CRTG
China Resources and Transportation Group Ltd
中國資源交通集團有限公司

CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED

中國資源交通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 269)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

The board of directors (the "**Board**") of China Resources and Transportation Group Limited (the "**Company**") announces the annual consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2025 together with comparative figures for the last year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	**2025** **HK$'000**	2024 HK$'000
Revenue	*5*	**577,662**	593,148
Cost of sales		**(432,813)**	(372,738)
Gross profit		**144,849**	220,410
Other income and other gains or losses, net	*6*	**(19,264)**	15,105
Gain on debt restructuring		**-**	2,428,828
Impairment loss of deposits and other receivables, net		**(52,838)**	(2,455)
Reversal of impairment loss of trade receivables, net		**220**	12,537
Loss on change in fair value less costs to sell of biological assets		**(373)**	(13,643)
Selling and administrative expenses		**(63,406)**	(49,714)
Finance costs	*7*	**(351,794)**	(562,954)
(Loss)/profit before taxation	*8*	**(342,606)**	2,048,114
Income tax	*9*	**–**	–
(Loss)/profit for the year		**(342,606)**	2,048,114
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**75,768**	457,352
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(266,838)**	2,505,466

	Notes	**2025**	*2024*
	Notes	***HK$'000***	*HK$'000*
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(337,599)**	1,731,821
– Non-controlling interests		**(5,007)**	316,293
		(342,606)	2,048,114
Total comprehensive (loss) / income for the year attributable to:			
– Owners of the Company		**(270,496)**	2,129,256
– Non-controlling interests		**3,658**	376,210
		(266,838)	2,505,466
		HK$	*HK$*
(Loss) /earnings per share attributable to owners of the Company			
– Basic	*11*	**(0.03)**	0.16
– Diluted	*11*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025**	2024
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Concession intangible asset		**5,086,179**	5,413,111
Property, plant and equipment		**121,672**	123,516
Right-of-use assets		**45,526**	56,802
Biological assets		**39,753**	39,718
Financial assets at fair value through profit or loss ("**FVTPL**")		**111,514**	134,120
TOTAL NON-CURRENT ASSETS		**5,404,644**	5,767,267
CURRENT ASSETS			
Inventories		**849**	590
Trade receivables	*12*	**296,508**	378,743
Prepayments, deposits and other receivables	*13*	**337,354**	140,620
Cash and cash equivalents		**10,702**	13,372
TOTAL CURRENT ASSETS		**645,413**	533,325
TOTAL ASSETS		**6,050,057**	6,300,592

	Notes	**2025** HK$'000	2024 HK$'000
CURRENT LIABILITIES			
Other payables	14	**5,436,693**	5,257,854
Promissory note		**129,822**	124,822
Borrowings		**9,115,963**	9,282,320
Non-convertible bonds		**4,395,648**	4,395,648
Lease liabilities		**1,025**	1,142
TOTAL CURRENT LIABILITIES		**19,079,151**	19,061,786
NET CURRENT LIABILITIES		**(18,433,738)**	(18,528,461)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(13,029,094)**	(12,761,194)
NON-CURRENT LIABILITIES			
Lease liabilities		**2,813**	3,875
TOTAL NON-CURRENT LIABILITIES		**2,813**	3,875
TOTAL LIABILITIES		**19,081,964**	19,065,661
NET LIABILITIES		**(13,031,907)**	(12,765,069)
CAPITAL AND RESERVES			
Share capital		**2,128,819**	2,128,819
Reserves		**(14,115,153)**	(13,844,657)
Equity attributable to owners of the Company		**(11,986,334)**	(11,715,838)
Non-controlling interests		**(1,045,573)**	(1,049,231)
CAPITAL DEFICIENCIES		**(13,031,907)**	(12,765,069)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. CORPORATE INFORMATION

China Resources and Transportation Group Limited (the "**Company**") is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office is the office of JTC (Cayman) Limited located at 94 Solaris Avenue 2nd Floor, Camana Bay P.O. Box 30745 Grand Cayman KY1-1203, Cayman Islands. Its principal place of business is located at 22/F, On Hong Commercial Building, 145 Hennessy Road, Wan Chai, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively refer to as the "**Group**") are expressway operations, compressed natural gas ("**CNG**") gas stations operation, growing and sales of forage and agricultural products, and timber operations.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Stateements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Financial Arrangements

The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. These new and revised HKFRS Accounting Standards include the following which may be relevant to the Group:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRS Accounting Standards	- Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statement[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for accounting periods beginning on or after 1 January 2025.

2 Effective for accounting periods beginning on or after 1 January 2026.

3 Effective for accounting periods beginning on or after 1 January 2027.

4 Effective for annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of these new and revised HKFRs Accounting Standards so far it has concluded that the adoption of them is unlikely to have a material impact on its results of operations and financial position except for the new standard mentioned below:

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. BASIS OF PREPARATION

A summary of significant accounting policies adopted by the Group is set out below.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRs Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of Hong Kong Companies Ordinance. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**") Hong Kong Accounting Standards ("**HKAS**"); and interpretations. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2025 comprise the Company and its subsidiaries.

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except for the following assets set out below:

- biological assets; and

- financial assets at FVTPL.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed in an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Going concern basis

The Group incurred a loss of approximately HK$342,606,000 for the year ended 31 March 2025 and as at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK$18,433,738,000 and HK$13,031,907,000, respectively.

As of 31 March 2025 on these consolidated financial statements, the Group had the following major liabilities as recorded by the Group:

(i) The Bank borrowings amounted to approximately HK$9,086,963,000 in default (the "**Defaulted Bank loan**");

(ii) The Other borrowings amounted to approximately HK$29,000,000 in default (the "**Defaulted other borrowings**");

(iii) Accrued and default interest on the bank and other borrowings of approximately HK$2,631,506,000 in default (the "**Defaulted borrowings interest**");

(iv) Non-convertible bonds amounted to approximately HK$4,395,648,000 and default interest of approximately HK$1,918,207,000 in default (the **"Defaulted non-convertible bonds**"); and

(v) Promissory note amounted to approximately HK$129,822,000 in default (the "**Defaulted promissory note**");

These debts, totaling approximately HK$18,191,146,000, are in default and have been classified under current liabilities at 31 March 2025.

On 10 May 2022, the Intermediate People's Court of Ulanqab Inner Mongolia Autonomous Region (the "Court") accepted the restructuring application filed against the main operating subsidiary of the Group, Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing") by China Development Bank. The restructuring proposal was approved by the Court on 26 September 2023.

The Defaulted Bank loan and the Defaulted borrowings interest will be addressed through the restructuring proposal, which includes an option for the creditors to discharge the debts in exchange for a portion of the equity interest of Zhunxing. Part of the restructuring, specifically the component involving only a haircut of the debts, was implemented during the year ended 31 March 2024, resulting in the discharge of approximately HK$3,488,228,000 of defaulted debts. The remaining elements of the restructuring, particularly those involving the equity transfer, are still subject to completion. The Defaulted other borrowings, the Defaulted non-convertible bonds and the Defaulted promissory note are excluded from the restructuring plan and will instead subject to renewal or extension of repayment terms. The renewal negotiations for these liabilities are currently ongoing with the respective creditors.

Prior to finalising the agreement with the creditor and changing Zhunxing's ownership structure, the Administrator must verify the decisions of other creditors, confirm the court-approved final claim amounts, and negotiate the specific terms of the agreement with the creditor. As of the date of this announcement, the impact on the Company remains uncertain, pending the final results of the restructuring.

As of the date of approval on these consolidated financial statements, the Group had not settled the amounts of the Defaulted Bank loan, the Defaulted other borrowings, the Defaulted borrowings interest, the Defaulted non-convertible bonds and the Defaulted promissory note.

All of the above conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the circumstances and conditions mentioned above, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate the liquidity pressure and to improve its financial position, which include, but not limited to, the following:

(i) The Group is actively negotiating with the PRC banks and other creditors for finalising the debt restructuring;

(ii) The Group is actively negotiating with the Group's other lenders, promissory note and non-convertible bond holders to seek for the renewal or extension of repayments of all borrowings, including principals and interests in default; and

(iii) The Group is actively negotiating with external parties to obtain new sources of financing to finance the Group's working capital and improve the liquidity position.

The directors of the Company have prepared a cash flow forecast of the Group for a period covering not less than twelve months from the date of approval of the consolidated financial statements. Based on the cash flow forecast which has assumed the successful implementation of the above measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successfully negotiating with the PRC banks and other creditors for finalising the debt restructuring;

(ii) Successfully negotiating with the Group's other lenders, promissory note and non-convertible bond holders for the renewal or extension of repayment of outstanding borrowings, including those with overdue principals and interests; and

(iii) Successfully raising new funds for financing the working capital of the Group within the next twelve months from the date of approval of financial statements.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities that may arise. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

4. SEGMENT INFORMATION

The chief operating decision makers have been identified as executive directors of the Company. The director review the Group's internal reporting in order to assess performance and allocate resources, and determine the operating segments.

The Group has three reportable segments. The segments are managed separately as each business offers different products or provides different services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

Expressway operations – the operations, management, maintenance and auxiliary facility investment of Zhunxing Expressway;

CNG gas stations operation – operations of CNG gas stations; and

Other operations – sales of timber logs from tree plantation and outside suppliers, sales of seedlings and refined plant oil, sales of agricultural products and electricity supply by solar power stations.

There was no inter-segment sale or transfer during the year (2024: HK$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

The measure used for reportable segment profit or loss is loss before unallocated finance costs and taxation.

Segment assets exclude financial assets at fair value through profit or loss, amounts due from non-controlling shareholder of a subsidiary, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude promissory note, non-convertible bonds, interest payable on non-convertible bonds, lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) Reportable Segment

For the year ended 31 March 2025

	Expressway operations *HK$'000*	CNG gas stations operation *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE				
Revenue from external customers	**576,864**	**-**	**798**	**577,662**
Reportable segment revenue	**576,864**	**-**	**798**	**577,662**
Reportable segment loss	**(2,838)**	**(1,436)**	**(40,612)**	**(44,886)**
Adjusted EBITDA *(Note (i))*	**399,134**	**(115)**	**(56)**	**398,963**
Reportable segment assets	**5,785,141**	**8,719**	**110,888**	**5,904,748**
Reportable segment liabilities	**(12,278,045)**	**(832)**	**(23,443)**	**(12,302,320)**
Other segment information				
Additions of property, plant and equipment	**9,774**	**-**	**-**	**9,774**
Additions of biological assets	**-**	**-**	**864**	**864**
Depreciation of property, plant and equipment	**6,562**	**395**	**2,810**	**9,767**
Depreciation of right-of-use assets	**627**	**-**	**10,158**	**10,785**
Amortisation of concession intangible asset	**275,222**	**-**	**-**	**275,222**
Impairment loss of deposits and other receivables, net	**25,713**	**-**	**27,124**	**52,837**
(Reversal of impairment loss)/ impairment loss of trade receivables, net	**(1,097)**	**927**	**(50)**	**(220)**
Rental income	**-**	**-**	**517**	**517**
Finance costs	**94,978**	**–**	**140**	**95,118**
Unallocated finance costs				**256,676**
Total finance costs				**351,794**
Interest income	**33**	**-**	**-**	**33**

For the year ended 31 March 2024

	Expressway operations	CNG gas stations operation	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
Revenue from external customers	593,148	-	-	593,148
Reportable segment revenue	593,148	-	-	593,148
Reportable segment profit/(loss)	2,366,835	(597)	(27,580)	2,338,658
Adjusted EBITDA *(Note (i))*	527,677	(192)	(863)	526,622
Reportable segment assets	6,020,604	10,248	111,025	6,141,877
Reportable segment liabilities	(12,529,070)	(945)	(22,359)	(12,552,374)
Other segment information				
Additions of property, plant and equipment	579	-	-	579
Additions of biological assets	-	-	572	572
Depreciation of property, plant and equipment	24,277	399	2,648	27,324
Depreciation of right-of-use assets	635	-	10,354	10,989
Amortisation of concession intangible asset	278,744	-	-	278,744
Gain on debt restructuring	2,428,828	-	-	2,428,828
Impairment loss of deposits and other receivables, net	1,105	-	1,350	2,455
Reversal of impairment loss of trade receivables	12,537	-	-	12,537

Rental income	-	-	1,570	1,570
Finance costs	296,906	-	101	297,007
Unallocated finance costs				265,947
Total finance costs				562,947
Interest income	137	-	1	138

Note:

(i) EBITDA is defined as Earnings Before Interest, Taxes, Depreciation, and Amortisation (Adjusted EBITDA) is calculated based on (loss)/ profit for the year excluding interest income and expenses, tax, depreciation and amortisation, fair value change on biological assets, impairment of property, plant and equipment, impairment loss on concession intangible assets and impairment loss/reversal of impairment loss of deposits, trade and other receivables.

(b) Reconciliation of reportable segment results, assets and liabilities

	2025	2024
	HK$'000	*HK$'000*
Reportable segment (loss)/profit before tax	**(44,886)**	2,338,658
Fair value (loss)/gain on financial assets at FVTPL	**(21,406)**	3,489
Unallocated finance costs	**(256,676)**	(265,947)
Unallocated corporate expenses	**(19,638)**	(28,086)
Consolidated (loss)/profit before tax	**(342,606)**	2,048,114
Assets		
Reportable segment assets	**5,904,748**	6,141,877
Cash and cash equivalents	**10,702**	13,372
Financial assets at FVTPL	**111,514**	134,120
Unallocated corporate assets	**23,093**	11,223
Consolidated total assets	**6,050,057**	6,300,592
Liabilities		
Reportable segment liabilities	**12,302,320**	12,552,374
Promissory note	**129,822**	124,822
Non-convertible bonds	**4,395,648**	4,395,648
Interest payable on non-convertible bonds	**1,918,207**	1,671,554
Unallocated corporate liabilities	**335,967**	321,263
Consolidated total liabilities	**19,081,964**	19,065,661

(c) Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

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

	Revenue from external customers		**Specified non-current assets**	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**577,662**	593,148	**5,293,130**	5,633,147
Hong Kong	**–**	–	**–**	–
	577,662	593,148	**5,293,130**	5,633,147

(d) Information about major customers

There was no customer contributing over 10% or more of the Group's revenue for the years ended 31 March 2025 and 2024.

5. REVENUE

Revenue represents the revenue from the principal activities of the Group, net of any sales taxes. The amounts of each significant category of revenue recognised at point in time during the year are as follows:

	2025	2024
	HK$'000	*HK$'000*
Income from toll road and related operations	**576,864**	593,148
Sales of timber products	**798**	–
	577,662	598,148

6. OTHER INCOME AND OTHER GAINS OR LOSSES,NET

	2025	2024
	HK$'000	*HK$'000*
Interest income	**33**	138
Exchange loss	**(958)**	(6,586)
Rental income	**517**	1,570
Gain on disposal of property, plant and equipment	**663**	29
Government subsidies *(Note)*	**421**	451
Fair value (loss)/gain on FVTPL, net	**(21,406)**	18,797
Others	**1,466**	706
	(19,264)	15,105

Note: Government subsidies represented Employment Support Scheme launched by the Government of the PRC. There were no unfulfilled conditions or contingencies for the relevant subsidies.

7. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interests and finance costs on bank and other borrowings	**5,023**	4,211
Interests on promissory note	**5,000**	5,014
Default interests on bank and other borrowings	**94,744**	296,514
Default interests on non-convertible bonds	**246,653**	256,664
Interests on lease liabilities	**220**	269
Interest on overdue construction payable	**154**	282
	351,794	562,954

8. (LOSS) /PROFIT BEFORE TAXATION

(Loss) /profit before taxation is stated after charging/ (crediting):

	2025	2024
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**800**	1,100
Depreciation of property, plant and equipment	**9,767**	27,324
Depreciation of right-of-use assets	**10,785**	10,989
Amortisation of concession intangible asset included in cost of sales	**275,222**	278,744
Reversal of impairment loss of trade receivables	**(220)**	(12,537)
Impairment loss of deposits and other receivables, net	**52,838**	2,455
Operating lease payments recognised as expenses	**219**	43
Cost of inventories sold	**188**	8
Staff costs (excluding directors' emoluments):		
– Salaries and allowances	**38,436**	49,507
– Defined contributions pension costs	**6,052**	6,493
	44,488	56,000

9. INCOME TAX

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the years ended 31 March 2025 and 2024.

All of the Group's subsidiaries established and operating in the PRC are subject to PRC enterprise income tax of 25% (2024: 25%), except for those explained below.

Pursuant to the rules and regulations in the PRC and with approval from tax authorities in charge, subsidiaries including 樹人木業（大埔)有限公司，樹人苗木組培（大埔)有限公司 and Ar Horqin Banner Xinze Agricultural & Animal Husbandry Company Limited*阿魯科爾沁旗鑫澤農牧業有限公司, are qualified as forestry operation enterprise by the local tax authorities and so they are fully exempted from PRC enterprise income tax.

Zhunxing a subsidiary of the Company, was exempted from PRC enterprise income tax from 2014 to 2016 and was subject to 12.5% PRC enterprise income tax from 2017 to 2019. Pursuant to the document "Catalogue of Encouraged Industries in the Western Region (2025 Edition)" (2024: "Catalogue of Encouraged Industries in the Western Region (2020 Edition)") issued by the National Development and Reform Commission, Zhunxing is entitled to the preferential tax rate of 15% for the years ended 31 March 2025 and 2024.

10. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2025 (2024: HK$Nil).

11. (LOSS)/EARNINGS PER SHARE

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

(Loss)/profit for the year attributable to owners of the Company:

	2025	2024
	HK$'000	*HK$'000*
(Loss)/profit for the purpose of basic and diluted (loss)/earning per share	**(337,599)**	1,731,821

Number of shares:	**'000**	*'000*
Weighted average number of ordinary shares as at 31 March for the purposes of basic and diluted (loss)/earning per share	**10,644,093**	10,644,093

Diluted (loss)/earnings per share has not been presented as there was no dilutive potential ordinary share of the Company outstanding during both years.

12. TRADE RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**308,880**	393,923
Less: Provision for impairment loss	**(12,372)**	(15,180)
	296,508	378,743

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to six months for major debtor. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

On 15 April 2021, the Supreme People's Court of Inner Mongolia Municipality ordered the Ministry of Transport of the PRC to withheld the Group's toll road income receivables as security for the other overdue bank borrowings together with accrued interests, up to a maximum amount of RMB8,838,000,000.

Pursuant to a court order issued by the Intermediate People's Court of Inner Mongolia Municipality (the "**Inner Mongolia Intermediate Court**"), as at 31 March 2025, the Inner Mongolia Intermediate Court ordered to release a aggregate amount of approximately RMB2,434,840,000 (2024: RMB1,810,619,000) for the partial repayment of liabilities, the purpose of working capital and operation of expressway of the Group.

The aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of loss allowance, are as follow:

	2025	2024
	HK$'000	*HK$'000*
1-30 days	**43,788**	43,253
31-60 days	**28,058**	21,323
61-90 days	**35,751**	47,229
Over 90 days	**188,911**	266,938
	296,508	378,743

The movements in the loss allowance for impairment of trade receivables are as follow:

	2025	2024
	HK$'000	*HK$'000*
At beginning of year	**15,180**	28,982
Impairment loss	**927**	-
Reversal of impairment loss	**(1,147)**	(12,537)

Written off	**(2,459)**	-
Exchange difference	**(129)**	(1,265)
At the end of year	**12,372**	15,180

13 PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Prepayments	**18,085**	15,049
Deposits	**1,892**	1,910
Other receivables	**397,929**	151,905
Impairment allowance	**(80,552)**	(28,244)
	337,354	140,620

Management assesses the expected loss allowance of deposits and other receivables on an individual basis. The expected credit losses are assessed with reference to the credit status of the recipients and the past due status of doubtful debtors.

The movements in the loss allowance for impairment of deposits and other receivables are as follow:

	2025	2024
	HK$'000	*HK$'000*
At beginning of year	**28,244**	27,003
Impairment loss	**52,838**	2,455
Exchange difference	**(530)**	(1,214)
	80,552	28,244

14. OTHER PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Construction costs payable	**393,610**	429,513
Retention and guarantee deposits	**82,316**	83,504
Accrued and default interest on the bank and other borrowings	**2,631,506**	2,668,512
Accrued default interest on non-convertible bonds	**1,918,207**	1,671,554
Other deposits and accruals	**169,798**	161,118
Refundable earnest monies received from the Purchaser C *(Note)*	**241,256**	243,653
	5,436,693	5,257,854

Note:

On 30 December 2016, the Group and Hohhot Huizehang Investment Co., Ltd* (呼和浩特惠則恒投資有限責任公司) ("**Purchaser C**") entered into a conditional agreement for the disposal of 18% equity interest in Zhunxing, pursuant to which, during the years ended 31 March 2018 and 2019, Purchaser C paid RMB80,000,000 and RMB145,000,000 to the Group as refundable earnest monies, respectively. These refundable earnest monies of approximately HK$241,256,000 (2024: HK$243,653,000) will be refundable by the Group to Purchaser C if the disposal transaction was not proceeded.

15. CONTINGENT LIABILITIES

On 5 March 2016, an independent contractor commenced the legal proceedings against Zhunxing in relation to the construction costs and retention monies of approximately RMB100 million. On 11 July 2023, the court sanctioned that Zhunxing is liable to pay approximately RMB30 million to the independent contractor. Up to the date of these consolidated financial statements, Zhunxing and the independent contractor have appealed to the highest court without final judgement. After taking into account the legal advice from the Company's lawyer, the directors of the Company are of the opinion that, no additional provision is required as at 31 March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2025

For the year ended 31 March 2025, the Group was principally engaged in expressway operations, compressed natural gas ("**CNG**") gas stations operations, growing and sales of forage and agricultural products and timber operations.

BUSINESS REVIEW

Operation of Zhunxing Expressway

During the year ended 31 March 2025, the Group's revenue was mainly contributed by toll income from the 265-kilometre heavyhaul toll expressway in Inner Mongolia ("**Zhunxing Expressway**") operated by Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited*（內蒙古准興重載高速公路有限責任公司）("**Zhunxing**") which is indirectly held as to 86.87% by the Company. Zhunxing Expressway is strategically important to the energy resources logistics in the northern PRC as it connects the major coal production area with distribution centers in the region in a convenient and economical way.

For the year ended 31 March 2025, Zhunxing Expressway recorded an accumulated toll income of approximately HK$576.86 million (approximately RMB535.01 million), representing a decrease of approximately 2.75% from approximately HK$593.15 million (approximately RMB543.15 million) for the last reporting year. The average daily toll revenue of Zhunxing Expressway during the year are as follows:

	Average daily toll revenue					
	(RMB in million)			(HK$ in million)		
	2025	2024	Year-on-year change rate ("**YOY**")	**2025**	2024	YOY
Zhunxing Expressway	**1.46**	1.49	-2.01%	**1.58**	1.63	-3.07%

Upon traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group actively introduced measures and promotions to build client base. Apart from the economic factors, other factors which restrained the growth of both traffic volume and toll income of Zhunxing Expressway during the year include but not limited to the following:

(1) The continued contraction of steel production capacity and prices in PRC, particularly in Hebei Province, has led to a decrease in coal traffic volumes and toll income in Inner Mongolia. This has significantly reduced profit margins for freight companies and drivers. Additionally, the implementation of energy consumption control and air pollution control policies in the PRC, has resulted in the closure of some coal related enterprises, further diminishing the share of coal in the country's electricity generation and leading to a decline in coal consumption and traffic on the Zhunxing Expressway;

(2) The "Railway to Railway" policy in the PRC has affected the transportation pattern of bulk cargo. The mode of transportation of coal has been shifted from road-oriented to railway-oriented. Railways save the transportation cost of coal and improve efficiency. As a result, the shift of the transportation pattern has a direct impact on traffic volume of Zhunxing Expressway;

(3) The Ministry of Transportation is intensifying efforts to streamline toll stations on primary and secondary roads, increasing the cost differential between expressway and national road transportation. As the road network becomes denser, some users who previously relied on the Zhunxing Expressway are now shifting to other newly constructed or refurbished national expressways, directly impacting traffic volumes on the Zhunxing route; and

(4) Frequent extreme weather events (such as heavy rain, snowstorms, and windstorms) have had adverse impact on Zhunxing's operations, leading to transportation disruptions that restrict vehicle passage and reduce toll revenue. These weather conditions have also caused damage to the highway infrastructure (such as road collapses and water accumulation), which may encourage customers to use other new or renovated national expressway within the road network.

Zhunxing will carry on a number of measures to boost the growth in traffic volume and toll income of Zhunxing Expressway and attract more coal transport vehicles to utilize Zhunxing Expressway on a regular basis:

(1) fine-tune its business strategies to seek revenue growth in this competitive market environment:

(i) Executing a road maintenance program that is comprehensively planned and deployed under Zhunxing's policy to "normalize, standardize, and ensure the road conditions of Zhunxing Expressway preserve its best state". During the past eight years, Zhunxing Expressway maintained good standards on road appearance and road condition, and thus fully realized the maintenance management objectives of "smooth, safe, comfortable and splendid" for an expressway; and

(ii) Reinforcing a safe and expedient driving environment by implementing 24-hour patrol system to improve the service level and emergency response capability of the maintenance, road administration and traffic police personnel, with an aim to swiftly resolve spontaneous traffic incidents and minimize the time to restore traffic fluency on Zhunxing Expressway;

(2) Strengthen daily management of Zhunxing Expressway by incorporating daily inspection, comprehensive inspection and special inspection to achieve a full coverage of vehicle inspection at the entrance and exit of toll stations, curbing the phenomenon of evasion and leakage of toll;

(3) Focus on marketing activities to grow customer base. Zhunxing will explore the cooperation opportunities with the neighboring logistic base and coal chemical enterprises and promote Zhunxing Expressway's advantageous position in bringing together a coal transport process that reinforces traffic fluency, cost-saving and high efficiency; and

(4) Actively utilize the national toll collection policy and implement a differentiated toll strategy. Based on the "Comprehensive Implementation Plan for Differentiated Toll Collection" issued by the Ministry of Transport, the National Development and Reform Commission, and the Ministry of Finance, Zhunxing will formulate a differentiated toll plan for road sections to attract different types of vehicles to use the Zhunxing Expressway.

Forage and Agricultural Product Business

The Group has commenced its business in the growing and sales of forage and agricultural products in May 2017 upon Ar Horqin Banner Xinze Agricultural & Animal Husbandry Company Limited* (阿魯科爾沁旗鑫澤農牧業有限公司) ("Xinze") becoming a 60% owned subsidiary of the Group after the acquisition was completed on 10 May 2017.

The major factor attributes to the sales revenue of the forage is the level of local precipitation that affects the yield of the forage. Due to climate changes in recent years, especially affected by the multiple drastic changes in natural temperature and the effect of cold currents since the second half of 2018 till now, the production and sales of forage is difficult to maintain at a sustainable level.

For the year ended 31 March 2025, no sales income was recorded under the forage and agricultural product business (2024: HK$Nil) as the unstable local climate and Xinze's current operation, the management of Xinze considers that the forage production will require additional investment in extensive irrigation equipment and rebuild wells to recover and stabilize the productivity of the operation.

Forest Operation

With an aim to improve the cashflows of the Group, the Company will continue to look for opportunity to dispose its forestry related businesses in the PRC.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2025 was approximately HK$577.66 million, representing a decrease of about 2.61% from approximately HK$593.15 million for the last financial year. The Group's income was recognized under two (2024: two) reportable segment of the Group, namely expressway operation and other operation, contributed approximately HK$576.86 million and HK$0.80 million respectively (2024: HK$593.14 million and 0.11 million) to the Group's consolidated revenue.

Toll income from expressway operation of approximately HK$576.86 million (2024: approximately HK$593.14 million) constituted the mainstream of the Group's revenue for the year ended 31 March 2025. The decrease of about 2.82% in the annual toll revenue from the expressway operation was mainly due to the factors as discussed in the "Business Review" section and the drop in Renminbi to Hong Kong Dollar exchange rate.

Cost of sales

The Group's cost of sales for the year ended 31 March 2025 was approximately HK$432.81 million, representing an increase of about 16.12% from approximately HK$372.74 million for the last financial year. The Group's cost of sales during the year was mainly attributable to (i) the amortization of concession intangible asset arising from the expressway operation of approximately HK$275.22 million (2024: approximately HK$278.74 million), and (ii) the depreciation of property, plant and equipment of approximately HK$5.41 million (2024: approximately HK$23.87 million). The increase of about 16.12% in the cost of sales was mainly due to the increase in repairs and maintenance cost arising from the expressway operations.

Gross profit

For the year ended 31 March 2025, the Group recorded a gross profit of approximately HK$144.85 million (2024: HK$220.41 million).

Adjusted EBITDA

For the year ended 31 March 2025, the Group recorded an decreased adjusted EBITDA (defined as earnings before interest, tax, depreciation, amortization and non-cash changes in values of assets and liabilities) (the "Adjusted EBITDA") amounted to approximately HK$379.33 million compared to the Adjusted EBITDA of approximately HK$484.06 million for the last financial year. The approximately 21.64% decrease in the Adjusted EBITDA was primarily driven by the increase in repairs and maintenance cost arising from the expressway operations.

The Company is of the view that this non-HKFRS financial indicator facilitates comparisons of operating performance overtime by eliminating potential impacts of items which the management considers to be non-indicative of the Group's operating performance. However, not all companies adopt the same way for calculating such non-HKFRS financial indicator. Hence, similar measurements made by other companies may not be comparable.

The adjusting items are included in the reconciliation from the (loss)/profit before taxation to the Adjusted EBITDA as follows:

	2025	2024
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(342,606)**	2,048,114
Finance costs	**351,794**	562,954
Depreciation of property, plant and equipment	**9,767**	27,324
Depreciation of right-of-use assets	**10,785**	10,989
Amortisation of concession intangible asset	**275,222**	278,744
(Reversal of impairment loss)/impairment loss of trade and other receivables, net	**52,618**	(10,082)
Fair value change in biological asset	**373**	13,643
Fair value gain on financial assets at fair value through profit or loss	**21,406**	(18,797)
Interest income	**33**	-
Gain on debt restructuring	**-**	(2,428,828)
Adjusted EBITDA	**379,326**	484,061

The management of the Company is of the view that the (i) amortisation of concession intangible asset, (ii) impairment loss and depreciation of property, plant and equipment, (iii) impairment loss and depreciation of right-of-use assets, (iv) impairment loss of trade receivables and other receivables, net, (v) fair value change in biological assets, (vi) fair value gain on financial assets at fair value through profit or loss, (vii) gain on extinguishing financial liabilities by issuing new shares are non-cash items and (viii) interest income, which do not directly reflect the Group's business operations. Hence, through eliminating the effects of such items on calculation of the Adjusted EBITDA, relevant operating performance can be better reflected, and it would be more convenient to compare operating performance in different years.

Detailed segment revenue and contribution to loss before income tax of the Group is shown in Note 4 to this announcement.

Concession intangible asset

For the purpose of impairment testing, the concession intangible asset and related property, plant and equipment under the Group's expressway operations section is allocated to a cash-generating unit of expressway operation ("**Expressway CGU**"), and during the years ended 31 March 2025, the recoverable amounts of the Expressway CGU were determined adopting value in use ("**VIU**") calculation. There have been no subsequent changes in the valuation methods used in the prior year. In the current year, the actual toll revenue of the Zhunxing Expressway was not materially different from the amount previously projected for the year ended 31 March 2024.

For the purpose of estimating the recoverable amount of the Expressway CGU of the Group as at 31 March 2025, an independent valuation was performed by Vincorn Consulting and Appraisal Limited (the "**Vincorn**"), a firm of qualified professional surveyors and international valuation consultants with over 15 years of valuation experience. Among the key assumptions involved, toll revenue growth rates of various annum during the remaining exclusive operating period were estimated based on the traffic forecast data determined by an independent traffic consultant, in which the expected annual GDP growth rate in the PRC is a major driver of the expected traffic volume in the VIU calculation. Conservative toll revenue growth rates over the remaining exclusive operating period are adopted in the VIU calculations for the years ended 31 March 2025 after taking into account the government of PRC is advancing the reform in toll and maintenance systems of expressways, and the impact of the global economic environment.

In addition to the toll revenue growth rates, other factors considered by the management of the Company include but not limited to discount rate, vehicle types, existing road network, future transportation plan, proposed forthcoming development of Zhunxing and the actual operating results of Zhunxing Expressway during the respective years.

As at 31 March 2025, the recoverable amount of the Expressway CGU amounting to approximately HK$5,363.37 million (2024:HK$ 5,514.13 million) was not materially different from the carrying amount of the concession intangible asset and property, plant and equipment, thus no impairment loss was recognised in profit or loss for the year ended 31 March 2025 in respect of the concession intangible asset and related property, plant and equipment respectively.

Fair value of the biological assets

For the purpose of estimating the fair value of the Group's biological assets in the PRC as at 31 March 2025, an independent valuation was performed by Vincorn. The Board is satisfied that Vincorn is independent and competent to conduct the valuation. During the year ended 31 March 2025, the Group recorded a loss on the change in fair value less costs to sell of biological assets amounted to approximately HK$0.37 million (2024: HK$13.64 million).

Loss for the year

The Group's net loss for the year ended 31 March 2025 was approximately HK$342.61 million, representing a decreasefrom approximately HK$2,048.11 million profit for the year ended 31 March 2024. The Group's net loss (2024: profit) for the year was primarily contributed by amortisation of concession intangible asset amounted to HK$275.22 million (2024: the gain on debt restructuring amounted to approximately HK$2,428.83 million). The change from net profit for the year ended 2024 to net loss for the year ended 2025 was mainly due to no gain on debt restructuring during the year. The approximately decrease 35.51% in finance cost of the Group from approximately HK$562.95 million for the year ended 2024 to approximately HK$351.79 million for the year ended 2025 was mainly due to the default interests on bank and other borrowings decreased.

The loss attributable to owners of the Company for the year ended 31 March 2025 was approximately HK$337.60 million (2024: profit attributable to owners of the Company of approximately HK$1,731.82 million). The basic loss per share attributable to owners of the Company for the year was HK$0.03 per share (2024: HK$0.16 earnings per share). No diluted earnings/loss per share was presented for the years ended 31 March 2025 and 2024 as all share options of the Company were expired during the year ended 31 March 2019 and there were no potential ordinary shares of the Company in issue during the years ended 31 March 2025 and 2024.

LIQUIDITY REVIEW

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group's assets portfolio is mainly financed by its borrowings and debt securities.

As at 31 March 2025, the Group was in a net liabilities position of approximately HK$13,031.91 million as compared to a net liabilities position of approximately HK$12,765.07 million as at 31 March 2024.

As at 31 March 2025, contractual maturities based on contractual undiscounted cash flows of approximately HK$19,078.96 million, HK$1.10 million, HK$0.49 million and HK$3.75 million (2024: approximately HK$19,062.21 million, HK$1.21 million, HK$1.49 million and HK$3.90 million) were required to be repaid within 1 year or on demand, after 1 year but within 2 years, after 2 years but within 5 years and after 5 years, respectively.

The gearing ratio of the Group, measured as total liabilities to total assets, was approximately 315.40% as at 31 March 2025 (2024: approximately 302.60%).

As at 31 March 2025, the Group had cash and bank balances of approximately HK$10.7 million (2024: approximately HK$13.37 million) and its available banking facilities were amounted to approximately HK$9,086.96 million (2024: approximately HK$9,253.32 million) which have been fully utilized

Borrowings

The Group's outstanding borrowings, all being denominated in RMB and HK$, amounted to approximately HK$9,115.96 million (2024: approximately HK$9,282.32 million), represented approximately 47.8% of the Group's total liabilities as at 31 March 2025 (2024: approximately 48.69%). Approximately HK$29 million (2024: approximately HK$105.10 million) of the Group's outstanding borrowings were charged at fixed rates.

As the expressway operation is a capital intensive industry, the Group's outstanding borrowings amounted to approximately RMB8,474.27 million (approximately HK$9,086.96 million) were obtained and drawn down primarily for the construction and maintenance of Zhunxing Expressway as at 31 March 2025. The syndicated loan facilities of approximately RMB7,557.81 million (approximately HK$8,103.85 million) (the "**Syndicated Loans**") granted by several PRC banks (the "**Banks**") in December 2012 were secured by Zhunxing's receivables of toll income. Furthermore, Zhunxing obtained and drawn down loan facilities from several authorized financial institutions in the PRC, there RMB916.86 million (approximately HK$983.10 million) was secured by a combination of (i) Zhunxing's receivables of toll income; (ii) the Group's equity interests in Zhunxing; and/or (iii) certain Zhunxing's investments.

As part of the asset restructuring process with the Banks (as set out in the "Material Events" section below), the Syndicated Loans were regarded as default before the derecognition of the Syndicated Loans by the Banks. Accordingly, the Group's outstanding borrowings were all classified under current liabilities as at 31 March 2025.

Significant investments, acquisitions and disposals

During the year ended 31 March 2025, the Group did not have any significant investments. Save as disclosed under the "Material Events" section below, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the financial year.

Capital Commitments

No capital commitments outstanding as at 31 March 2025 (2024: approximately HK$21.21 million, representing the capital expenditure arising from the acquisition of property, plant and equipment under the expressway operations sector.

Going Concern

For the year ended 31 March 2025, certain conditions as set out in the consolidated financial statements in this announcement indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

In view of the circumstances, the Board has undertaken and/or is in the progress of implementing various measures (the "**Measures**") to improve the Group's liquidity position as set out in the below section headed "Action Plan to Address Audit Qualification". Assuming the successful implementation of the Measures, a cash flow forecast (the "**Cash Flow Forecast**") of the Group was prepared for a period of not less than twelve months from the date of approval (the "**Approval Date**") of the consolidated financial statements for the year ended 31 March 2025. With reference to the Cash Flow Forecast, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the next twelve months from the Approval Date. Accordingly, the consolidated financial statements for the year ended 31 March 2025 have been prepared on a going concern basis.

Due to the potential interaction of multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statement for the year ended 31 March 2025 as set out under the "Basis For Disclaimer Of Opinion" section in the Independent Auditor's Report, the auditor of the Company (the "**Auditor**") was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements for the year ended 31 March 2025. Accordingly, the Auditor issued a disclaimer of opinion in relation to the consolidated financial statements of the Group for the year ended 31 March 2025 (the "**Audit Qualification**").

Further discussions in relation to the Company's action plan to address the Audit Qualification are set out on pages 41 and 42 of this announcement.

If the Group had been unable to continue business as a going concern, adjustments would have been made to the consolidated financial statements for the year ended 31 March 2025 to restate the value of assets to their recoverable amounts, to reclassify noncurrent assets and non-current liabilities as current assets and current liabilities respectively, and to make provision for further liabilities that may arise. However, there has been no indication that the Group cannot continue business as a going concern up to the Approval Date.

Treasury Policy

The Group's business operations, assets and liabilities are dominated mainly in Hong Kong dollars, Renminbi and US dollars. There was no significant foreign exchange gain or loss recognized during the year. The management will review from time to time of potential foreign exchange exposure and will take appropriate measures to minimize the risk of foreign exchange exposure in the future.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedged by foreign currency borrowings and other hedging instruments

MATERIAL EVENTS

Update on Debt Restructuring

As at 31 March 2025, the Group has borrowings in the total amount of approximately HK$9,115.96 million. Such borrowings mainly consisted of Syndicated Loans of approximately RMB7,557.81 million (equivalent to approximately HK$8,103.85 million) granted by the Banks in December 2012. As announced by the Company on 5 September 2019, the Company was informed that the Banks intended to optimise their loan portfolios by restructuring the Syndicated Loans through legal process to other interested parties. However, the Banks must go through certain legal proceedings with the Group including filing of civil actions, court-directed mediations, entering into of settlement agreement(s) and execution(s) of settlement agreement(s) in respect of the Syndicated Loans.

By the end of December 2019, settlement agreements have been entered into between the Banks and the Group. After several communication with the Banks, the Group was given to understand that the derecognition of the Syndicated Loans would initiate in June 2020.

During the process of debt restructuring of Zhunxing, the Banks and another PRC bank lender had applied to freeze Zhunxing's receivables of toll income.

On 10 May 2022, the Intermediate People's Court of Ulanqab Inner Mongolia Autonomous Region（內蒙古自治區烏蘭察布市中級人民法院）(the "**Court**") decided that Zhunxing was an entity that was suitable for restructuring and thus accepted the restructuring application of Zhunxing by China Development Bank for the said bank to restructure Zhunxing. On 25 August 2022, the Court issued a written decision that Beijing Tian Tai Law Firm*北京天馳君泰律師事務所 had been appointed as the administrator (the "**Administrator**"). The Court had approved Zhunxing to continue operating and manage business affairs on its own. Zhunxing and the Administrator had submitted a restructuring proposal to the Court and the creditors within 6 months after the date of the court order. The restructuring proposal was passed by the requisite majority of creditors of Zhunxing at the meeting of restructuring proposal. The restructuring proposal of Zhunxing had also been approved by the Court on 26 September 2023. Since then, the restructuring proposal became effective on 26 September 2023. As of 30 April 2025, the total debts of Zhunxing confirmed by the Administrator are approximately RMB13.58 billion, the Restructuring Proposal was implemented according to the preference indication received from creditors:

(a) For the portion of the borrowings secured by collateral that is less than the assessed value of the collateral (the "**Partial Secured Borrowings**"), 15% of the Partial Secured Borrowings will be repaid in cash within 3 months from the date of acceptance of this repayment arrangement in writing. 85% of the remaining Partial Secured Borrowings will be repaid within 10 years from the date of court approval of the restructuring proposal. For the portion of the borrowings secured by collateral that exceeds the assessed value of the collateral (the "**Remaining Secured Borrowings**"), the Remaining Secured Borrowings up to RMB1,000,000 will be fully repaid in cash within 1 year from the date of court approval of the restructuring proposal. The portion exceeding RMB1,000,000 will be discharged by transferring a portion of the equity interest of Zhunxing held by the Group to the creditors. The amount of equity transferred to them is subject to the number of ordinary unsecured creditors choosing the equity option as set out in note (c)(ii) below;

(b) For priority payment rights included in other payables, 15% of the debt will be repaid in cash within 3 months from the date of acceptance of this repayment arrangement in writing. 85% of the remaining debt will be repaid within 10 years from the date of court approval of the restructuring proposal;

(c) For unsecured debt included in other payables and borrowings, each ordinary creditor with a debt amount of RMB1,000,000 or less will be fully repaid in cash within 1 year from the date of court approval of the restructuring proposal. For each ordinary creditor with a debt amount exceeding RMB1,000,000, the creditors can choose to discharge the debt in full either (i) by way of a cash settlement representing 30% of the debt; or (ii) by transferring a portion of the equity interest of Zhunxing held by the Group to the creditor;

(d) The unsecured debts to be settled in cash within two years after the Court approves the Restructuring Proposal, approximately RMB39.06 million remains unpaid and is expected to be fully repaid on or before 26 September 2025;

(e) Approximately RMB4.32 billion of the construction and secured debts will be settled in cash. Repayment is scheduled between 2026 and 2033;

(f) Approximately RMB6.88 billion of the secured and unsecured debts will be converted into 49% equity of Zhunxing through Debt Capitalisation; and

(g) For accrued salaries and tax labilities, full repayment of admitted claims in cash will be made to employees of Zhunxing and the PRC tax authorities within 1 year from the date of court approval of the restructuring proposal.

Upon the approval and effectiveness of the restructuring proposal of Zhunxing by the Court, certain claims against and liabilities of Zhunxing were discharged and compromised in full. During the year ended 31 March 2025, a gain on debt restructuring of approximately HK$Nil has been recognised. Pursuant to the restructuring proposal as mentioned above, certain equity interest in Zhunxing indirectly held by the Group will be transferred to the creditors who choose to settle the liabilities by equity as mentioned in notes (a) and (c)(ii) above. Up to the date of this announcement, the equity structure of Zhunxing has not changed and the Group remains holding an 86.87% equity interest in Zhunxing. The Group is currently implementing and finalizing the restructuring. As of the approval of consolidated financial statements for the year ended 31 March 2025, the restructuring is still in progress.

Outstanding Non-convertible Bonds

As at the date of this announcement, details of the non-convertible bonds of the Company in the aggregate principal amount of HK$4,032.00 million (the "Outstanding Bonds") are as follows:

Holders of Outstanding Bonds	**Principal amount** *(HK$)*	**Maturity date**	**Default interest rate as at 31 March 2025** *(per annum)*
China Life Insurance (Overseas) Company Limited	800,000,000	10 February 2016	5.250%
China Life Insurance (Overseas) Company Limited	700,000,000	24 January 2017	5.250%
Cross-Strait Capital Limited	32,000,000	10 February 2016	5.250%
Popcorn Industries Ltd. *(Note)*	36,000,000	3 March 2016	5.250%
Popcorn Industries Ltd. *(Note)*	35,000,000	3 September 2016	5.250%
Li Ka Shing (Canada) Foundation	464,000,000	3 March 2016	5.250%
Li Ka Shing (Canada) Foundation	465,000,000	3 September 2016	5.250%
Strait Capital Service Limited	800,000,000	24 January 2017	5.250%
Strait CRTG Fund, L.P.	700,000,000	24 January 2017	5.250%
Total	4,032,000,000		

Note: Popcorn Industries Ltd. is wholly-owned by Dr. Lo Ka Shui.

The Group has continued discussions with its creditors, including but not limited to the holders of the Outstanding Bonds, keeping them updated on Zhunxing's ongoing Debt Restructuring. Communication with these parties regarding the extension of the standstill letters or the rescheduling of debt repayments is still in progress. Up to the date of this announcement, no agreement has been reached.

Proposed Disposal of 71% Equity Interests in Zhunxing and the Undertaking of the Buy-back Obligation or Options

Disposal Agreement A

On 28 December 2016, the Company as guarantor and its wholly-owned subsidiary Cheer Luck technology Limited ("**Cheer Luck**") acting as vendor, entered into a disposal agreement with Inner Mongolia Yuanheng Investment Co. Ltd.*（內蒙古源恒投資有限公司）("**Purchaser A**"), pursuant to which Cheer Luck conditionally agreed to sell, and Purchaser A conditionally agreed to acquire 25% equity interests in Zhunxing at RMB1,125.00 million (equivalent to HK$1,260.00 million) ("**Disposal Agreement A**") with an option to buy back (the "**Disposal A**").

On 18 December 2017, Cheer Luck and Purchaser A entered into a supplemental agreement to amend the aforesaid consideration to RMB1,145.00 million (equivalent to approximately HK$1,282.40 million) pursuant to a valuation report (the "**Consideration A**"). A fund company, Wulanchabu Zhongshi Yuanheng Logistics Management Centre (Limited Partnership)*（烏蘭察布市中實源恆物流產業管理中心（有限合夥））(the "**Fund Company**"), was established by Purchaser A at its sole discretion to facilitate its internal funding arrangement and the settlement of Consideration A. The directors of the Company expect that the net proceeds from Disposal A, after deducting the expenses directly attributable thereto, will be approximately RMB1,139.64 million (equivalent to approximately HK$1,276.40 million).

On 16 April 2018, the Disposal Agreement A and all the transactions contemplated thereunder were approved at the extraordinary general meeting of the Company. As at the date of this announcement, all payments from Purchaser A are delayed and remained outstanding as the Fund Company requires additional time to facilitate the internal funding arrangement for settlement of Consideration A.

Disposal Agreement B, C and D

On 30 December 2016, the Company as guarantor and Cheer Luck as vendor entered into a disposal agreement with each of the following purchasers:

(i) Hohhot Economic and Technological Development Zone Investment and Development Group Co. Ltd.*（呼和浩特 經濟技術開發區投資開發集團有限責任公司）, for the sale and purchase of 18% equity interests in Zhunxing at a consideration equals to 18% of the net asset value of Zhunxing as at 31 December 2016 ("**Disposal Agreement B**");

(ii) Hohhot Huizeheng Investment Co. Ltd.*（呼和浩特惠則恒投 資有限責任公司）(“**Purchaser C**”), for the sale and purchase of 18% equity interests in Zhunxing at a consideration equals to 18% of the net asset value of Zhunxing as at 31 December 2016 (“**Disposal Agreement C**”); and

(iii) Deyuan Xingsheng Industrial Co. Ltd.*（德源興盛實業有限 公司）, for the sale and purchase of 10% equity interests in Zhunxing at a consideration equals to 10% of the net asset value of Zhunxing as at 31 December 2016 (“**Disposal Agreement D**”).

Up to the date of this announcement, an aggregate of RMB225,000,000 (equivalent to approximately HK$241,256,000) refundable earnest monies were paid by Purchaser C to facilitate further negotiation in respect of the disposal of 18% equity interests in Zhunxing. The earnest monies will be settled as part of the consideration of the aforesaid disposal when the transaction is completed. The earnest monies had been applied to pay the Group’s borrowings and related interest.

As at the date of this announcement, the three purchasers have not prepared the terms of the supplemental agreements and no revised timetable has been agreed. Each of the above disposal agreements is not inter-conditional and shall be completed separately. In light of the China’s economy slowdown and the policy environment with risks and uncertainties, the progress on the proposed disposals of the 71% equity interests in Zhunxing has been in a standstill position. Given the Company’s imminent funding needs, the Board is of the view that continuing to pursue the above proposed disposals of Zhunxing may not be in the interest of the Company and the Shareholders as a whole, and is considering to terminate the above disposal agreements.

Details on the arrangement of proposed disposals and buybacks of the 71% equity interests in Zhunxing are set out in the announcements of the Company dated 9 January 2017, 30 March 2017, 30 June 2017, 29 September 2017, 18 December 2017, 16 April 2018 and 12 August 2019 and the circular of the Company dated 26 March 2018.

PROSPECTS

The general outlook for the business environment will remain challenging. In view of the slowdown of China’s economy and the implementation of energy control and air pollution control policies in the PRC, we remain cautious about the adverse impacts on the financial results of the Group.

However, the PRC is vigorously promoting the construction of the highway network to stimulate economic development and regional integration. The construction of highways is seen as a crucial means to promote economic growth and improve logistics efficiency, enhancing the PRC transportation capacity and fostering economic expansion. Further, to encourage a steady and healthy development of the coal industry and bring about a turnaround for the transportation industry, the PRC implement measures to stabilize coal prices, adjust the pace of coal imports, and coordinate measures for coal transportation. It is expected that these positive factors will bring growth to the traffic volume and toll income of Zhunxing Expressway, the Group will continue to move forward steadily.

Given the Company's imminent funding needs to meet its short-term financial obligations, the Company will prioritize on exploring all possible avenues, including but not limited to right issue, open offer, placing of new shares and issuance of new convertible bonds, disposing of assets of the Group and identifying other purchasers to dispose of the interest in Zhunxing, to generate capitals to repay the Outstanding Bonds and other outstanding borrowings. The Board will continue to look out for opportunities to strengthen the Group's financial position and strive to maximize the benefits of the shareholders of the Company (the "Shareholders") as a whole.

CHARGES ON ASSETS

As at 31 March 2025, the Group has pledged the equity interests in (i) Inner Mongolia Berun New Energy Company Limited*（內蒙古博源新型能源有限公司）; (ii) Inner Mongolia Zhunxing Expressway Service Areas Management Company Limited*（內蒙古准興高速服務區管理有限責任公司）; and (iii) Zhunxing to secure part of the Group's borrowings.

CONTINGENT LIABILITIES

Save as disclosed in Note 15 to the consolidated financial statements in this announcement, the Group had no material contingent liabilities as at 31 March 2025.

DIVIDENDS

The Directors do not recommend a payment of any dividend for the year ended 31 March 2025 (2024: HK$Nil).

SCOPE OF WORK OF McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods")

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Auditor, McMillan Woods, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by McMillan Woods on the preliminary announcement.

EXTRACT OF THE AUDITOR'S REPORT

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As described in Note 3(c) to the consolidated financial statements, the Group incurred a loss of approximately HK$342,606,000 for the year ended 31 March 2025 and as at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK$18,433,738,000 and HK$13,031,907,000, respectively.

As further disclosed in that note, the Group had substantial liabilities in default, amounting to approximately HK$18 billion. Although part of the Group's borrowings are subject to a court-approved restructuring plan, key components of the plan remain incomplete, and a significant portion of the Group's defaulted liabilities is not included in the restructuring and remains subject to ongoing negotiations.

These conditions, along with other matters set forth in Note 3(c), indicate the existence of multiple material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, to meet its liabilities as and when they fall due, which are set out in Note 3(c) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully negotiating with the People's Republic of China ("PRC") banks and other creditors for finalising the debt restructuring; (ii) successfully negotiating with the Group's other lenders, promissory note and non-convertible bond holders, for the renewal or extension of repayment of outstanding borrowings which are not under the restructuring plan, including those with overdue principals and interests in default; (iii) successfully raising new funds for financing the working capital of the Group within the next twelve months from the date of approval of financial statement.

Up to the date of approval of the consolidated financial statements, the Group's measures described above have not yet been completed. There were material uncertainties on the Group's ability to obtain adequate working capital to meet its debts as and when they fall due in the foreseeable future. In view of the significance of the extent of the uncertainty relating to the ongoing availability of finance to the Group, we disclaim our opinion in respect of year ended 31 March 2025.

Should the Group fail to achieve the above-mentioned measures on a timely basis, it may not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

ACTION PLAN TO ADDRESS AUDIT QUALIFICATION

The Auditor of the Company did not express opinion on the consolidated financial statements of the Group for the year ended 31 March 2025 and the five preceding financial years due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements.

In order to address the issues, up to the date of this announcement, the Group has taken and will continue to implement the following measures under the Group's action plan to improve the Group's liquidity position, including:

(i) the Group is actively negotiating with the PRC banks and other creditors for finalising the debt restructuring. Up to the date of this announcement, the restructuring is still ongoing;

(ii) the Group is actively negotiating with the Group's other lenders and non-convertible bond holders to seek for the renewal or extension of repayments of all borrowings, including principals and interests in default. Up to the date of this announcement, no agreement has been reached; and

(iii) the Group is actively negotiating with external parties to obtain new sources of financing to finance the Group's working capital and improve the liquidity position. Up to the date of this announcement, no agreement has been reached.

Despite the above works, the disclaimer of opinion for the year ended 31 March 2025 remains unresolved as (1) the completion of the debt restructuring was delayed; and (2) no other material agreements entered into between the Company and its creditors, potential purchasers or potential investors were available, on or before the date of this announcement, as sufficient appropriate audit evidence for the Auditor to assess the appropriateness of the Board's application of going concern basis in preparation of the Group's consolidated financial statements for the year ended 31 March 2025. As the above Measures involve on-going negotiations and communications with various external parties, potential purchasers and creditors, it is difficult to determine a definite timetable on the completion of the Measures under the action plan. Notwithstanding, the Board will strive to complete the above Measures before the financial year ending 31 March 2026.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The Audit Committee has reviewed and agreed with the views and concerns of the Auditor with respect to the Audit Qualification on the consolidated financial statements of the Group for the year ended 31 March 2025. The Audit Committee noted that the Board has undertaken or in the progress of implementing the Measures to improve the Group's liquidity position. As at the date of this announcement, the Board is not aware of any indication that any of the Measures cannot be completed. With reference to the Cash Flow Forecast which is prepared upon the assumption that the Measures will be successfully implemented, the Board is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the Approval Date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Audit Committee has reviewed and agreed with the management's position and is of the view that the Board should continue its efforts in implementing necessary measures for enhancing the Group's liquidity position and removing the Audit Qualification in the next financial year

OTHER AREAS OF MAJOR JUDGMENTAL AND KEY ESTIMATES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In addition to the judgement that the financial statements shall be prepared on a going concern basis, other major judgmental areas in relation to the preparation of the financial statements include the application of the Group's accounting policies on (i) the impairment assessment of the Group's concession intangible asset and related property, plant and equipment allocated to expressway operations; (ii) the estimates of construction costs for concession intangible asset; (iii) the impairment assessment of trade and other receivables; and (iv) the fair value measurement of biological assets and financial assets at fair value through profit or loss.

The Auditor has not expressed disagreement over the abovementioned judgmental areas, whereas the Audit Committee has reviewed and agreed with the management's position on these judgmental areas.

NEXT FINANCIAL STATEMENTS

Based on the Company's discussion with the Auditor, as the Audit Qualification relates to the Group's ability to continue as a going concern, in preparing the consolidated financial statements for the year ending 31 March 2026, the Board will be responsible for assessing the Group's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis with reference to the conditions and circumstances as at 31 March 2026. The Auditor will obtain sufficient appropriate audit evidence to assess the appropriateness of the Board's application of going concern basis in preparing the Group's consolidated financial statements for the year ended 31 March 2026, and based on the audit evidence obtained, to determine whether multiple uncertainties exist in relation to the Group's going concern issue.

The Board's assessment of the Group's ability to carry on as a going concern as at 31 March 2026 will take into consideration the relevant conditions and circumstances, and also a then cash flow forecast of the Group for a period covering not less than twelve months from the date of approval of the consolidated financial statement for the year ended 31 March 2026.

After discussion with the Auditor, the Board expects that the consolidated financial statement of the Group for the year ended 31 March 2026 will be free of the Audit Qualification if all the Measures are successfully implemented as planned, sufficient and appropriate audit evidence is obtained by the Auditor, and the Board is satisfied that the Group can continue business as a going concern, barring any unforeseen circumstances.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2025.

EMPLOYEES AND RETIREMENT BENEFIT SCHEMES

The Group had approximately 354 employees in Hong Kong and the PRC as at 31 March 2025. The

Group implements remuneration policy, bonus and share options scheme to ensure that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration policy.

The employees of the Company's subsidiaries in the PRC participate in defined contribution schemes operated by the local government authorities in the PRC. The Company's subsidiaries are required to make contributions to the schemes at a certain percentage of the basic salaries of their PRC employees and have no further obligation for post-retirement benefits.

The employees of the Company in Hong Kong are enrolled in a Mandatory Provident Fund scheme in accordance with the requirements of the Mandatory Provident Fund Scheme Ordinance (Chapter 485) and the Mandatory Provident Fund Schemes (General) Regulation (Chapter 485A). Contributions are made based on a percentage of the employee's basic salaries.

SHARE OPTION SCHEME

A new share option scheme of the Company was adopted on 28 August 2014 (the "**Scheme**"). Directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for a maximum number of 135,249,419 Shares of HK$0.20 each of the Company, which represents 10% of the issued shares of the Company as at the date of adoption after taking into account the effect of share consolidation implemented on 5 November 2015 and the completion of rights issue on 9 December 2015. The purpose of the Scheme is to provide the Company with a flexible means of giving incentives and rewards to eligible participants to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme shall be valid and effective for a period of 10 years ended on 27 August 2024, unless otherwise terminated or amended.

The subscription price in respect of each share issued pursuant to the exercise of options granted is at least the highest of (a) the nominal value of a share, (b) the closing price of the shares on Stock Exchange on the date of grant, and (c) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant.

After accounting for the implementation of share consolidation on 5 November 2015 and the completion of rights issue on 9 December 2015, the maximum number of securities of the Company available for issue under the Scheme as at 31 March 2025 was 27,036,469 Shares which represented 0.25% of the ordinary shares of the Company in issue at 31 March 2025. The total number of Shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1% of the Company's total ordinary shares in issue. At the end of the year ended 31 March 2025 or at any time during the year ended 31 March 2025, no option was issued and outstanding under the Scheme. The Scheme was expired on 27 August 2024.

THE MODEL CODE

The Company has adopted a code of conduct regarding the securities transactions by directors (the "**Securities Code**") on terms not less than the required standard set out in the Model Code in Appendix C3 of the Listing Rules. A copy of the Securities Code has been sent to each Director first on his appointment and thereafter reminders were sent to the Directors twice annually, with a notice that the Directors cannot deal in the securities and derivatives of the Company until the results announcement has been published. The Company has made specific enquiries on Directors' dealings in the securities of the Company and all Directors have confirmed that they have complied with the required standard set out in the Securities Code throughout the year ended 31 March 2025.

Under the Securities Code, Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in any securities of the Company and, in the case of the Chairman himself, he must notify the Board at a Board meeting or alternatively, another executive Director and receive a dated written acknowledgement before any dealing.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to uphold good corporate governance practices with emphasis on enhancing accountability and transparency of the management of the Company to safeguard the long-term interest of the Shareholders as a whole. The Company's corporate governance practices are based on the principles of good corporate governance set out in the Corporate Governance Codes and Corporate Governance Report in Appendix C1 of the Listing Rules (the "**CG Code**").

The Board is of the view that throughout the year ended 31 March 2025, the Company has complied with all the code provisions prescribed in the CG Code except for the deviations from (i) code provision C5.1 of the CG Code, (ii) code provision C1.8 of the CG Code, and (iii) code provision C2.1 of the CG Code.

Code Provision C5.1

The Directors note that the code provision C5.1 of the CG Code requires the Board to hold at least four regular meetings a year at approximately quarterly intervals. However, in view of the fact that only one regular meeting was convened during the year and ad hoc matters were effectively dealt with by way of regular management meetings, the Directors considered holding four regular meetings at quarterly intervals to be unnecessary.

Code Provision C1.8

The Directors note that the code provision C1.8 of the CG Code stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. However, the Company was unable to obtain a favorable quotation on the directors and officers ("D&O") liability insurance policy from insurers in light of the financial condition of the Company. The Board will consider the terms and conditions of any new D&O liability insurance cover that are offered by the insurers from time to time.

Code Provision C2.1

The Board noted that the Company is expected under the CG Code to keep the roles of the chairman and the chief executive officer separated and performed by different individual to ensure a balance of power and authority. However, the Company has chosen to deviate from the CG code in view of the size of the business operation of the Group and the cost and difficulty of employing a person with suitable caliber for the post of CEO. The Board understands the importance of complying with the code provision C2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

Further details of the Company's corporate governance practices will be set out in the Corporate Governance Report to be contained in the Company's annual report for the year ended 31 March 2025 ("**Annual Report 2025**").

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 March 2025 have been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course and at the website of the Company at http://www.crtg.com.hk. Our Annual Report 2025 containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board
China Resources and Transportation Group Limited
Gao Zhiping
Co-Chairman

Hong Kong, 30 June 2025

As at the date of this announcement, the Board comprises five executive Directors, namely Messrs Lu Zhiming, Gao Zhiping, Jiang Tao, Duan Jingquan, Wang Gang; and four independent non-executive Directors, namely Messrs Jing Baoli, Bao Liang Ming, Xue Baozhong, Huang Chunlian.

* *For identification purpose only*