders at that time, pursuant to the terms as set out in the respective agreements upon its acquisition in prior years. Taking into account the contractual limitations on its amount and the collectability, the valuation of the indemnification asset at the time of the acquisition was determined to be nil by the Group. As there has been no changes in the range of outcomes or assumptions used to estimate the liability, the amount recognised for the indemnification asset remains unchanged. During the year ended 31 March 2024, the indemnification asset is subsequently recognised and adjusted according to the development related to the indemnified matters, as set out above and in note 25.

The remainder of the restricted bank balances of RMB1,510,000 (2023: Nil) represent a time deposit of the Group which is pledged for issuance of a performance bond by a bank in favour of a customer of the Group. The Group is required to indemnify the bank in case the customer claim the bank on non-performance of the Group under the service contract entered into between the Group and the customer.

28. BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings – secured (note (b)):		
Within one year or on demand	85,000	342,000
More than one year, but not exceeding two years	52,000	50,000
More than two years, but not exceeding five years	82,900	–
Over five years	26,000	–
	245,900	392,000
Other borrowings – unsecured (note (c)):		
Within one year	327,565	251,000
More than one year, but not exceeding two years	61,498	122,996
	389,063	373,996
Entrusted borrowing – secured (note (d)):		
More than one year, but not exceeding two years	47,310	47,310
Over five years	50,000	50,000
	97,310	97,310
	732,273	863,306
Classified under:		
Current liabilities	412,565	593,000
Non-current liabilities	319,708	270,306
	732,273	863,306

28. BORROWINGS (Continued)

Notes:

(a) As at 31 March 2024 and 2023, all borrowings were denominated in RMB.

(b) The Group's bank borrowings are secured by:

- the pledge of mining rights of RMB473,122,000 (2023: RMB149,295,000); and
- the guarantees provided by a shareholder of a subsidiary and a former executive director of the Company, Mr. Ma Qiang ("Mr. Ma").

Bank borrowings amounted to RMB85,900,000 (2023: RMB95,000,000) and RMB160,000,000 (2023: RMB292,000,000) are interest-bearing at the PRC Benchmark Lending Rate ("BLR") for loan with maturity of five years or above minus 1.6% (2023: five years or above plus 0.25% per annum) and at the PRC BLR minus 0.30% to the PRC BLR plus 0.25% (2023: PRC BLR minus 2.00% to PRC BLR plus 0.10%) per annum respectively.

The effective interest rates for the bank borrowings ranged from 1.85% to 3.90% per annum (2023: 1.65% to 4.90% per annum).

Bank borrowings as at 31 March 2023 were also secured by the pledge of certain contract assets and trade receivables of RMB142,218,000 and guarantees provided by certain shareholders, an affiliate of shareholders, directors and a related party of a subsidiary. The relevant bank borrowings have been fully repaid and the securities and pledges have been released during the year.

Bank borrowing of RMB5,000,000 as at 31 March 2023 was secured by bills receivables of the Group with an equivalent carrying value. The secured bank borrowings carry a fixed interest rate at 2.05% per annum and are repayable within one year. The relevant bank borrowing has been fully repaid and the security has been released during the year.

As at 31 March 2023, included in the bank borrowings was a loan with outstanding principal of approximately RMB63,950,000 which was subject to the fulfillment of covenants relating to the debts to assets ratio and the current ratio of a subsidiary, breaching which the bank had right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary had met the scheduled repayment obligations. The loan was classified as current liabilities at 31 March 2023 since the subsidiary had breached the aforementioned financial covenants. The bank borrowing has been fully repaid in the current year.

(c) The balance as at 31 March 2024 of RMB389,063,000 (2023: RMB373,996,000) represent amounts due to certain shareholders and their affiliates of a subsidiary which are unsecured and interest-bearing at the PRC BLR for loan with maturity of five years or above. The borrowings mainly represent advances from these parties for financing the working capital of the subsidiary. Principal element is repayable by five annual instalments starting from 1 July 2021; and where applicable, interest element is repayable quarterly starting from 1 July 2020.

(d) In 2016, pursuant to an entrusted loan agreement (the "Entrusted Loan Agreement") entered into between a shareholder of a subsidiary (the "Shareholder") and an independent third party (the "Lender"), the Shareholder borrowed from the Lender an entrusted loan with principal amount of RMB100,000,000 through a bank in the PRC. The entrusted loan is interest-bearing at 1.2% per annum and secured by a corporate guarantee provided by an independent financial institution (the "Guarantor") in the PRC. RMB47,310,000 and RMB50,000,000 of the balance are repayable on 28 February 2026 and 28 February 2031 respectively. The Shareholder in turn entered into a loan agreement with the subsidiary to lend the entrusted loan to the subsidiary under the same terms as the Entrusted Loan Agreement and the subsidiary is required to bear all the costs and obligations under the Entrusted Loan Agreement. Moreover, counter guarantees are provided to the Guarantor through guarantees provided by certain shareholders, directors and ex-directors of the subsidiary and a pledge on the mining rights of Anhui Jinding with carrying amount of RMB147,170,000 (2023: RMB149,295,000) of the Group (note 20(a)).

29. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**340,261**	414,872
Bills payables	**–**	40,000
Retention payables	**43,983**	68,674
	384,244	523,546

For explosive business, the Group has been granted by its suppliers a credit period of 30 to 180 days in general.

For mining operation, the Group has been granted by its suppliers and contractors a credit period of 30 days in general. Retention monies are retained by the Group when the relevant projects are in progress. The retention payables will be released upon expiry of the defect liability period as specified in the construction agreements, which is usually 12 months.

Ageing analysis of trade payables, bill payables and retention payables, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
0-180 days	**155,983**	203,155
181-365 days	**18,036**	181,017
Over 1 year	**210,225**	139,374
	384,244	523,546

30. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Salaries and staff welfare payables	**43,510**	32,906
Other taxes payable	**6,588**	7,750
Amounts due to non-controlling shareholder of a subsidiary and its creditor (note (a))	**673,986**	706,497
Payables for construction or acquisition of property, plant and equipment and production quota	**31,072**	2,725
Other payables and accruals (note (b))	**166,839**	181,825
Contract liabilities (note (c))	**23,217**	40,991
	945,212	972,694

Notes:

(a) Included in the other payables were amounts due to the 46% Shareholder of Tibet Tianren (as defined in note 32(a)) and its creditor which collectively amounted to RMB673,986,000 (2023: RMB706,497,000). The amounts due are interest-free, unsecured, with no fixed term of repayment. As detailed in note 3.1, the 46% Shareholder of Tibet Tianren was in the process of liquidation and debts restructuring. During the year, to facilitate the process to resolve the debts issue, the creditor waived a portion of the debt assumed and owing by the Group of RMB32,511,000 (2023: Nil), and the obligation in respect of the portion of the debt has been discharged pursuant to the relevant contract.

(b) Included in the balance was an amount due to an independent third party of RMB20,159,000 (2023: RMB20,159,000) which is non-trade in nature, unsecured, interest-bearing at 4.35% per annum and repayable on demand.

(c) The contract liabilities primarily relate to the advances received from customers for sale of explosives and mineral concentrates. The advances remain as contract liabilities until they are recognised as revenue when control of the goods is transferred to the customers. Typical payment terms which impact on the amount of contract liabilities are set out in note 3.14.

Changes in the contract liabilities balances during the year are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**40,991**	64,455
Cash received	**613,069**	516,742
Recognised as revenue	**(631,068)**	(542,321)
Exchange realignment	**225**	2,115
At the end of the year	**23,217**	40,991

30. OTHER PAYABLES AND ACCRUALS (Continued)

The contract liabilities of RMB40,991,000 (2023: RMB64,455,000) at the beginning of the year were recognised as revenue for the year from satisfying performance obligations during the year.

The contract liabilities at the end of the reporting period are expected to be recognised as revenue in the next financial year. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contract which has an original expected duration of one year or less is not disclosed.

31. PROVISION

The provision for rehabilitation is related to the estimated costs of complying with the Group's obligations for land reclamation in respect of the Huangtun Pyrite Mine. These costs are expected to be incurred on closure of the mine, which, based on the period of the mining licence, lasts for 27 years.

The movement in the present value of the provision for rehabilitation is as follows:

	2024 **RMB'000**	2023 RMB'000
At the beginning and the end of the year	**11,886**	11,886

32. ACQUISITION OF SUBSIDIARIES

(a) Deemed Acquisition of Tibet Tianren for the year ended 31 March 2023

On 30 December 2021, a subsidiary of the Company, Tibet Fudeyuan Trading Limited ("Tibet Fudeyuan"), acquired 27% equity interest in Tibet Tianren which was accounted for as an associate of the Group. On 11 November 2022, Tibet Fudeyuan entered into an acting in concert agreement (the "Acting in Concert Agreement") with a major shareholder of Tibet Tianren who owns 46% equity interest in Tibet Tianren (the "46% Shareholder of Tibet Tianren"). Pursuant to the Acting in Concert Agreement, Tibet Fudeyuan and the major shareholder irrevocably agreed to, amongst others, exercise their voting rights unanimously in respect of their aggregate equity interest of 73% in Tibet Tianren at all shareholders' general meetings of Tibet Tianren. In addition, Tibet Fudeyuan shall have the sole discretion to exercise the voting rights in respect of the 73% equity interest at all the shareholders' general meetings and is entitled to nominate directors to the board of Tibet Tianren to represent the 73% equity interest. Through the Acting in Concert Agreement, the Group is able to control Tibet Tianren. Accordingly, Tibet Tianren became a subsidiary of the Group on 11 November 2022 (the "Deemed Acquisition").

Tibet Tianren is principally engaged in mining, flotation processing, sale and exploration of molybdenum and copper mines and sale of non-ferrous products. The mine operation was suspended before the Deemed Acquisition. The Deemed Acquisition is considered an acquisition of assets since Tibet Tianren does not meet the definition of a business under HKFRS 3.

32. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Deemed Acquisition of Tibet Tianren for the year ended 31 March 2023 (Continued)

The recognition of assets and liabilities of Tibet Tianren as at the date of the Deemed Acquisition are as follows:

	RMB'000
Property, plant and equipment	714,650
Intangible assets	311,869
Non-current prepayments	7,500
Deposits, prepayments and other receivables	3,250
Amount due from a related company	1,100
Cash and cash equivalents	1,658
Trade payables	(134,557)
Accruals and other payables	(632,467)
Amounts due to shareholders of Tibet Tianren	(146,503)
Assets and liabilities recognised at the date of the Deemed Acquisition	126,500
Non-controlling interests (73%)	(92,345)
Total consideration	34,155
Consideration satisfied by:	
Carrying amount of the 27% equity interest in Tibet Tianren immediate before the Deemed Acquisition (note 22(b))	34,155
Net cash inflow arising from the Deemed Acquisition:	
Cash and cash equivalents acquired	1,658

The fair value of deposits and other receivables amounted to RMB1,348,000. The gross amount of these deposits and receivables is RMB1,348,000. None of the deposits and other receivables have been impaired and it is expected that the full contractual amounts can be collected.

The Group measures the non-controlling interests in Tibet Tianren at the non-controlling interests' proportionate share of Tibet Tianren's identifiable net assets.

32. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Bidnii Zorilgo LLC ("Bidnii") for the year ended 31 March 2023

On 31 July 2022, the Group acquired a 20% and 35% equity interest in Bidnii from an independent third party individual and an entity owned by an executive director of the Company, Ms. Ma Ye respectively, at cash consideration of RMB1 and RMB109,000 respectively. Bidnii is principally engaged in mining operation in Mongolia. The acquisition was made as part of the Group's strategy to extend the industrial chain to non-ferrous metals and precious metal mining. The acquisition was completed on 31 July 2022 and was accounted for as acquisition of business using the acquisition method.

The fair values of identifiable assets and liabilities of Bidnii as at the date of the acquisition are as follows:

	RMB'000
Property, plant and equipment	62
Intangible assets	3,230
Non-current prepayments	43
Inventories	50
Deposits, prepayments and other receivables	7
Cash and cash equivalents	1,122
Accruals and other payables	(606)
Income tax payable	(4)
Amount due to a related company	(5,028)
Fair values of the net identifiable liabilities	(1,124)
Non-controlling interests (45%)	506
	(618)
Goodwill on acquisition	727
Total consideration satisfied by cash	109
Net cash inflow arising from the acquisition:	
Cash consideration paid	(109)
Cash and cash equivalents acquired	1,122
	1,013

32. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Bidnii Zorilgo LLC ("Bidnii") for the year ended 31 March 2023 (Continued)

The fair value of deposits and other receivables amounted to RMB4,000. The gross amount of these deposits and receivables is RMB4,000. None of the deposits and other receivables have been impaired and it is expected that the full contractual amounts can be collected.

The Group has elected to measure the non-controlling interests in Bidnii at the non-controlling interests' proportionate share of Bidnii's identifiable net liabilities.

Since the date of the acquisition, Bidnii contributed a loss of RMB635,000 to the consolidated profit for the year ended 31 March 2023. Bidnii has not generated any revenue since its incorporation.

Had the combination taken place at the beginning of the year ended 31 March 2023, the revenue of the Group and the profit of the Group for the year ended 31 March 2023 would have been RMB1,494,459,000 and RMB153,404,000, respectively.

33. ACQUISITION OF ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY

On 19 April 2023, a subsidiary of the Company, Pizu (Tibet) Resources Development and Utilisation Co., Ltd. acquired additional 27% equity interests in Tibet Tianren, which increased the Group's interest in Tibet Tianren from 27% to 54%, at a cash consideration of RMB54,000,000. The acquisition of the additional equity interest in Tibet Tianren is accounted for as equity transaction as follows:

	2024 **RMB'000**
Consideration paid for 27% additional equity interest in Tibet Tianren	**(54,000)**
Carrying amount of non-controlling interest acquired being the proportionate share of the carrying amount of the net assets of Tibet Tianren on 19 April 2023	**28,465**
Decrease in equity attributable to owners of the Company	**(25,535)**

34. DISPOSAL OF A SUBSIDIARY

During the year ended 31 March 2024, the Group disposed of its entire interest in Bidnii to an independent third party at a consideration of RMB1.

The net assets of Bidnii at the date of disposal are set out below:

	RMB'000
Property, plant and equipment	86
Goodwill	727
Intangible assets	10,104
Non-current prepayments	46
Inventories	53
Deposits, prepayments and other receivables	16
Accruals and other payables	(2,845)
Income tax payable	(9)
Net assets disposed of	8,178
Non-controlling interests (45%)	(3,353)
Exchange reserve reclassified to profit or loss upon disposal	(3)
	4,822
Loss on disposal of a subsidiary	(4,822)
Total consideration	–

35. SHARE AWARD SCHEME

On 8 July 2019, the Company adopted a share award scheme (the "Scheme") to recognise and reward the contribution of employees or directors of the Group (the "Eligible Participants") to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of five years commencing on the adoption date.

The Board may select any Eligible Participant for participation in the Scheme and determine the number of award shares of the Company (the "Awarded Shares") to be awarded to the selected Eligible Participants (the "Selected Participants"). The Board is entitled to impose any conditions (including a period of continued service within the Group after the grant date), as it deems appropriate with respect to the entitlement of the Selected Participants to the Awarded Shares.

The Scheme is operated through a trust fund. As soon as practicable after the grant date, the Board shall contribute cash to the trust fund for the purpose of acquiring the Company's shares from the open market or off market and procure the Selected Participants to pay the cash contribution determined by the Board (if any) to the trust fund to be held on trust for them for the purchase of the Award Shares. The trustee shall cause the Awarded Shares to be transferred to such Selected Participants on the vesting date.

The Board shall not make any further award of Awarded Shares which will result in the number of Shares awarded by the Board under the Scheme exceeding 200,000,000 Shares (representing about 5.62% of the issued share capital of the Company as at the adoption date (the "Scheme Limit")). Save as prescribed under the rules of the Scheme or as otherwise restricted by the GEM Listing Rules, there shall be no limit on the total number of Awarded Shares that may be granted to a Selected Participant.

No Awarded Shares were granted during the years ended 31 March 2023 and 2024.

36. SHARE CAPITAL

	2024			2023		
	Number of shares '000	Nominal value HK$'000	Nominal value RMB'000	Number of shares '000	Nominal value HK$'000	Nominal value RMB'000
Authorised:						
Ordinary shares of HK$0.01 each						
At beginning and end of the year	**5,000,000**	**50,000**		5,000,000	50,000	
Issued and fully paid:						
Ordinary shares of HK$0.01 each						
At beginning and end of the year	**3,558,725**	**35,586**	**40,259**	3,558,725	35,586	40,259

36. SHARE CAPITAL (Continued)

	2024		2023	
	Number of shares		Number of shares	
Treasury shares:	**'000**	**RMB'000**	'000	RMB'000
At the beginning and the end of the year	**62,311**	**27,640**	62,311	27,640

	2024	2023
	Number of shares	Number of shares
	'000	'000
Number of shares in open market:		
At the beginning and the end of the year	**3,496,414**	3,496,414

37. RESERVES

The Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

(a) Share premium

Under the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company.

(b) Capital distributable reserve

Capital distributable reserve arose from share premium cancellation. Upon the capital reorganisation becoming effective on 17 January 2012, the amount standing to the credit of the share premium account has been cancelled and the credit arising from the share premium cancellation has been used to eliminate the accumulated losses of the Company. It may be utilised by the Company's directors in accordance with the Company's memorandum and article of association and all applicable laws.

It also represented capital contribution from a substantial shareholder in the form of waiving the interest accrued of RMB1,427,000 on the loan from the substantial shareholder pursuant to the capitalisation and settlement agreement entered into by the Company and the substantial shareholder on 8 July 2013.

37. RESERVES (Continued)

(c) Contributed surplus

The contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the Company's shares issued in exchange therefor.

(d) Restructuring reserve

The restructuring reserve arose from the restructuring transactions conducted within Ample Ocean Holdings Limited and its subsidiaries (the "Ample Ocean Group") in previous years prior to the completion of the acquisition of the Ample Ocean Group.

(e) Merger reserve

Merger reserve arose upon completion of acquisition of the Ample Ocean Group by the Company in prior years. The acquisition was accounted for by applying principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations.

(f) Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of the financial statements of foreign operations and translations of the Company's financial statements to presentation currency.

(g) Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiaries are required to appropriate 10% of its profit after income tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Subject to certain restrictions, such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital of the PRC subsidiaries.

(h) Other reserve

In accordance with the relevant laws and regulations of the PRC, entities engaged in mining and explosives related businesses are required to provide for safety fund at certain percentage of revenue generated by the entities. This fund can be utilised for safety measures related to the production of the entities.

It also represents the difference between the consideration paid to acquire additional equity interests in a subsidiary and the proportionate share of the carrying amount of the net assets of the subsidiary at the date of the acquisition. Details of the transaction are set out in note 33.

38. NON-CONTROLLING INTERESTS ("NCI")

The following non-wholly owned subsidiaries including Subsidiary A, Subsidiary D, Subsidiary E, Subsidiary F, Anhui Jinding and Tibet Tianren (as defined in note 47) are considered as having material NCIs at the end of the reporting period and the percentages of equity interest held by the NCIs are 49.99%, 40%, 40%, 45%, 49% and 46% (2023: 49.99%, 40%, 40%, 45%, 49% and 73%) respectively.

Summarised financial information in relation to the NCIs of the above subsidiaries, before intra-group eliminations, is presented below:

2024	Subsidiary A RMB'000	Subsidiary D RMB'000	Subsidiary E RMB'000	Subsidiary F RMB'000 (Note)	Anhui Jinding RMB'000	Tibet Tianren RMB'000
Non-current assets	68,635	259,777	20,297	76,135	1,401,226	1,131,029
Current assets	53,854	351,050	764,259	250,555	126,274	23,541
Current liabilities	(26,036)	(95,008)	(416,985)	(2,033)	(942,593)	(985,575)
Non-current liabilities	–	–	(602)	–	(280,694)	(50,900)
Net assets	96,453	515,819	366,969	324,657	304,213	118,095
Accumulated NCI	48,218	206,328	146,787	224,845	149,065	54,323
Revenue	116,806	522,761	398,942	–	539,155	–
Profit/(loss) for the year	48,758	119,990	(18,120)	(242)	88,965	12,670
Total comprehensive income	53,341	119,990	(18,120)	(242)	88,965	12,670
Profit/(loss) allocated to NCI	24,374	47,996	(7,248)	(109)	43,593	5,828
Total comprehensive income allocated to NCI	26,665	47,996	(7,248)	(109)	43,593	5,828
Dividend declared to NCI	24,267	88,000	12,000	–	–	–
Net cash inflows/(outflows) from operating activities	41,266	166,044	(5,157)	(2,167)	157,204	(108,310)
Net cash (outflows)/inflows from investing activities	(585)	79,407	278,321	(174,302)	(121,249)	(83,707)
Net cash (outflows)/inflows from financing activities	(38,322)	(215,000)	(431,961)	196	(73,546)	198,822

38. NON-CONTROLLING INTERESTS ("NCI") (Continued)

2023	Subsidiary A RMB'000	Subsidiary D RMB'000	Subsidiary E RMB'000	Subsidiary F RMB'000 (Note)	Anhui Jinding RMB'000	Tibet Tianren RMB'000
Non-current assets	69,366	189,876	21,059	22,438	1,388,381	1,027,627
Current assets	37,215	490,203	1,244,344	304,679	142,170	5,432
Current liabilities	(14,923)	(69,249)	(798,898)	(2,218)	(1,083,111)	(927,634)
Non-current liabilities	–	–	(51,416)	–	(232,192)	–
Net assets	91,658	610,830	415,089	324,899	215,248	105,425
Accumulated NCI	45,820	244,332	166,035	224,954	105,472	76,960
Revenue	97,294	522,761	681,653	–	382,662	–
Profit/(loss) for the year	46,095	105,445	44,602	(101)	1,403	(21,075)
Total comprehensive income	65,037	105,445	44,602	(101)	1,403	(21,075)
Profit/(loss) allocated to NCI	23,043	42,178	17,841	(46)	687	(15,385)
Total comprehensive income allocated to NCI	32,512	42,178	17,841	(46)	687	(15,385)
Dividend declared to NCI	23,318	60,000	20,000	–	–	–
Capital contribution from NCI	–	–	–	75,000	–	–
Net cash inflows/(outflows) from operating activities	35,055	164,663	159,731	(2,070)	166,147	(11,428)
Net cash (outflows)/inflows from investing activities	(35)	(8,210)	107	(70,933)	(182,862)	(57,048)
Net cash (outflows)/inflows from financing activities	(42,348)	(149,500)	(197,703)	75,000	35,189	67,158

Note:

The difference between the amount of accumulated NCI of Subsidiary F and the share of Subsidiary F's net assets by the NCI is mainly due to the registered capital of Subsidiary F not yet being fully contributed by the respective shareholders including the Group.

39. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Acquisition of property, plant and equipment	**23,844**	514

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

	Name of related party	Related party relationship	Type of transaction	Transaction amount 2024 RMB'000	2023 RMB'000
(i)	內蒙古盛安保安有限責任公司 (Inner Mongolia Shengan Security Limited) (note)	Entity under common control of Mr. Ma	Security services provided by the related party	**1,158**	1,608
(ii)	Tianrun Blasting	Associate	Sales to the related party	**17,616**	12,298
(iii)	Wuhai Ansheng	Associate	Sales to the related party	**31,412**	18,635

Note:

The English name above is for identification purpose only. The official name of the entity is in Chinese.

The terms of the above transactions were based on those agreed among the Group and the related parties in normal course of business.

(b) Members of key management personnel compensation:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**4,777**	4,123

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Part of the consideration for the disposal of property, plant and equipment that occurred during the year ended 31 March 2023 comprised the proceeds received of RMB22,427,000 and receivable of RMB22,931,000 included in other receivables as set out in note 25.

(b) During the year, the Group disposed of an associate at a total consideration of RMB19,810,000 which was satisfied by total cash payments of RMB1,810,000 and repayment of an amount due to the associate of RMB18,000,000 by the purchasers.

(c) During the year, the creditor of the 46% shareholder of Tibet Tianren waived an amount owing by the Group of RMB32,511,000.

(d) As set out in notes 25 and 27, indemnification asset is recognised to compensate the Group the liability arising from a legal case to the extent of RMB27,897,000.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(e) Reconciliation of liabilities arising from financing activities:

	Lease liabilities (note 17(a)(ii)) RMB'000	Borrowings (note 28) RMB'000	Amounts due to related companies (note 26) RMB'000	Amount due to a shareholder (note 26) RMB'000	Dividend payable to the owners of the Company RMB'000
At 1 April 2022	23,457	1,001,238	89,530	22,733	30,648
Changes from cash flows:					
Interest paid	–	(16,155)	–	–	–
Proceeds from new borrowings	–	135,000	–	–	–
Lease repayments	(19,535)	–	–	–	–
Fund transfer, net	–	–	(16,000)	6,778	–
Dividend paid	–	–	–	–	(58,925)
Repayment of bank loans	–	(288,000)	–	–	–
	(19,535)	(169,155)	(16,000)	6,778	(58,925)
Other changes:					
New leases	538	–	–	–	–
Interest expenses	143	31,223	–	–	–
Dividend declared	–	–	–	–	30,014
Exchange realignment	246	–	–	2,042	2,316
	927	31,223	–	2,042	32,330
At 31 March 2023	4,849	863,306	73,530	31,553	4,053
Changes from cash flows:					
Interest paid	**–**	**(12,072)**	**–**	**–**	**–**
Proceeds from new borrowings	**–**	**250,900**	**–**	**–**	**–**
Lease repayments	**(2,396)**	**–**	**–**	**–**	**–**
Fund transfer	**–**	**–**	**12,000**	**14,000**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**(30,826)**
Repayment of bank loans	**–**	**(397,000)**	**–**	**–**	**–**
	(2,396)	**(158,172)**	**12,000**	**14,000**	**(30,826)**
Other changes:					
Interest expenses	**102**	**27,139**	**–**	**–**	**–**
Dividend declared	**–**	**–**	**–**	**–**	**32,384**
Exchange realignment	**82**	**–**	**–**	**1,588**	**202**
	184	**27,139**	**–**	**1,588**	**32,586**
At 31 March 2024	**2,637**	**732,273**	**85,530**	**47,141**	**5,813**

42. DIVIDENDS

	2024	2023
	RMB'000	RMB'000
Final dividend proposed after the end of reporting period:		
2024: HK$0.01 per share	**32,167**	–
2023: HK$0.01 per share	**–**	30,768
	32,167	30,768

The directors recommend the payment of final dividend of HK$0.01 per share (2023: HK$0.01 per share), amounting to RMB32,167,000 (equivalent to HK$34,964,000) (2023: RMB30,768,000 (equivalent to HK$34,964,000)) for the year ended 31 March 2024 which is subject to shareholders' approval at the forthcoming annual general meeting.

The final dividend declared subsequently to 31 March 2024 has not been recognised as a liability as at 31 March 2024.

43. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

The carrying amounts of the Group's financial assets and liabilities as recognised at the end of the reporting period are also analysed into the following categories. See note 3.13 for explanations about how the category of financial instruments affects their subsequent measurement.

	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at FVOCI		
– bills receivables	**29,618**	109,683
Financial assets at amortised cost		
– cash and cash equivalents	**223,776**	586,625
– restricted bank balances	**2,631**	16,056
– trade receivables	**214,239**	150,555
– deposits and other receivables	**87,296**	68,820
– amounts due from shareholders	**–**	343
– amounts due from associates	**32,284**	23,748
– amount due from a joint venture	**2,838**	1,290
	592,682	957,120
Financial liabilities		
Financial liabilities at amortised cost		
– trade and bills payables	**384,244**	523,546
– other payables and accruals	**915,407**	923,953
– dividend payable	**5,813**	4,053
– amount due to an associate	**–**	18,000
– amounts due to related companies	**85,530**	73,530
– amount due to a shareholder	**47,141**	31,553
– borrowings	**732,273**	863,306
	2,170,408	2,437,941
Other financial instruments		
– Lease liabilities	**2,637**	4,849

43. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES (Continued)

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, restricted bank balances, trade receivables, other receivables and deposits, trade and bills payables, other payables and accruals, amounts due from/to related parties, borrowings, dividend payable and lease liabilities. Due to their short term nature or bearing interest at prevailing market rates, the carrying value of these financial instruments approximates fair value.

(b) Financial instruments measured at fair value

The fair value of bills receivables was measured based on recent transaction prices at the reporting date, which was a level 2 fair value measurement.

44. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are managed according to the Group's financial management policies and practices described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

The Group's credit risk is primarily attributable to its contract assets, trade and bills receivables, other receivables and deposits, amounts due from related parties and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis and the Group does not hold any collateral over these balances.

Contract assets and trade and bills receivables at the end of the reporting period are due from customers in explosive trading and blasting services segment.

The Group has a certain concentration of credit risk in respect of the trade receivable from a customer in explosive trading and blasting services segment as 40% (2023: 43%) of the total contract assets and trade receivables at the reporting date was attributable to this customer. Furthermore, 99% (2023: 99%) of the total contract assets and trade receivables relate to customers located in the PRC.

Cash and cash equivalents and restricted bank balances are mainly deposited with registered banks in the PRC, Hong Kong and Tajikistan. The directors consider the credit risk on bank balances to be limited because the counterparties are reputable banks or banks with high-credit rating. No bills receivables as at 31 March 2024 and 2023 were past due. The directors consider the credit risk on bills receivables to be low since the issuers or the banks which guarantee payments of bills receivables are of high credit rating.

Accordingly, the ECLs for bank balances and bills receivables are expected to be minimal.

44. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Impairment of trade receivables and contract assets

In respect of trade receivables, the Group closely monitors the payments from customers in accordance with the payment terms and schedules agreed with the customers. The Group also has other monitoring procedures to ensure follow up action is taken to recover overdue debts. Accordingly, management considers that recoverability concern over those receivables is remote.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated individually and collectively using a provision matrix based on days past due for groupings of customer segments that have similar loss patterns.

The following tables provide information about the Group's exposure to credit risk and ECLs for the trade receivables and contract assets at the end of the reporting period:

	2024		
	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000
Collective assessment:			
Current	0.0	161,396	–
0-30 days past due	1.0	87,431	872
31-90 days past due	0.5	86,647	415
91 days to 1 year past due	4.9	25,648	1,248
Over 1 year past due	1.3	230	3
		361,352	2,538
Individual assessment:			
Over 2 years past due	100.0	32,307	32,307
		393,659	34,845

44. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Impairment of trade receivables and contract assets (Continued)

	2023		
	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000
Collective assessment:			
Current	0.0	182,990	–
0-30 days past due	4.9	49,501	2,426
31-90 days past due	3.6	47,788	1,719
91 days to 1 year past due	16.1	45,473	7,302
Over 1 year past due	23.5	23,687	5,560
		349,439	17,007

Expected loss rates are determined based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables as well as forward-looking estimates at the end of the reporting period.

For the year ended 31 March 2024, the increase in the gross carrying amount in the age band "Over 2 years past due" and the increase in individual assessment above resulted in increase in loss allowance recognised for the year by RMB17,838,000.

For the year ended 31 March 2023, the increase in the gross carrying amount in the age bands "31-90 days past due", "91 days to 1 year past due" and "Over 1 year past due" and the increase in expected loss rate for most of the age bands resulted in increase in loss allowance recognised for the year by RMB11,439,000.

44. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Impairment of other receivables and deposits

The Group measures loss allowances for other receivables and deposits using the general approach under HKFRS 9. Impairment of these receivables and deposits was provided based on the "three-stage" model by referring to the changes in credit quality since initial recognition.

These receivables and deposits that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

- If a significant increase in credit risk (as defined in accounting policy note 3.13(ii) since initial recognition is identified, the financial asset is moved to "Stage 2" but it not yet deemed to be credit-impaired. The ECLs are measured on lifetime basis.

- If the financial asset is credit-impaired (as defined in accounting policy note 3.13(ii)), the financial asset is then moved to "Stage 3". The ECLs are measured on lifetime basis.

- At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables and deposits at the end of the reporting period:

	2024				
	Expected loss rate (%)	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000
Other receivables and deposits	0.5-19.9%	40,360	56,521	96,881	9,585

44. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Impairment of other receivables and deposits (Continued)

	2023				
	Expected loss rate (%)	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000
Other receivables and deposits	0.5-32.5%	47,586	31,452	79,038	10,218

The Group measures loss allowance for other receivables and deposits by considering probabilities of default. The Group analyses the debtors based on their credit risk characteristics and determines probability of default for each risk cluster with reference to external ratings and benchmarking to similar risk portfolio. ECL rates are thereby determined based on probabilities of default, taking into account loss given default and adjusted for forward-looking information.

The directors have assessed that there has been a significant increase in credit risk in respect of the advance to a subcontractor and a debtor to whom the Group sold certain property, plant and equipment in previous year with gross carrying amount totalling RMB56,521,000 (2023: RMB31,452,000) since initial recognition and thus the Group provided impairment for these balances using lifetime basis. For other receivables and deposits, the Group provided impairment based on 12-month ECL.

(iii) Impairment of amounts due from associates and a joint venture

In respect of amounts due from related companies which mainly comprise amounts due from associates and a joint venture totalling RMB35,122,000 (2023: RMB25,038,000), the directors assessed that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL. For the year ended 31 March 2024, the Group assessed that the additional ECL for the amount due from a joint venture for the year to be insignificant (2023: RMB949,000). No ECL was provided for the amounts due from associates as the amount is considered insignificant.

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities and other financial instruments that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and other payables, including amounts due to related parties, dividend payable, borrowings, lease liabilities and its financing obligation and also in respect of its cash flow management. Each entity within the Group is responsible for its own cash management.

The Group's policy is to regularly monitor its 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 following table details the Group's remaining contractual maturity for its financial liabilities (other than lease liabilities (note 17(a)(ii)) as at the end of the reporting period, which are based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total contractual undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 March 2024						
Non-derivative financial liabilities						
Trade and bills payables	384,244	–	–	–	384,244	384,244
Other payables and accruals	915,407	–	–	–	915,407	915,407
Dividend payable	5,813	–	–	–	5,813	5,813
Amounts due to related companies	85,530	–	–	–	85,530	85,530
Amount due to a shareholder	47,141	–	–	–	47,141	47,141
Borrowings	430,713	170,784	91,662	77,809	770,968	732,273
	1,868,848	170,784	91,662	77,809	2,209,103	2,170,408
As at 31 March 2023						
Non-derivative financial liabilities						
Trade and bills payables	523,546	–	–	–	523,546	523,546
Other payables and accruals	923,953	–	–	–	923,953	923,953
Dividend payable	4,053	–	–	–	4,053	4,053
Amount due to an associate	18,000	–	–	–	18,000	18,000
Amount due to a related company	73,530	–	–	–	73,530	73,530
Amount due to a shareholder	31,553	–	–	–	31,553	31,553
Borrowings	575,186	244,447	49,637	51,773	921,043	863,306
	2,149,821	244,447	49,637	51,773	2,495,678	2,437,941

44. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's interest rate risk mainly arises from bank balances and borrowings with as disclosed in notes 27 and 28 respectively. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate on PRC BLR arising from the Group's variable-rate borrowings. The directors of the Company consider that interest rate exposure on bank deposits is not significant due to low level of interest rate on these deposits.

The Group has not used any financial instruments to hedge potential fluctuations in interest rates as the change of interest rate on bank deposits and borrowings is not expected to be significant. The interest rates and terms of repayments of the Group's borrowings are disclosed in note 28.

As at 31 March 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, interest to be capitalised in the Group's construction in progress for the year would be increased/decreased by RMB430,000 (2023: Nil); and profit for the year and retained profits would be decreased/increased by approximately RMB2,087,000 (2023: RMB2,822,000) in response to the general increase/decrease in interest rates.

(d) Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates in Hong Kong, the PRC, Tajikistan and Mongolia. Transactions of group companies in Hong Kong are denominated and settled in HK$ and United States dollar ("USD") while transactions of group companies in the PRC and Tajikistan are denominated and settled in RMB and USD, and Tajikistani Somoni ("TJS") and lesser extent, Mongolian Tugrik, respectively.

The Group has transactional currency exposure. This exposure mainly arises from purchase transactions of an operating unit from the blasting services segment in a currency other than the unit's functional currency. The Group's Tajikistan entity imports goods from PRC suppliers, which are predominately conducted in RMB and USD. As a result, the Group is exposed to fluctuations in the exchange rate between RMB and USD and TJS.

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities in net position (excluding HK$ and USD) at the end of the reporting period are as follows:

	2024	2023
	RMB'000	RMB'000
Net monetary assets/(liabilities)		
USD	**1,168**	(427)
RMB	**1,035**	10,758

Based on the above, the directors of the Company consider that the exposure on the currency risk is not significant.

45. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

Capital structure of the Group comprises equity plus debts raised by the Group (including borrowings) net with cash and cash equivalents. The Group's management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new share as well as issue new debt or redeem its existing debt as it sees fit and appropriate. No change was made in the objectives, policies or processes for managing capital during the year ended 31 March 2024.

The net debt-to-adjusted capital ratio at the end of the reporting period is as follows:

	2024	2023
	RMB'000	RMB'000
Debts – borrowings	**732,273**	863,306
Less: cash and cash equivalents	**(223,776)**	(586,625)
Net debts	**508,497**	276,681
Total equity	**1,691,686**	1,645,813
Net debt to equity ratio	**30.1%**	16.8%

The Group targets to maintain a net debt to equity ratio to be in line with the expected changes in economic and financial conditions.

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**420**	619
Investments in subsidiaries		**60,266**	60,266
		60,686	60,885
Current assets			
Amounts due from subsidiaries		**75,177**	66,073
Other receivables, prepayments and deposits		**69**	72
Cash and cash equivalents		**4,444**	5,120
		79,690	71,265
Current liabilities			
Other payables and accruals		**2,760**	2,552
Dividend payable		**5,813**	4,053
Amount due to subsidiaries		**5,310**	29,140
Amount due to a shareholder		**47,141**	31,553
		61,024	67,298
Net current assets		**18,666**	3,967
Net assets		**79,352**	64,852
Capital and reserves			
Share capital	36	**40,259**	40,259
Treasury shares	36	**(27,640)**	(27,640)
Reserves	46(b)	**66,733**	52,233
Total equity		**79,352**	64,852

On behalf of the Board

Mr. Ma Tianyi	**Ms. Shen Tianwei**
Director	*Company Secretary*

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

(b) Reserves of the Company

	Share premium	Capital distributable reserve	Contributed surplus	Merger reserve	Foreign currency translation reserve	(Accumulated losses)/ retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 April 2022	559,616	25,141	(18,702)	(613,910)	(14,848)	(13,856)	(76,559)
Profit for the year	–	–	–	–	–	167,954	167,954
Dividend declared or approved	(30,014)	–	–	–	–	–	(30,014)
Exchange difference from translation to presentation currency	–	–	–	–	(9,148)	–	(9,148)
As at 31 March 2023	529,602	25,141	(18,702)	(613,910)	(23,996)	154,098	52,233
Profit for the year	–	–	–	–	–	45,953	45,953
Dividend declared or approved	(32,384)	–	–	–	–	–	(32,384)
Exchange difference from translation to presentation currency	–	–	–	–	931	–	931
As at 31 March 2024	497,218	25,141	(18,702)	(613,910)	(23,065)	200,051	66,733

47. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2024 are as follows:

Name	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Percentage of ownership interests/ voting rights/profit share held by the Company Directly	Indirectly	Principal activities
Perfect Start Development Limited ("Perfect Start")	The British Virgin Islands ("BVI")	50,000 ordinary shares of US$1 each	100%	–	Investment holding
Pizu International Limited ("PIL")	Hong Kong	HK$71,200,000	–	100%	Investment holding
KM Muosir Limited Liability Company ("Subsidiary A") (note (iv))	Tajikistan	TJS88,700,000	–	50.01%	Manufacture and sale of explosives
Pizu Trading Limited	Hong Kong	HK$10,000	–	100%	Investment holding
Ample Ocean Holdings Limited	BVI	50,000 ordinary shares of US$1 each	100%	–	Investment holding
Ample Ocean Group Limited	Hong Kong	HK$1,000,000	100%	–	Investment holding
Ample Ocean Global Limited	BVI	HK$50,000	100%	–	Investment holding
西藏福德圓實業集團有限公司 Tibet Fudeyuan Trading Limited (notes (i) and (ii))	PRC	RMB100,000,000	–	100%	Investment holding
巴彥淖爾市安泰民爆器材有限責任公司 Bayannur City Antai Explosives Equipment Company Limited (notes (i) and (iii))	PRC	RMB1,350,000	–	30.6%	Trading of civil explosives
比優(西藏)資源開發利用有限責任公司 Pizu (Tibet) Resources Development and Utilisation Co., Ltd.(notes (i) and (iii)) ("Subsidiary F")	PRC	RMB250,000,000	–	55%	Investment holding
比優探索(北京)資源勘查有限公司 Pizu (Beijing) Resources Exploration Co., Ltd. (notes (i) and (iii))	PRC	RMB10,000,000	–	51%	Exploration and provision of technical service
內蒙烏拉特前旗盛安化工有限公司 Inner Mongolia Urad Front Banner Shengan Chemical Limited (notes (i) and (iii))	PRC	RMB1,000,000	–	42%	Manufacture and sale of explosives
內蒙古盛安化工有限責任公司 Inner Mongolia Shengan Chemical Limited ("Subsidiary D") (notes (i) and (iii))	PRC	RMB200,000,000	–	60%	Investment holding and sourcing of production materials for group companies

47. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 March 2024 are as follows (Continued):

Name	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Percentage of ownership interests/ voting rights/profit share held by the Company Directly	Indirectly	Principal activities
巴彥淖爾盛安化工有限責任公司 Bayannur Shengan Chemical Limited ("Subsidiary C") (notes (i) and (iii))	PRC	RMB20,000,000	–	60%	Manufacturing and sale of civil explosives
內蒙聚力工程爆破有限公司 Inner Mongolia Juli Engineering and Blasting Services Limited ("Subsidiary E") (notes (i) and (iii))	PRC	RMB200,000,000	–	60%	Sale of civil explosives and provision of blasting operations and related services
西藏廣旭實業有限公司 Tibet Guangxu Industrial Company Limited (notes (i) and (iii))	PRC	RMB50,000,000	–	60%	Provision of mining and subcontracting services
鄂托克旗盛安九二九化工有限責任公司 Otog Banner Shengan 929 Chemical Limited ("Subsidiary B") (notes (i) and (iii))	PRC	RMB30,000,000	–	60%	Manufacturing and sale of civil explosives
安徽省金鼎礦業股份有限公司 Anhui Jinding Mining Co., Ltd (note (i) and (iii))	PRC	RMB375,292,836	–	51%	Mining, processing of pyrite, iron ore and copper and the sale of the said mineral products
西藏天仁礦業有限公司 Tibet Tianren (note (i) and (iii))	PRC	RMB200,000,000	–	54% (2023: 27%)	Mining and sale of non-ferrous metal products
烏拉特中旗眾泰爆破有限責任公司 Wulatezhongqi Zhongtai Explosives Co., Ltd. (note (i) and (iii))	PRC	RMB10,000,000	–	60%	Provision of blasting operations and related services

Notes:

(i) The English names are for identification purpose only. The official names of these entities are in Chinese.

(ii) The company is a wholly-foreign owned enterprise in the PRC.

(iii) The company is a limited liability company in the PRC.

(iv) The company is a limited liability company in Tajikistan.

48. SUBSEQUENT EVENT

On 19 April 2024, Perfect Start, who owns entire equity interest in PIL, (the "Vendor") and Inner Mongolia Shengli Civil Explosives Co., Ltd ("Shengli Civil"), the non-controlling shareholder of Subsidiary D and Subsidiary E, entered into an equity transfer agreement, pursuant to which the Vendor has agreed to sell and Shengli Civil has agreed to purchase 40% equity interest in PIL at a cash consideration of RMB50,000,000. Upon the completion, the Group would own 60% equity interest in PIL immediately after the disposal. The disposal has not been completed before the approval date of these consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

The consolidated statements of comprehensive income of the Group for the financial years 2020 to 2024 and the consolidated statements of financial position of the Group as at 31 March 2020, 2021, 2022, 2023 and 2024 are as follows:

	Year ended 31 March				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**1,366,367**	1,494,459	1,637,443	1,701,166	1,627,344
Profit before income tax	**331,599**	194,055	244,097	329,543	456,217
Income tax expense	**(75,036)**	(39,449)	(35,577)	(51,452)	(57,582)
Profit for the year	**256,563**	154,606	208,520	278,091	398,635

	As at 31 March				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**3,926,501**	4,166,048	3,294,391	2,715,646	1,767,915
Total liabilities	**(2,234,815)**	(2,520,235)	(1,857,792)	(1,548,379)	(683,537)
Total equity	**1,691,686**	1,645,813	1,436,599	1,167,267	1,084,378