# New Times Corporation Ltd.

(Formerly known as NEW TIMES ENERGY CORPORATION LIMITED)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0166.HK)**

# 2024 ANNUAL REPORT

# OUR BUSINESS

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors
Mr. CHENG, Kam Chiu Stewart *(Chairman)*
Mr. TANG, John Wing Yan *(Chief Executive Officer)*

### Non-executive Director
Mr. LEE, Chi Hin Jacob

### Independent non-executive Directors
Mr. YUNG, Chun Fai Dickie
Mr. CHIU, Wai On
Mr. HUANG, Victor
Ms. LEUNG, Sze Lai (appointed on 29 August 2024)

## AUDIT COMMITTEE

Mr. CHIU, Wai On *(Chairman)*
Mr. LEE, Chi Hin Jacob
Mr. YUNG, Chun Fai Dickie
Mr. HUANG, Victor
Ms. LEUNG, Sze Lai (appointed on 29 August 2024)

## REMUNERATION COMMITTEE

Mr. YUNG, Chun Fai Dickie *(Chairman)*
Mr. CHENG, Kam Chiu Stewart
Mr. CHIU, Wai On
Mr. HUANG, Victor

## NOMINATION COMMITTEE

Mr. YUNG, Chun Fai Dickie *(Chairman)*
Mr. LEE, Chi Hin Jacob
Mr. CHIU, Wai On
Mr. HUANG, Victor

## EXECUTIVE COMMITTEE

Mr. CHENG, Kam Chiu Stewart *(Chairman)*
Mr. TANG, John Wing Yan

## COMPANY SECRETARY

Mr. LEE, Kun Yin

## AUDITOR

Certified Public Accountants and Registered PIE Auditor:
Ernst & Young (appointed on 9 August 2024)
PricewaterhouseCoopers (resigned on 9 August 2024)

## LEGAL ADVISERS

### On Hong Kong law
Deacons

### On Bermuda law
Conyers Dill & Pearman

### On Canada law
Stikeman Elliott LLP

### On Argentina law
Nicholson y Cano Abogados
Saravia Frias Abogados
Marval, O'Farrell & Mairal

### On US law
Haynes and Boone, LLP

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
HSBC
Canadian Imperial Bank of Commerce
Toronto-Dominion Bank

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1402, 14/F, New World Tower I
16-18 Queen's Road Central
Hong Kong

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

# INFORMATION FOR STAKEHOLDERS

## SHARE INFORMATION

### First listed on the Stock Exchange
13 October 1998

### Place of listing
Main Board of The Stock Exchange of Hong Kong Limited

### Stock Code
0166.HK

### Board Lot
2,000 shares

### Financial Year End
31 December

### As at 31 December 2024

| | |
|---|---|
| Number of issued shares: | 8,741,776,988 shares |
| Closing price: | HK$0.051 per share |
| Market capitalisation: | HK$445.83 million |

## SHARE REGISTRAR AND TRANSFER OFFICE

### Principal Share Registrar
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

### Hong Kong Branch Registrar
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

## INVESTOR RELATIONS

Enquiries may be directed to e-mail:
info@newtimes-corp.com

## WEBSITE

https://newtimes-corp.com/

# FINANCIAL HIGHLIGHTS

| | **Year ended 31 December 2024 HK$ million** | Year ended 31 December 2023 HK$ million |
|---|---|---|
| Revenue | **10,896.7** | 26,150.2 |
| Loss before tax | **(86.2)** | (159.6) |
| Adjusted EBITDA ("**EBITDA**") [1] | **(17.4)** | 167.0 |
| Loss for the year | **(87.4)** | (150.5) |
| Loss per share – basic (HK cent) | **(1.00)** | (1.72) |

| | **As at 31 December 2024 HK$ million** | As at 31 December 2023 HK$ million |
|---|---|---|
| Total assets | **1,427.1** | 1,700.7 |
| Total equity | **1,062.4** | 1,192.4 |
| Debt ratio [2] | **25.6%** | 29.9% |
| Gearing ratio [3] | **Nil** | Nil |
| Net asset value per share [4] (HK$) | **0.12** | 0.14 |

Remarks:

(1) Adjusted EBITDA is derived from profit/loss before tax, excluding interests, asset impairment loss or asset impairment reversal, net, depreciation and amortisation

(2) Debt ratio: Total liabilities divided by total assets

(3) Gearing ratio: Interest bearing borrowings divided by total equity

(4) Net asset value per share: Net assets divided by number of issued shares

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of New Times Corporation Limited and its subsidiaries (collectively, the "**Group**"), I am pleased to present the annual results and audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

## EXPANDING HORIZONS, EMBRACING INCLUSION

In August 2024, the Group adopted a new corporate name, *New Times Corporation Limited*, along with a refreshed logo – reflecting our strategic evolution. This rebranding marks a pivotal shift as we broaden our focus beyond traditional oil and gas operations to include precious metals trading and refinery, and further extend into sustainable energy solutions.

Our vision is anchored in building a greener future. The development of a green ecosystem hub at Discovery Park underscores our commitment to environmental sustainability, climate action, and long-term stakeholder value creation.

We also took a meaningful step forward in strengthening Board diversity with the appointment of Ms. Leung, Sze Lai as an Independent Non-Executive Director and member of the Audit Committee, effective 29 August 2024. Ms. Leung brings over two decades of senior leadership in the jewellery manufacturing and wholesale industry, complemented by her credentials as a Certified Public Accountant (Australia) and expertise in gemmology. Her insights and experience will be a valuable asset to the Board as we continue to foster inclusive and balanced governance.

## 2024 OVERVIEW

The year was marked by geopolitical uncertainties and trade tensions, creating a challenging global operating environment. For the year ended 31 December 2024, the Group reported a net loss after tax of HK$87.4 million and an adjusted EBITDA loss of HK$17.4 million (before interest, taxes, depreciation, amortisation, and asset revaluation).

Key factors contributing to this performance included:

1. **Natural Gas Operations in Canada** – Impacted by persistently low commodity prices and significant production disruptions caused by wildfires in May 2024.

2. **Precious Metals Business in Hong Kong** – Faced margin pressures from record-high gold prices, growing competition from the Middle East, and operational challenges during the refinery's initial year.

Despite these headwinds, the Group remained financially sound, supported by stable cash flows across its diversified business lines. As at 31 December 2024, the Group maintained a robust liquidity position with no external borrowings and highly liquid current assets totalling HK$517.7 million.

## OIL AND GAS OPERATIONS

In Canada, we strengthened our strategic position in the Wapiti region through the acquisition of additional mineral rights within the Montney Formation at West Gold Creek, Alberta – an area adjacent to some of the most prolific and record-breaking oil and gas wells drilled in Western Canada in recent years.

Despite wildfire-related disruptions and mandatory evacuations in Northeast British Columbia, the Group achieved an average daily production of 7,700 boe in 2024, primarily from natural gas. To date, the vast majority of production capacity has since been restored. In response to market conditions, approximately 1,200 boe per day is being strategically withheld to preserve long-term asset value.

Our focus on operational efficiency continues through targeted well workovers, production optimisation, process upgrades, and cost-saving initiatives.

Environmental responsibility remains a core priority, with measures including energy audits, infrastructure reconfiguration, workforce training, and engagement in emissions offset projects in British Columbia – all in support of our net-zero ambitions.

In Argentina, oil production continued to drop, despite our well having been ranked the top producing conventional oil well in Argentina in 2023. Nevertheless, the Group expects to be totally divested from Argentina by the end of 2025.

## GREEN ECOSYSTEM HUB AT DISCOVERY PARK

As part of our ESG commitment, the Group is advancing the transformation of Discovery Park into a green ecosystem hub. This redevelopment embraces the circular economy concept by co-locating synergistic businesses in green hydrogen and biofuel production, land-based aquaculture, vertical farming, and modular construction. The integrated operations will enable resource efficiency and waste minimisation, aligning with global sustainability goals.

Progress on our green hydrogen initiative continues with feasibility studies and stakeholder engagement underway. If a reliable off-taker can be identified for the hydrogen, the project is expected to commence operation by the end of 2026.

We are also in active discussions with several operators, including a leading Nordic aquaculture enterprise, for the development of land-based trout farming facilities. At the same time, initiatives are underway to bring vertical farming solutions to the site. We have been approached by the various developers of data centres to set up facilities at Discovery Park as well as in Northeastern British Columbia.

This green ecosystem redevelopment is transformative – not only for the Group, but for the broader industrial landscape – as it creates economic value through sustainable innovation and establishes a new benchmark for green industrial parks.

## PRECIOUS METALS REFINERY AND TRADING

In early 2024, the Group's new precious metals refinery commenced commercial operations following successful testing and commissioning. With an annual refining capacity of 50 metric tonnes of gold at 99.9% purity, this facility represents a major step forward in our expansion across the precious metals value chain.

By integrating refining activities, the Group aims to capture greater value, strengthen margins, and unlock operational synergies within its commodities segment.

## LOOKING AHEAD

While our oil and gas operations remain a core pillar of our business, the redevelopment of Discovery Park offers a clear and strategic pathway to realise our sustainability objectives. At the same time, we remain confident in the resilience and cash-generating ability of our diversified business portfolio as we navigate an evolving global landscape.

With an estimated 3.08 trillion cubic feet (TCF) of natural gas in recoverable contingent resources, the Group is well-positioned to benefit from an anticipated recovery in Western Canadian natural gas prices – particularly as LNG Canada, a major liquefied natural gas export project in the region is expected to commence operation in the second half of 2025.

Meanwhile, our establishment of a new office in Dubai is expected to accelerate the growth of our precious metals trading and refining business, positioning the Group to further expand its global footprint.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, employees, partners, and stakeholders for their continued trust and support.

**CHENG, Kam Chiu Stewart**
*Chairman*

Hong Kong, 27 March 2025

## INTRODUCTION

New Times Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") operate in two core businesses. The Group's Energy Business includes upstream exploration and exploitation of oil and gas resources in Canada and Argentina, as well as strategic initiatives in the energy transition sector in Campbell River, British Columbia, Canada. Additionally, the Group operates a Precious Metals Trading and Refinery Business, which includes physical precious metals trading business and a state-of-the-art precious metal refinery specialising in gold and silver in Hong Kong.

## GENERAL REVIEW

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | **2024** | 2023 | **YoY Change** | |
| | **Amount (HK$ million)** | Amount (HK$ million) | Amount (HK$ million) | % |
| Revenue | **10,896.7** | 26,150.2 | (15,253.5) | (58.3)% |
| Cost of Sales | **11,028.5** | 26,287.1 | (15,258.6) | (58.0)% |
| Gross Loss | **(131.8)** | (136.9) | 5.1 | 3.7% |
| Loss for the year | **(87.4)** | (150.5) | 63.1 | 41.9% |
| **Other Financial Information** | | | | |
| Adjusted EBITDA | **(17.4)** | 167.0 | (184.4) | NM |
| Adjusted EBITDA Margin % | **(0.2)%** | 0.6% | | |

## GEOGRAPHICAL

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Energy (Upstream & energy transition) | | Commodities refinery and trading | Investment & corporate | |
| **(HK$ million)** | **Canada** | **Argentina** | **Hong Kong** | **Hong Kong** | **Total** |
| Revenue | 241.3 | 28.4 | 10,627.0 | N/A | 10,896.7 |
| Gross profit/(loss) | (120.0) | (24.9) | 13.1 | N/A | (131.8) |
| GP% | (49.7)% | (87.7)% | 0.1% | N/A | (1.2)% |
| **Adjusted EBITDA** | **18.5** | **(2.4)** | **9.6** | **(43.1)** | **(17.4)** |
| Profit/(loss) after tax | (47.8) | (17.3) | 1.5 | (23.8) | (87.4) |

| | 2023 | | | | |
|---|---|---|---|---|---|
| (HK$ million) | Energy (Upstream & energy transition) Canada | Argentina | Commodities refinery and trading Hong Kong | Investment & corporate Hong Kong | Total |
| Revenue | 475.8 | 57.5 | 25,616.9 | N/A | 26,150.2 |
| Gross profit/(loss) | (178.7) | (1.9) | 43.7 | N/A | (136.9) |
| GP% | (37.6)% | (3.3)% | 0.2% | N/A | (0.5)% |
| **Adjusted EBITDA** | **163.1** | **18.2** | **26.8** | **(41.1)** | **167.0** |
| Profit/(loss) after tax | (119.7) | (19.3) | 21.8 | (33.3) | (150.5) |

For the year ended 31 December 2024, the Group's revenue decreased by 58.3% year-on-year to HK$10,896.7 million, driven by a HK$14,989.9 million reduction in the Precious Metals Trading and Refinery Business and a HK$263.6 million decline in the Energy Business.

Revenue from the Precious Metals Trading and Refinery Business declined by 58.5% in 2024 from 2023, as record-high commodity prices reduced retail demand, weakening regional trade volumes and margins. Increased competition from the Middle East and a softer export market to Mainland China further dampened performance.

The Energy Business recorded a 49.4% year-on-year decline in revenue, attributed to the suspension of production at the Horn River Basin ("**HRB**") since May 2024 due to the shutdown of a third party-owned Fort Nelson Gas Plant, as well as a significant drop in Argentina's production. Additionally, the Group's Northeast British Columbia production was disrupted for nearly 80 days in May and June 2024 due to wildfires and evacuation orders. Furthermore, the Canadian Energy Business realised a 26.6% year-on-year decline in prices, primarily due to the collapse of Western Canadian natural gas prices in 2024. This price weakness led to a partial production shut-in throughout 2024, mainly during the spring and summer, to preserve reserves for a future price recovery.

For the year ended 31 December 2024, Cost of Sales decreased by 58.0% year-on-year to HK$11,028.5 million, in line with the overall decline in the Group's business scale and revenue. As a result, Gross Loss improved by 3.7% to HK$131.8 million for the year ended 31 December 2024.

The Group recorded an after-tax loss of HK$87.4 million and a negative adjusted EBITDA of HK$17.4 million for the year 2024. Adjusted EBITDA Margin for the year ended 31 December 2024 decreased to (0.2)% from 0.6% in the prior year.

In 2024, the Canadian Energy Business expanded its mineral rights position in the Montney Formation, resulting in a 92.1% year-over-year increase in total proved plus probable (2P) reserves net present value in the Wapiti area, though the weakening of the Canadian dollar reduced the increase from 92.1% in CAD to 90.1% in HKD. This improvement in technical feasibility and economic viability led to a HK$110.6 million impairment reversal. However, the suspension of operations at the third party-owned Fort Nelson Gas Plant in May 2024, which cut off the sole egress for the Group's HRB natural gas production, led to a HK$34.6 million impairment, partially offsetting the reversal.

The after-tax loss was mainly attributable to the net effect of the following factors:

(i) negative gross margins from the Energy Business driven by lower production and depressed natural gas prices;

(ii) foreign exchange losses and translation differences arising from the depreciation of the Canadian dollar and Argentine peso against the Hong Kong dollar, which negatively impacted the consolidated financial results;

(iii) a net impairment reversal of HK$76.0 million for the Group's Canadian oil and gas assets, and an impairment charge of HK$8.5 million against the Group's Argentine oil and gas assets, following their respective annual technical and economic assessments; and

(iv) an after-tax valuation gain of HK$96.4 million for the Group's Discovery Park site at Campbell River, British Columbia, Canada, following a property valuation assessment performed by an independent professional appraiser.

In response to the challenges faced by the Energy Business, the Group has implemented measures to mitigate financial impacts. The 2024 wildfires in Northeast British Columbia affected a large area, including some of the Group's gas processing and gathering facilities. A portion of these facilities has been restored, with compensation for damages pending under the Group's insurance policy. Due to the continued weakness in Canadian natural gas prices, the Group has reduced daily production to preserve value until prices recover, keeping 1,200 barrels of oil equivalent ("**boe**") per day behind pipe. As of the date of this report, the Energy Business is operating at approximately 85% of its production capacity, excluding the Horn River assets.

Despite deploying cash across its business segments during the year, the Group maintains a healthy financial position. As of 31 December 2024, it had no external borrowings and held highly liquid current assets of HK$517.7 million, including cash and bank balances of HK$486.7 million and other financial assets at fair value through profit or loss of HK$31.0 million. In Argentina, the Group successfully repatriated cash surplus for reinvestment despite a challenging business environment and continues to evaluate its Argentine investment options.

The Group operates under a strong Environmental, Social and Governance ("**ESG**") mandate and is committed to the investment and future development of clean energy for global sustainability. It actively seeks collaborative opportunities with local authorities and governing bodies to achieve the goal of net-zero emissions.

## CANADA

### Operations update

### Oil and Gas

The Group's Canadian oil and gas assets operated by its subsidiary, NTE Energy Canada Limited ("**NTEC**"), comprise over 800 active wells and spanning approximately 761,000 acres (3,080 km$^2$) of land. These assets are located in the provinces of British Columbia (representing approximately 90% of NTEC's oil and gas production), and Alberta.

The reserves and contingent resources attributable to the Group in NTEC's core and non-core areas are estimated as follows, expressed in million barrels of oil equivalent ("**mmboe**") and trillion cubic feet ("**TCF**"):

| | Reserves | | | Recoverable Contingent Resources |
|---|---|---|---|---|
| **As at 31 December 2024** | **Proved** (mmboe) | **Probable** (mmboe) | **Total** (mmboe) | **Best Estimate (2C)** (mmboe)/(TCF) |
| **Mineral Acreage** | | | | |
| Greater Sierra Area | 15.3 | 3.1 | 18.4 | Not Evaluated |
| Horn River Basin | 4.1 | 0.3 | 4.4 | 513.0 mmboe/3.08 TCF |
| Willesden Green | 0.7 | 1.0 | 1.7 | Not Evaluated |
| Wapiti | 7.2 | 2.9 | 10.1 | Not Evaluated |
| | 27.3 | 7.3 | 34.6 | 513.0 mmboe/3.08 TCF |

### Mineral Rights in Montney

In 2024, NTEC strengthened its subsurface petroleum and natural gas rights in the Montney Formation at West Gold Creek, Alberta, by acquiring four strategic parcel sections of mineral leases, increasing its acreage by 133% to a total of seven sections. This expansion resulted in a 159% increase in NTEC's 2P reserves in Montney, reaching 7.6 million boe (57% oil and natural gas liquids, and 43% natural gas). As of 31 December 2024, the pre-tax net present value of the Montney 2P reserves was estimated at HK$432.4 million, reflecting a 90.1% (92.1% in CAD) increase from 2023. While three of the seven sections have not yet been assigned reserves due to the lack of nearby exploration activities within the proximity required for reserves booking under evaluation standards, the four sections with booked reserves have already significantly enhanced the technical feasibility and economic viability of the Montney assets. As such, the Group recognised an impairment reversal of HK$110.6 million for the year ended 31 December 2024, on its core cash-generating-unit.

NTEC has been advancing the development of its Montney asset by securing egress for future gas production, conducting engineering studies, completing pipeline surveys, and securing surface land rights. Situated in the heart of a prolific producing area, NTEC's Montney assets are surrounded by large-cap operators who have repeatedly drilled record wells, providing flexibility in how to best maximise value, whether through development, joint ventures, or other strategic opportunities.

## Production in the Well Fields

For the year ended 31 December 2024, NTEC recorded average daily production of 7,700 boe per day, of which 90.6% was natural gas. This represents a 30.6% decrease compared to 2023.

The decline was primarily due to significant operational disruptions in Northeast British Columbia, where widespread wildfires and local evacuation orders in the second quarter of 2024 forced a nearly 80-day shutdown in Horn River Basin and Greater Sierra Area. Operations at the Fort Nelson Gas Plant, the sole egress point for NTEC's HRB natural gas production, were suspended by the facility operator in May 2024. This, combined with the wildfire-related shutdowns, led to an average production outage of approximately 2,000 boe per day over the last eight months of the year. Also, in light of continued weakness in Canadian natural gas prices, the Group has curtailed daily production by approximately 1,200 boe per day, pending improved market conditions.

The loss of egress has significantly impacted the recoverability of NTEC's HRB assets, resulting in an impairment charge of HK$34.6 million. However, this was offset by an impairment reversal recognised on the Group's core cash-generating unit. Accordingly, the Group recorded a net impairment reversal of HK$76.0 million on its property, plant and equipment for the year 2024.

## Horn River Basin

In the Horn River Basin, the Group holds significant recoverable contingent resources, estimated at 3.08 trillion cubic feet (TCF) of natural gas, equivalent to 513 million barrels of oil equivalent (mmboe). With a recovery factor of 35%, this equates to an approximately 8.8 TCF of original gas in place. While current natural gas prices and lack of egress present challenges to commercial production, future improvements in natural gas prices could unlock substantial value for the Group.

## Pricing of Natural Gas Price

Throughout 2024, Canadian natural gas prices remained persistently depressed, with realised natural gas prices decreasing by 38% compared to 2023. Combined with production outages, NTEC's revenue declined by 49.3% to HK$241.3 million. The average realised price for the year was CAD15.08 per boe, a 25.3% decrease from the previous year.

Despite these challenges, NTEC continues to maximise operational and financial performance through well workovers, production optimisation, process efficiency improvements, and cost rationalisation initiatives. These efforts ensure NTEC remains well-positioned to capitalise on a future recovery in natural gas prices.

In line with the Group's strong ESG mandate, NTEC is committed to reducing its environmental footprint and carbon tax burden, which remains a notable expense for the business. In 2024, NTEC demonstrated its commitment to environmental stewardship by fully complying with abandonment and restoration requirements for 82 wells under British Columbia and Alberta regulations. These efforts support the reduction of environmental footprints, responsible resource management, and adherence to the highest regulatory standards as a good corporate citizen. Ongoing carbon reduction initiatives include conducting energy audits across all NTEC-operated facilities, reconfiguring select gas processing facilities and enhancing employee training. Looking ahead, NTEC aims to identify and participate in emission offset projects in British Columbia, which not only contribute to greenhouse gas reduction but also generate offset credits to help lower carbon tax liabilities. NTEC remains committed to proposing and implementing initiatives that support progress toward net-zero emissions.

## Discovery Park

The Group, through its wholly owned subsidiary, NTE Discovery Park Limited ("**NTE DP**"), operates Discovery Park in Campbell River, British Columbia ("**BC**"). Spanning 1,200 acres (4.9 km²), the site comprises industrial land parcels, buildings, and warehouses available for development and leasing. Onsite infrastructure includes a substation with access to renewable hydroelectric power, a solid industrial waste landfill for hazardous substance management, a complementary wastewater treatment facility, a freshwater supply from the Campbell River, and two deep-water piers with direct access to intercontinental shipping routes.

The Group is redeveloping Discovery Park, a former paper and pulp mill, into a green ecosystem hub in alignment with its ESG mandate. The vision is to establish a circular economy by bringing together interdependent businesses such as green hydrogen production, biofuel production, aquaculture, vertical farming, and modular construction. This model fosters a self-sustaining, mutually beneficial loop where the byproducts of one industry serve as inputs for another.

**Illustration of the Green Ecosystem Hub concept at Discovery Park**


The redevelopment includes rezoning the site for both commercial and residential uses, increasing occupant density, upgrading existing facilities, and constructing additional infrastructure to support the green ecosystem vision. As part of this transformation, NTE DP has initiated a multi-phase demolition project. Phase 1, which focuses on removing old paper mill buildings, is 70% complete and expected to be finished by the end of 2025.

In 2024, the Group recognised an after-tax valuation gain of HK$96.4 million for its Discovery Park site. This gain was a result of a comprehensive property valuation assessment conducted by CBRE Limited, a leading global independent, professional property appraiser. The appraisal was based on many factors, such as the site location, zoning, current infrastructure, and development opportunities. This positive valuation reflects the increasing value of the property as the Group continues to advance its plans for the site, including ongoing site preparation and the potential for future redevelopment initiatives. The after-tax valuation gain is a significant step forward in the Group's strategy to unlock the full potential of Discovery Park.

As the global transition to clean energy accelerates, hydrogen is emerging as a key solution for reducing carbon emissions in shipping, transportation, automotive, and heavy industries. With abundant freshwater and access to renewable hydroelectricity from BC Hydro, the Group aims to capitalise on the growing demand for green hydrogen.

In June 2024, NTE DP entered into a non-binding memorandum of understanding with Quantum Technology Corporation ("**Quantum**"), a Squamish, BC-based company, to co-develop green hydrogen production plants at Discovery Park. The initial project, DP Hydrogen, was envisioned as a facility with a daily production capacity of 17 metric tons. However, following Quantum's withdrawal from the project as a co-developer in November 2024, NTE DP has assumed sole responsibility for developing DP Hydrogen.

The success of the DP Hydrogen is highly dependent on emerging government policies and market conditions, both of which remain uncertain, particularly in light of recent changes in the US administration and the upcoming Canadian federal election. These political shifts could influence the development of renewable energy initiatives, including green hydrogen. The market itself is also evolving, with challenges such as scaling production and securing investment. While the Group remains cautiously optimistic about the long-term potential of green hydrogen, it is mindful of these risks and is actively monitoring political developments, regulatory frameworks, and market trends to adjust its strategy accordingly.

To assess the project's technical, financial, and operational feasibility, NTE DP has engaged WSP, a world-leading engineering consulting firm to conduct a feasibility study, which is expected to be completed in the second quarter of 2025. Concurrently, the Group is actively engaging with key stakeholders to secure government support, and identifying potential off-takers.

Discovery Park currently has access to 1.5 MW of hydroelectric power, supplied by BC Hydro. To support the Group's first-phase green hydrogen production plan, the Group has applied for an additional 40MW of power capacity, which is expected to be available by the end of 2026. Furthermore, BC Hydro is conducting a system impact study to assess the feasibility of providing an additional 279MW to accommodate future expansion at Discovery Park.

In addition to green hydrogen, the Group is advancing plans for land-based aquaculture facilities, with ongoing negotiations involving several fish farming companies. A major Nordic land-based trout farming company has expressed interest in establishing operations on a 75-acre parcel. Efforts to develop vertical farming systems are also progressing.

With the support and cooperation from the First Nation groups of Campbell River, BC Hydro, local and federal government, and key stakeholders, the Group is focused in transforming Discovery Park into a premier green ecosystem hub, consistent with the Group's ESG principles and broader global efforts toward a low-carbon economy, positioning Discovery Park as a model for green industrial park of the future.

## ARGENTINA

### Operations Update

#### Los Blancos

The Group's wholly owned Argentine branch, High Luck Group Limited ("**High Luck**"), operates the Los Blancos Concession ("**Los Blancos**") located in the Province of Salta in Northern Argentina. Covering an area of approximately 95 km², Los Blancos is an oil exploitation concession in which the Group holds a 50% participating interest, with the remaining 50% owned by Pampa Energía S.A. (NYSE: PAM) ("**Pampa**"). The concession, granted by the provincial authorities in October 2020, entitles the Group to produce crude oil in Los Blancos for a 25-year term.

#### Arbitration Proceedings

On 21 August 2024, High Luck received a judgment from the second arbitration initiated by Pampa. The dispute centred on allegations that High Luck, as operator, breached its obligations under the concession by failing to drill a second development well. High Luck's decision not to proceed with further drilling was based on independent expert analysis indicating that additional development would be economically unviable and could compromise the performance of the existing producing well, HLG.LB.x-2001 ("**X-2001**").

Despite being Argentina's top conventional oil-producing well in 2023, X-2001 experienced a steep production decline of 88% in 2024 – from a peak of 1,200 boe per day to just 150 boe per day. This rapid depletion highlights the highly transient nature of the reservoir and casts doubt on the accuracy of Pampa's assessment of recoverable reserves. Based on current trends, X-2001 is expected to cease production in the near future.

#### Assessment of Reservoir Potential

High Luck maintains that drilling a second well in such a rapidly declining reservoir is economically unsound and poses significant risks to remaining reserves. The empirical production data from X-2001 reinforces the conclusion that additional drilling would yield minimal returns while incurring substantial financial and operational risks. Pampa's insistence on further drilling is based on flawed geological assumptions and an overestimation of the field's potential.

Despite presenting expert opinions from world-renowned consultants supporting its cautious approach, High Luck was found to have breached its operational obligations under the concession. The arbitration tribunal issued this ruling before fully reviewing the technical rationale behind High Luck's position.

#### Outcome and Next Steps

As a result of the arbitration outcome, and subject to confirmation from the Salta Province authorities and Pampa, High Luck is expected to relinquish its role as operator of Los Blancos. However, the Group will retain its 50% participating interest in the concession. Additionally, High Luck is required to cover a substantial portion of Pampa's legal expenses arising from the proceedings.

For the year ended 31 December 2024, High Luck's gross production at Los Blancos averaged approximately 350 barrels per day. Since commercial production started, the well's pressure, volume, temperature, and decline rate have aligned with the projection of High Luck's independent technical specialists.

### Tartagal Oriental & Morillo

Prior to the expiry of the Tartagal Oriental & Morillo ("**TO&M**") exploration permit, which the Salta provincial authorities refused to extend on 13 September 2019, the Group held a 69.25% participating interest and was the operator of the concessions.

Despite exceeding the original capital commitment for exploratory drilling and related activities at TO&M, the provincial authorities alleged that High Luck had outstanding commitments. Following legal proceedings and appeals, the Supreme Court of Salta ruled on 25 July 2024 against High Luck Group.

While the Group had already recognised full impairment against the TO&M asset value in 2019, prospects for recovering any portion of the investment remain remote.

### Devaluation of the Argentine Pesos ("ARS") and Hyperinflation

For the year ended 31 December 2024, the ARS devalued by 28% against the US$ to a rate of US$1: ARS1,031, while inflation for the year was 118%. Due to Argentina's challenging economic environment, the Group continues to evaluate options for High Luck.

High Luck is expected to completely divest out of Argentina by the end of 2025.

## COMMODITIES REFINERY AND TRADING

Operating under the registered name of AC Precious Metals Refinery Limited ("**ACPMR**"), the Group's physical precious metals (mainly gold and silver) refinery and trading business is jointly operated with Cheung's Gold Traders Limited ("**CGTL**"), an established and reputable intermediary in the industry, with a long history and presence in Hong Kong. To ensure the Group is not financially exposed to the day-to-day fluctuations of gold commodities prices, all physical gold trades, and physical gold inventories held by the Group are hedged with financial instruments.

For the year ended 31 December 2024, the Group's physical gold and silver trading business experienced a decline in revenue of approximately 58.5% to HK$10,627.0 million, compared to the previous year. This downturn in financial performance was driven by weakened trade volumes and narrower margins in the region. This was partly due to record-high gold prices during the year, and increased competition from the Middle East.

Following a successful test and commissioning program, the Group's new refinery facilities began commercial service in the first quarter of 2024. CGTL oversees the daily operations of the refinery, which has a capacity to process 50 metric tonnes of 99.9% pure gold annually. ACPMR provides the working capital and financing requirements for the new refinery business.

As of 31 December 2024, the refinery was not yet operating at optimal capacity, since it was still in its initial months of operation. However, the Group believes that by integrating precious metals refining processes in-house, it can streamline operations and enhance profitability over the long term.

## OUTLOOK FOR 2025 AND BEYOND

New Times Corporation Limited is mindful of the evolving global landscape, particularly the increasing risks associated with geopolitical uncertainties, while also recognising the long-term global shift toward a low-carbon emissions future. The Group is proactively taking steps to diversify its operations and enhance its international presence, with a strong commitment to sustainability and social responsibility.

With a solid financial foundation, the Group is actively exploring new business opportunities and strategically advancing the development of key assets, notably Discovery Park. The year 2025 is anticipated to be a pivotal period for the site, marked by the expected completion of demolition on site and continued progress in the rezoning process at both municipal and provincial levels. Subject to approval, the rezoning initiative could significantly expand the availability of land designated for industrial use, thereby supporting regional economic growth.

In parallel, as the global green hydrogen market continues to evolve, the Group is undertaking a comprehensive feasibility study for the DP Hydrogen project. This study, led by WSP – a globally recognised engineering firm – is scheduled for completion in the second quarter of 2025.

The Group has also attracted interest from various third parties, including potential data centre developers, seeking to align with its broader vision of transforming Discovery Park into a hub for green innovation and sustainable development.

Additionally, NTE Discovery Park is progressing with plans to expand the existing landfill, which is anticipated to provide a new revenue stream. The Group remains deeply committed to stakeholder engagement and, with the ongoing support of the First Nations of Campbell River, as well as local and federal government partners, continues to focus on diversifying its operations, driving environmental progress, and delivering long-term value to shareholders.

The Group is also exploring new markets for its natural gas production in Northeast British Columbia, particularly in power generation to meet the growing demands of AI data centres. The Group would like to unleash the potential of developing the vast amount of natural gas it possesses in the area. This process can be expedited with the support of the Government's economic policies, such as by the removal of the controversial carbon tax.

As LNG Canada, a major liquefied natural gas export project in the region is expected to begin commercial operations in the latter half of 2025, the Group is optimistic about the long-term prospects of the natural gas commodity pricing in Western Canada.

With a multi-year inventory of drilling prospects in the renowned Montney Formation at Wapiti, Alberta, and the potential to bring behind-the-pipe production online in Northeast British Columbia, the Group is well-positioned to capitalise on a rebound in commodity prices, further strengthening its solid financial position.

Furthermore, the Group is taking steps to expand internationally in the Precious Metals Trading and Refining business. By establishing a presence in the Middle East, the Group aims to enlarge its customer base, expand sources of precious metals supply, and diversify its geographical exposure.

Looking ahead, the Group remains focused on executing its strategic initiatives while navigating an increasingly dynamic global landscape. With a strong financial foundation, a commitment to sustainability, and a forward-thinking approach, the Group is well-equipped to adapt to evolving market conditions, seize emerging opportunities, and drive value creation for shareholders.

## FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2024 amounted to HK$10,896.7 million (2023: HK$26,150.2 million), of which HK$269.7 million of the total revenue were derived from sales of oil and gas products in the upstream business (2023: HK$533.3 million) and the remaining HK$10,627.0 million were from the sales in the general and commodities refinery and trading business (2023: HK$25,616.9 million). The decline in revenue from oil and gas products by HK$263.6 million as compared to last year was mainly due to persistently low natural gas prices in Canada and early wildfire season in Canada which led to shut-in of natural gas production. Sales in the general and commodities refinery and trading business decreased resulted from weakened trade volumes and margins in the region and also due to record high gold commodity prices and increased competition from the Middle East.

Gross loss for the year was HK$131.8 million (2023: HK$136.9 million), mainly due to sluggish Canadian natural gas price during the year. Following a technical and economic reassessment, the Group recognised a HK$76.0 million non-cash accounting net impairment reversal in relation to the Group's Canadian oil and gas assets during the year.

Other income and net gains and losses amounted to HK$188.5 million (2023: HK$161.1 million), which included a fair value gain of HK$111.3 million from the investment property (2023: HK$116.4 million from the designation of a property, plant and equipment to investment property).

General and administrative expenses for the year were HK$109.1 million, which represents an slight increase of approximately 0.7% as compared to HK$108.3 million for the corresponding period in 2023.

Finance costs for the year were HK$32.9 million (2023: HK$54.6 million), primarily attributed to imputed interests in provisions related to Canada operations.

Income tax expenses for the year were HK$1.2 million (2023: credits of HK$9.1 million), mainly arising from adjustments in deferred tax charges in Canada and Argentina.

Loss attributable to the shareholders of the Company amounted to HK$87.4 million for the year (2023: HK$150.5 million). Basic and diluted losses per share for the year were 1.00 HK cents (2023: 1.72 HK cents).

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

As at 31 December 2024, the Group has a net working capital of HK$202.0 million (2023: HK$134.3 million), which included inventories, trade receivables and trade payables. The increase in net working capital is mainly from purchase of inventories as at year-end.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

In respect of the net proceeds of approximately HK$736.4 million ("**Open Offer Proceeds**") raised from the open offer in April 2017, amongst which HK$574.7 million had been used from the date of subscribing the open offer to 31 December 2024 in accordance with its intended use as stated in the circular of the Company dated 28 February 2017, the offering memorandum of the Company dated 27 March 2017, and the announcements of the Company dated 27 August 2018, 26 March 2020, 29 April 2020 and 18 March 2021. As at 31 December 2023 and 2024, the unused balance of the Open Offer Proceeds was HK$161.7 million.

The following table summarises the use of net proceeds for the Open Offer Proceeds for the year ended 31 December 2024:

| | Unused amount of net proceeds as at 31 December 2023 HK$ million | Actual use of net proceeds during the year ended 31 December 2024 HK$ million | Unused amount of net proceeds as at 31 December 2024 HK$ million | Note |
|---|---|---|---|---|
| **Open Offer Proceeds** | | | | |
| – Investment in oil and gas, power generation and renewable energy | 161.7 | – | 161.7 | 1 |
| Total | 161.7 | – | 161.7 | |

Note:

1. The unused amount of net proceeds as at 31 December 2024 is expected to be used for investment in oil and gas, power generation and renewable energy and expected to be utilised on or before the year ending 31 December 2025. In the previous years, the Group investigated multiple investment opportunities, but had deferred utilising the proceeds due to inherent uncertainties that exist with the opportunities, regarding to the timing and outcome of negotiations with counterparties.

The Group maintains a treasury policy (as reviewed or modified from time to time when deemed necessary) for the investment of surplus cash. Surplus cash is mainly maintained in the form of term deposits with licensed banks. The management of the Group closely monitors the Group's liquidity position to ensure that the Group has sufficient financial resources to meet its funding requirements from time to time.

The Group entered into certain derivative financial instruments for hedging purposes in order to mitigate the financial impact from price fluctuations on inventories of precious metals held by the Group. The use of these derivative financial instruments is closely monitored and controlled by the Group.

As at 31 December 2024, the Group's net current assets amounted to HK$554.7 million (2023: HK$775.5 million) with cash and bank balances of HK$486.7 million (2023: HK$796.6 million). Highly liquid assets, including cash and bank balances and listed debt and equity securities, were HK$517.7 million (2023: HK$829.3 million). Cash and bank balances as at 31 December 2024 were mainly denominated in Hong Kong Dollar, United States Dollar, Canadian Dollar, Argentine Peso and Renminbi.

As at 31 December 2024, total equity of the Group was HK$1,062.4 million (2023: HK$1,192.4 million). Net asset value per share equated to HK$0.12 (2023: HK$0.14). Debt ratio, calculated as total liabilities divided by total assets, was 25.6% (2023: 29.9%).

The Group financed its operations and capital expenditures from a combination of working capital and proceeds from the issuance of shares of the Company.

## Borrowings and Gearing Ratio

As at 31 December 2024, the Group did not have unsecured debt securities and unsecured short-term loan (2023: Nil). Therefore, the Group's gearing ratio, calculated on the basis of interest-bearing borrowings divided by total equity, was 0% (2023: 0%).

### Charge on Assets

As at 31 December 2024, the Group did not have any charge on its assets (2023: Nil).

### Contingent Liabilities

As at 31 December 2024, save as disclosed in Note 34 of the consolidated financial statements, the Group did not have any material contingent liabilities (2023: Nil).

### Capital Commitments

As at 31 December 2024, details of the capital commitments of the Group are set out in Note 35 of the consolidated financial statements.

### Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects are subject to a number of risks and uncertainties including business risks, operational risks and financial risks.

The Group's business of commodities refinery and trading is exposed to development risk, as well as supply chain risk. The Group mitigates these risk factors by developing its customer base in order to achieve better operating performance on its commodities refinery and trading, and also by expanding its supplier base to achieve a stable supply of commodities.

The Group's business activities in exploration, development, production and sale of oil and gas products are susceptible to geological, exploration and development risks. The Group strives to establish and maintain comprehensive technical and operational teams. Through detailed planning, analysis and discussion amongst the teams, and with support from experienced consultants and experts, the Group is able to manage and mitigate the risks arising from changes in the business environment to a reasonably acceptable level.

In addition to the above, the Group's Canadian operation is subject to wildfire risk which may adversely affect its natural gas production, the Group will continue monitoring the impact on production from wildfire hazard and adopt measures to mitigate the risk including insurance coverage on natural disasters.

In the normal course of business, the Group is exposed to credit risk, liquidity risk, interest rate risk, currency risk, price risk arising from price fluctuation in crude oil, natural gas and commodities, and equity price risk arising from its investment in equity securities.

In addition to the abovementioned risks and uncertainties, there may be other risks and uncertainties which the Group has not identified, or is aware of, or considers it to be of minimal impact to the Group presently, which however has the potential to become significant in the future.

### Foreign Exchange Exposure

Assets and liabilities of the Group are mainly denominated in Hong Kong Dollar, United States Dollar, Canadian Dollar, Argentine Peso and Renminbi. Most of these assets and liabilities are in the functional currency of the operations to which the transactions relate. The currencies giving rise to foreign exchange risk is primarily those from the Group's exploration and production activities in Canada and Argentina and investments in foreign companies. The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor the foreign exchange exposures on an on-going basis and will consider hedging instruments should the need arise.

### Employees

As at 31 December 2024, the Group employed a total of 134 (2023: 142) permanent employees in Hong Kong, Canada, Argentina and China. Total employee remuneration (including directors' remuneration and benefits) for the year ended 31 December 2024 was amounted to HK$105.6 million (2023: HK$94.6 million). The Group provides its employees with competitive remuneration packages relative to their job performance, qualifications, experience, and prevailing market conditions in the respective geographical locations and businesses in which the Group operates. The Group also operates mandatory defined contribution retirement benefits schemes for its employees in Hong Kong, Canada, Argentina and China as required by the applicable laws and regulations of the countries where the staff are employed.

### Relationship with Suppliers, Customers and Other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers, social communities and governments to meet its objectives and long-term goals. Save as disclosed in Note 34 of the consolidated financial statements, there was no material or significant dispute between the Group and its suppliers, customers and/or stakeholders during the year ended 31 December 2024.

### Material Acquisitions and Disposals

The Group has neither material acquisitions nor disposals of subsidiaries, associated companies, and joint ventures during the year ended 31 December 2024.

### Significant Investments

As at 31 December 2024, the Group held other financial assets at fair value through profit or loss, which comprised of listed equity securities and listed debt securities, of HK$31.0 million, of which none constituted significant investments of the Group as no single investment accounted for more than 5% of the Group's total assets.

The Group had adopted a prudent investment strategy for surplus funds, aiming at maximising the returns on idle capital. With the recent improvement on the capital market, the above investment can achieve the purpose set out in the investment strategy.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group does not have any material subsequent events after 31 December 2024 and up to the date of this annual report.

## CANADA

The reserves and contingent resources attributable to the Group, expressed in million barrels of oil equivalent ("**mmboe**") are as follows:

| | Reserves | | | Contingent Resources |
|---|---|---|---|---|
| **As at 31 December 2024** | **Proved (in mmboe)** | **Probable (in mmboe)** | **Total (in mmboe)** | **Best Estimate (2C) (in mmboe)** |
| **Mineral Acreage** | | | | |
| Greater Sierra Area | **15.3** | **3.1** | **18.4** | **Not Evaluated** |
| Horn River Basin | **4.1** | **0.3** | **4.4** | **513.0** |
| Willesden Green | **0.7** | **1.0** | **1.7** | **Not Evaluated** |
| Wapiti | **7.2** | **2.9** | **10.1** | **Not Evaluated** |
| | **27.3** | **7.3** | **34.6** | **513.0** |

| | Reserves | | | Contingent Resources |
|---|---|---|---|---|
| As at 31 December 2023 | Proved (in mmboe) | Probable (in mmboe) | Total (in mmboe) | Best Estimate (2C) (in mmboe) |
| **Mineral Acreage** | | | | |
| Greater Sierra Area | 15.8 | 4.2 | 20.0 | Not Evaluated |
| Horn River Basin | 4.5 | 0.8 | 5.3 | Not Evaluated |
| Willesden Green | 0.6 | 0.1 | 0.7 | Not Evaluated |
| Wapiti | 3.5 | 1.2 | 4.7 | Not Evaluated |
| | 24.4 | 6.3 | 30.7 | 0.0 |

Notes:

(1) The technical report in respect of the reserves attributable to the Group as at 31 December 2024 and 2023 was prepared using probabilistic methods by GLJ Ltd., an oil and gas resource consulting firm located in Calgary, Canada, providing petroleum resource assessment and related services worldwide, in accordance with the procedures and standards outlined in the Petroleum Resources Management System (PRMS), which align with Chapter 18 of the HKEX Listing Rules.

(2) Horn River Basin and Greater Sierra Area is located in the province of British Columbia, and Willesden Green and Wapiti is located in the province of Alberta.

(3) The Group holds approximately 92% average working interest in the mineral acreage on a Held By Production ("**HBP**"). HBP leases are continued indefinitely as long as there are producing wells on the leases and annual mineral rentals are paid. If production ceases, the government can issue a one-year notice to return wells to production or mineral rights can revert to the Crown. In British Columbia, a well requires 720 hours of production per year to be considered productive. In Alberta, 12 months of continuous non-production result in an inactive designation.

(4) The above reserves mainly comprise of natural gas (approximately 95%), natural gas liquid and oil.

(5) As at 31 December 2024, the best estimate (2C) contingent resources for Horn River Basin was evaluated. This assessment was conducted in accordance with the procedures and standards outlined in the Petroleum Resources Management System (PRMS), which align with Chapter 18 of the HKEX Listing Rules.

The evaluation was performed by Mr. R. Afrazmand, a licensed Professional Engineer (P.Eng) with the Association of Professional Engineers and Geoscientists of Alberta (APEGA), and a qualified Competent Person under HKEX standards. Mr. R. Afrazmand has over 15 years of experience in resource estimation and classification.

(6) Due to the need for additional geological studies, the best estimate (2C) contingent resources for the other mineral acreages have not been evaluated in the current year. Additionally, they were not assessed in the prior year. The Company aims to disclose such information in future reporting.

(7) The best estimate (2C) contingent resources disclosed are subject to specific contingencies, including e.g. regulatory approvals, infrastructure development, and/or economic conditions. The best estimate (2C) contingent resources disclosed reflect a recovery factor of 35%.

## LOS BLANCOS CONCESSION

The oil reserves in the Los Blancos Concession attributable to the Group, expressed in million barrels ("**mmbbl**") are as follows:

| | **At 31 December 2024 Oil (in mmbbl)** | At 31 December 2023 Oil (in mmbbl) |
|---|---|---|
| **Reserves** | | |
| Proved | **0.2** | 0.3 |
| Probable | **–** | 0.3 |
| | **0.2** | 0.6 |

Notes:

(1) In July 2016, the Group became a 50% participating partner in the Los Blancos Concession having met all the conditions precedent as stipulated in the farm-in agreement entered into with Pampa in April 2015.

(2) The technical reports on reserves as at 31 December 2024 and 2023 were prepared using probabilistic methods in accordance with the procedures and standards outlined in the Petroleum Resources Management System (PRMS), which align with Chapter 18 of the HKEX Listing Rules. The 2024 report was prepared by MG&A Oil & Gas, an Argentina based petroleum consulting firm, and the 2023 report by Netherland Sewell & Associates, Inc. (NSAI), a U.S. based petroleum consulting firm.

In October 2018, the Group spudded the HLG.St.LB.x-2001 exploratory well (the "**Well**"). The Well was completed in December 2018. As a result of the positive indications from the Well, the Group prepared and submitted an oil discovery report to the provincial authorities of Salta (the "**Authorities**") on 26 December 2018. Following successful extended testing of the Well in early 2019, the Group filed a commerciality declaration and exploitation permit request to the Authorities on 26 April 2019. The permit was granted on 15 October 2020 under Decree 622/20, formally entitling the Group to produce crude oil in the area for the next 25 years.

# INFORMATION OF DIRECTORS

## EXECUTIVE DIRECTORS

**Mr. CHENG, Kam Chiu Stewart**, aged 70, was appointed as an executive Director in February 2008 and the Chairman in May 2009. Mr. Cheng holds a Bachelor's degree in Civil and Environmental Engineering from the University of Wisconsin-Madison, the United States of America ("**USA**"); a Master's degree in Civil Engineering from the University of California, Berkeley, USA; and a Master's degree in Business Administration from the Chinese University of Hong Kong. Also, Mr. Cheng has been awarded the 21st Honorary Fellowship by The Chinese University of Hong Kong in May 2023. Being a member of The Hong Kong Institution of Engineers, Mr. Cheng is a professional engineer with extensive experience in property development and construction management.

Mr. Cheng joined Hip Hing Construction Company Limited in 1984 as a project manager and was subsequently appointed as director. From 1993 to 1997, Mr. Cheng was transferred to New World Development (China) Limited as a director and an assistant general manager, overseeing property development in the People's Republic of China ("**PRC**"). He was a director of NWS Service Management Limited from 1997 to 2006, and was mainly responsible for the construction and the electrical and mechanical engineering businesses and pursuing business opportunities in the PRC. Mr. Cheng is the managing director of Cheung Hung Development (Holdings) Limited, principally engaging in property development in both Hong Kong and the PRC. He was an executive director of International Entertainment Corporation from January 2008 to June 2017, which shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

**Mr. TANG, John Wing Yan**, aged 72, was appointed as an executive Director and the Chief Executive Officer in June 2017. Mr. Tang joined the Group as general manager in August 2015. He brings with him over 20 years of senior management experience and has held top executive positions with various international companies prior to joining the Group.

Formally trained as a structural engineer, Mr. Tang was a Chartered Engineer in the United Kingdom ("**UK**") as well as a Registered Professional Engineer in USA and Canada. Author and co-author of peer-reviewed publications in several technical journals and conferences, he is also the holder of U.S. Patent US6329589 pertaining to wireless transmission of solar power for exterior curtain wall in buildings.

Mr. Tang holds a Bachelor's degree in Civil Engineering, Magna Cum Laude, from the University of Massachusetts, USA; a Master's degree in Engineering from the University of California, Berkeley, USA; and a Graduate-Level Diploma in Financial Engineering from Stanford University, USA.

## NON-EXECUTIVE DIRECTOR

**Mr. LEE, Chi Hin Jacob**, aged 42, was appointed as a non-executive Director in March 2019. Mr. Lee is currently a senior vice president of Chow Tai Fook Enterprises Limited ("**CTFE**") with responsibilities in making strategic and private equity investments globally. CTFE is an indirect subsidiary of Chow Tai Fook Capital Limited which is a controlling shareholder of the Company. Mr. Lee joined CTFE in March 2013 and has over 15 years of professional experience in corporate finance, investment, international capital markets and asset management. He previously worked at the investment banking department of The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank AG in Hong Kong. Mr. Lee holds a Master of Science degree in Accounting and Finance from The London School of Economics and Political Science in London, United Kingdom and a Bachelor of Business Administration degree from the University of Michigan in Ann Arbor, United States of America. He is also a Chartered Financial Analyst Charterholder.

Mr. Lee was re-designated from a non-executive Director to executive Director of Giordano International Limited (stock code: 709) in which shares are listed on the Stock Exchange with effect from 5 April 2024 and is currently a non-executive director of Integrated Waste Solutions Group Holdings Limited (stock code: 923) which shares are listed on the Stock Exchange and is also a member of the HKSAR Financial Reporting Review Panel.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. YUNG, Chun Fai Dickie**, aged 72, was appointed as an independent non-executive Director in March 2013. Mr. Yung holds a Master's degree in Business Administration from the University of East Asia, Macau. He is a member of the Institute of Management and a fellow of the Chartered Management Institute. Mr. Yung has been engaged in finance and banking businesses for over 27 years. He was the chief executive officer of Landbridge Holdings Limited, the deputy chief executive officer of Industrial & Commercial Bank of China (Macau) Limited and an executive director, deputy general manager and alternate chief executive officer of Industrial & Commercial International Capital Limited (currently known as ICBC International Holdings Limited), a wholly-owned subsidiary of Industrial & Commercial Bank of China Limited.

**Mr. CHIU, Wai On**, aged 55, was appointed as an independent non-executive Director in November 2006. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the UK. He possesses extensive professional experience in accounting and auditing services. Mr. Chiu is currently an independent non-executive director of DeTai New Energy Group Limited (stock code: 559), whose shares are listed on the Stock Exchange.

**Mr. HUANG, Victor**, aged 53, was appointed as an independent non-executive Director in June 2020. Mr. Huang has over 30 years of experience in professional accounting, capital market and merger and acquisition. Mr. Huang joined PricewaterhouseCoopers Hong Kong in 1993 and admitted to partnership in 2005. He left PricewaterhouseCoopers Hong Kong in 2014. From 2014 to 2017, he was a partner of KPMG in Hong Kong.

Mr. Huang is currently an independent non-executive director of the following companies which are listed on the Hong Kong Stock Exchange, namely (i) COSCO SHIPPING Energy Transportation Co., Ltd. (stock code: 1138), (ii) ManpowerGroup Greater China Limited (stock code: 2180), (iii) Scholar Education Group (stock code: 1769), (iv) Shandong Hi-Speed New Energy Group Limited (stock code: 1250), (v) Topsports International Holdings Limited (stock code: 6110) and (vi) Giordano International Limited (stock code: 709). Mr. Huang was an independent non-executive director of Laobaixing Pharmacy Chain Joint Stock Company (stock code: 603883.SH), a company listed on the Shanghai Stock Exchange, from February 2018 to February 2024 and Qingdao Haier Biomedical Co., Ltd. (stock code: 688139.SH), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange from August 2018 to July 2024.

Mr. Huang is a member of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Independent Non-Executive Director Association. He is also a Certified Independent Non-executive Director by the Shanghai Stock Exchange. Mr. Huang received a bachelor's degree of arts from the University of California, Los Angeles in September 1992.

**Ms. LEUNG, Sze Lai**, aged 51, was appointed as an independent non-executive Director in August 2024.

Ms. Leung has over 20 years of experience in the manufacturing and wholesale of jewellery. She currently serves as the Managing Director of Katex Trading Limited, where she has led the company for two decades, overseeing comprehensive services such as jewellery design, sample modeling, and production across three jewellery production lines. Ms. Leung has also worked for a CPA firm in Hong Kong previously. Ms. Leung holds a Bachelor of Commerce in Accounting and Finance from The University of Sydney, Australia, and is a Certified Public Accountant (CPA) in Australia. She is also a Graduate Gemologist of GIA Hong Kong. Beyond her role at Katex Trading Limited, Ms. Leung holds several key positions within the industry, including Vice Director of Finance of The Hong Kong Jewellers' and Goldsmiths' Association Ltd., Director of Finance and Welfare Management of The Jewellers' and Goldsmiths' Association of Hong Kong Ltd., Vice Director of General Affairs of The Hong Kong & Kowloon Jewellers' and Goldsmiths' Employees' Association Ltd., and committee roles with the HKTDC and GIA Alumni Association (HK Chapter).

## SENIOR MANAGEMENT

Senior management includes Mr. CHENG, Kam Chiu Stewart and Mr. TANG, John Wing Yan, both are executive Directors of the Company. Please refer to the section headed "Information of Directors" in this annual report for their biographies.

## DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of New Times Corporation Limited (the "**Company**") present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**").

## PRINCIPAL ACTIVITIES

The Company is an investment holding company incorporated in Bermuda with limited liability. The activities of its principal subsidiaries are set out in Note 1 to the consolidated financial statements.

## BUSINESS REVIEW

An overview and the outlook of the Group's business are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Save as disclosed in the above sections, there are no significant events affecting the Group that had occurred since the end of the Year up to the date of this annual report.

The financial risk management objectives and policies of the Group are disclosed in Note 39 to the consolidated financial statements. An analysis of the Group's performance using financial key performance indicators are set out in the section headed "Financial Highlights" of this annual report.

An account of the Group's relationship with its key stakeholders and discussions on the Group's environmental policies and performance are included in the respective sections headed "Corporate Governance Report" and "Environmental, Social and Governance Review".

## COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and management of the Company are aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The Company was not involved in any material litigation or arbitration during the Year. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Year.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 77 to 162 of this annual report.

No interim dividend (2023: Nil) was paid during the Year and the Board did not recommend any payment of a final dividend for the Year (2023: Nil). As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

## FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 163 in this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

## PRINCIPAL RISK AND UNCERTAINTIES

The Group's normal course of business is exposed to a variety of key risks including price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of the aforesaid key risks and risk mitigation are elaborated in Note 39 to the consolidated financial statements. The discussion forms part of this directors' report.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive), during which no transfers of shares will be registered, for the purpose of determining shareholders' entitlement to attend and vote at the forthcoming annual general meeting to be held on Friday, 20 June 2025 (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 16 June 2025.

## MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

For the year ended 31 December 2024, the Group did not have any material investments, acquisitions or disposals of subsidiaries, associates or joint ventures.

There was no formal plan authorised by the Board for any material investments, acquisitions or disposals of subsidiaries, associates or joint ventures as at 31 December 2024 and up to the date of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 16 to the consolidated financial statements.

## ENVIRONMENTAL POLICIES AND PERFORMANCE AND RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Information on the environmental policies and performance of the Company is set out in the section headed "Environmental, Social and Governance Review" on pages 39 to 54 in this annual report.

The Group has complied with the applicable environmental laws and regulations of the places where the Group has business operations. The Group will review its environmental practices from time to time and will consider implementing further measures and practices in the Group's business operations to enhance sustainability.

The Group has always paid great attention to and has maintained a good working relationship with its suppliers and has been providing a satisfactory customer services for its customers. The aforementioned suppliers and customers are good working partners creating value for the Group. In addition, the Group is committed to providing equal opportunities, a harmonious and diversified working environment to our employees while the Group also values the knowledge and skills of its employees, and continues to provide career development opportunities for its employees.

## SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in Note 30 to the consolidated financial statements.

## DEBENTURES

There were no issue of bonds or debentures of the Company during the Year.

## EQUITY-LINKED AGREEMENTS

Save as the share option scheme of the Company disclosed under the paragraph headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

## FUND RAISING ACTIVITIES

There were no fund-raising activities conducted by the Company during the year ended 31 December 2024.

## SHARE OPTION SCHEME

At the annual general meeting of the Company held on 23 June 2022, the Shareholders approved the adoption of a new share option scheme (the "**Share Option Scheme**") in place of the old share option scheme adopted on 17 May 2011 (the "**Old Scheme**"). No further share options may be granted under the Old Scheme upon its termination and share options granted and unexercised prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Old Scheme. The Company had no other outstanding share options under the Old Scheme.

The purpose of the Share Option Scheme is to provide incentives or rewards to the eligible participants thereunder for their contribution or would be contributions to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants include any Director (including Non-executive Director and Independent Non-executive Director) or employee (whether full time or part time). The Share Option Scheme, unless otherwise terminated or amended will remain in force for a period of 10 years commencing from 23 June 2022 (the "**Date of Adoption**" of the Share Option Scheme) to 22 June 2032.

The total number of shares available for issue under the Share Option Scheme is 745,888,098 shares of the Company, representing approximately 8.53% of the total number of shares of the Company in issue (excluding treasury shares, if any) as at the date of this annual report.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the shares of the Company in issue as at the date of approval of the limit and such limit may be refreshed by the Shareholders in general meeting. In addition, the total maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (excluding treasury shares, if any).

The total number of shares issued and to be issued upon exercise of all share options granted and to be granted (including both exercised and outstanding options) under the Share Option Scheme to each eligible participants (other than an Independent Non-executive Director or a substantial Shareholder of the Company or any of their respective associates) in any 12-month period up to and including the date of the latest grant of share options must not exceed 1% of the shares in issue at such date (excluding treasury shares, if any). Any further grant of share options under the Share Option Scheme in excess of this limit is subject to Shareholders' approval in a general meeting of the Company.

Under the Share Option Schemes, any grant of share options to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates are subject to approval by the Independent Non-executive Directors. In addition, any share options granted to an Independent Non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, which would result in the shares issued and to be issued upon exercise of all share options already granted or to be granted under the Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the shares in issue (excluding treasury shares, if any); and (ii) having an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, such grant of share options by the Board must be approved by Shareholders in general meeting of the Company.

The period within which share options may be exercised under the Share Option Scheme will be determined by the Board in its absolute discretion save that such period shall not be more than 10 years from the date of grant of the share options and that the Board may at its discretion determine the minimum period for which the share options have to be held before the exercise of the subscription right attaching thereto.

The exercise price of the share options under the Share Option Scheme is determinable by the Board in its absolute discretion, but in any event shall not be less than the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of such share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of such share options; and (iii) the nominal value of the Company's shares.

The offer of a grant of share options under the Share Option Scheme may be accepted within 21 days from the date of the offer upon payment of a consideration of HK$1 by the grantee.

For details of the Share Option Scheme, please refer to the circular of the Company dated 23 May 2022.

The details of the exercise price and number of options outstanding during the year ended 31 December 2024 which have been granted to, exercised and cancelled by the eligible participants are as follows:

| | | | | Number of share options | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Category/ Name of Grantee | Date of Grant of share options | Exercise period of share options | Exercise price of per share as at the date of grant of share options | Balance as at 1 January 2024 | Granted during the period | Exercised during the period | Cancelled during the period | Lapsed during the period | Outstanding as at 31 December 2024 |
| **Executive Directors** | | | | | | | | | |
| CHENG, Kam Chiu Stewart | 22 July 2022 | 22/07/2022 to 21/07/2026 | HK$0.138 | 50,000,000 | – | – | – | – | 50,000,000 |
| TANG, John Wing Yan | 22 July 2022 | 22/07/2022 to 21/07/2026 | HK$0.138 | – | – | – | – | – | – |
| **Non-executive Director** | | | | | | | | | |
| LEE, Chi Hin Jacob | 22 July 2022 | 22/07/2022 to 21/07/2026 | HK$0.138 | 7,500,000 | – | – | – | – | 7,500,000 |
| **Independent non-executive Directors** | | | | | | | | | |
| YUNG, Chun Fai Dickie | 22 July 2022 | 22/07/2022 to 21/07/2026 | HK$0.138 | 7,500,000 | – | – | – | – | 7,500,000 |
| CHIU, Wai On | 22 July 2022 | 22/07/2022 to 21/07/2026 | HK$0.138 | 7,500,000 | – | – | – | – | 7,500,000 |
| HUANG, Victor | 22 July 2022 | 22/07/2022 to 21/07/2026 | HK$0.138 | 7,500,000 | – | – | – | – | 7,500,000 |
| | | | | **80,000,000** | **–** | **–** | **–** | **–** | **80,000,000** |

Save as disclosed above, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme for the year ended 31 December 2024.

Information on the accounting policy for share options granted and the weighted average value per option is provided in Note 31 to the consolidated financial statements.

The total number of share options that may be further granted under the Share Option Scheme as at 1 January 2024, as at 31 December 2024 and as at the date of this annual report is 745,888,098 Shares (2023: 745,888,098 Shares), representing 8.53% of the issued share capital of the Company (excluding treasury shares, if any). As at the date of this annual report, the total number of share options granted and outstanding under the Share Option Scheme is 80,000,000 Shares, representing 0.92% of the issued share capital of the Company (excluding treasury shares, if any).

The total number of shares that may be issued in respect of options granted under all schemes of the Company during the financial year ended 31 December 2024 divided by the weighted average number of shares of the relevant class in issue for the year was 0.92%.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws (the "**Bye-laws**"), or the laws of Bermuda, which make the Company obliged to offer new shares on a pro-rata basis to existing Shareholders.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares) during the Year. As at 31 December 2024, the Company has not held any treasury shares.

## 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. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Company's securities, they are advised to consult their professional advisers.

## RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 41 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company had no retained profits available for cash distribution and/or distribution in specie. Pursuant to the Company Act 1981 of Bermuda (as amended), the Company's contributed surplus of HK$740.9 million is currently not available for distribution. The Company's share premium account of HK$4,871.0 million may be distributed in the form of fully paid bonus shares.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate revenue attributable to the Group's five largest customers accounted for 73% and the largest customer accounted for approximately 22% of the Group's total revenue for the Year. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 55% and the largest supplier accounted for approximately 18% of the Group's total purchases from continuing operations for the Year.

During the Year, none of the Directors or any of their close associates, or any shareholders of the Company (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any interest in any of the Group's five largest suppliers and customers.

## CONNECTED TRANSACTIONS

Jumbo Hope Group Limited ("**Jumbo Hope**") a wholly owned subsidiary of the Company entered with New World Tower Company Limited (the "**Landlord**") into the following documents:

(i) an offer letter of tenancy dated 23 May 2024 in respect of the lease of the office unit at Room 1402, 14/F, New World Tower I, 16-18 Queen's Road Central, Hong Kong for a term commencing from 1 October 2024 to 30 September 2027 (both dates inclusive), at a monthly rental of HK$72,298 (exclusive of services charges and government rates), with total consideration being approximately HK$2.5 million. Please refer to the announcement of the Company dated 23 May 2024 for further information; and

(ii) an offer letter of tenancy dated 23 May 2024 in respect of the lease of the office unit at Room 1403, 14/F, New World Tower I, 16-18 Queen's Road Central, Hong Kong for a term commencing from 1 October 2024 to 30 September 2027 (both dates inclusive), at a monthly rental of HK$90,650 (exclusive of services charges and government rates), with total consideration being approximately HK$3.2 million. Please refer to the announcement of the Company dated 23 May 2024 for further information.

Chow Tai Fook Capital Limited ("**CTFC**") is a substantial shareholder of the Company. The Landlord, being a 30% controlled company (as defined in the Listing Rules) of CTFC, is an associate of CTFC. Accordingly, the Landlord is a connected person of the Company, and the entering into of the offer letter of tenancy constituted connected transaction of the Company under Chapter 14A of the Listing Rules.

With the exception of Mr. CHENG, Kam Chiu Stewart, who abstained from voting on the relevant resolutions to approve the entering into of the offer letter of tenancy on the grounds of being a relative (as defined in the Listing Rules) of Dr. CHENG, Kar Shun Henry, the chairman of New World Development Limited, the immediate parent company of the Landlord. The Board, including the Independent Non-executive Directors, has reviewed the connected transaction and confirmed that they were:

(i) entered into by the Group in its ordinary and usual course of businesses;

(ii) conducted on normal commercial terms or on terms no less favourable than those available to or from independent third parties; and

(iii) fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## EXEMPT CONTINUING CONNECTED TRANSACTIONS, EXEMPT CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

A summary of all significant transactions with related parties (the "**Related Party Transactions**") entered into by the Group during the Reporting Period is contained in Note 36 to the consolidated financial statements. Save as disclosed in Note 36 to the consolidated financial statements, no related party transactions fall under the definition of connected transactions. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Certain amounts of the transactions as set out in Note 36(a) to the consolidated financial statements fall within rule 14A.76(1) or rule 14A.90 of the Listing Rules, but each of the transactions sets out in Note 36(a) constitutes a de minimis or fully exempt transaction which was free from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year.

## DIRECTORS

The Directors during the Year and up to the date of this annual report were/are:

### Executive Directors

Mr. CHENG, Kam Chiu Stewart *(Chairman)*
Mr. TANG, John Wing Yan *(Chief Executive Officer)*

### Non-executive Director

Mr. LEE, Chi Hin Jacob

### Independent non-executive Directors

Mr. YUNG, Chun Fai Dickie
Mr. CHIU, Wai On
Mr. HUANG, Victor
Ms. LEUNG, Sze Lai (appointed on 29 August 2024)

Biographical details of the Directors are set out on pages 24 to 26 of this annual report.

The Company has received an annual confirmation of independence in writing from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that all the independent non-executive Directors are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the Financial Year and up to the date of this annual report. Proper insurance coverage in respect of legal actions against the Directors has been arranged by the Company.

In accordance with bye-law 87(1) of the Bye-laws and the code provision B.2.2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, Mr. CHENG, Kam Chiu Stewart, Mr. YUNG, Chun Fai Dickie and Mr. CHIU, Wai On shall retire by rotation at the AGM and, being eligible, offer themselves for re-election. Information on Directors proposed for re-election will be set out in the circular to the Shareholders accompanying the resolutions to re-elect them at the AGM.

In accordance with Bye-Law 86(2), Ms. LEUNG, Sze Lai who was appointed as a director of the Company by the Board with effect from 29 August 2024, holds office until the conclusion of the 2025 AGM and, being eligible, will offer herself for re-election at the 2025 AGM.

## PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision (as defined in section 467 of the Hong Kong Companies Ordinance) for the benefit of the Directors and officers of the Company is currently in force and was in force throughout the Year. Pursuant to the Bye-laws, the Directors and the officers of the Company shall be indemnified and secured harmless out of the assets of the Company which may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duties. The Company has maintained liability insurance to provide appropriate cover for the directors and officers of the Group.

## DIRECTORS' SERVICE CONTRACTS

During the Year, none of the Directors had entered into a service contract with the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as otherwise disclosed, no transactions, arrangements and contracts of significance to which the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries was party and in which a Director of the Company had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report under the paragraph headed "Share Option Scheme", at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "**Register**"); or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

## 1. LONG POSITIONS IN THE COMPANY'S SHARES AND UNDERLYING SHARES

| Name of Director | Capacity/Nature of interest | Number of Share Options | Number of Share Options exercised as at 31/12/2024 | Percentage of issued share capital of the Company |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| CHENG, Kam Chiu Stewart | Beneficial owner | 50,000,000 | N/A | N/A |
| TANG, John Wing Yan | Beneficial owner (Note 1) | 0 | 50,000,000 | 0.57% |
| **Non-executive Director** | | | | |
| LEE, Chi Hin Jacob | Beneficial owner | 7,500,000 | N/A | N/A |
| **Independent non-executive Directors** | | | | |
| YUNG, Chun Fai Dickie | Beneficial owner | 7,500,000 | N/A | N/A |
| CHIU, Wai On | Beneficial owner | 7,500,000 | N/A | N/A |
| HUANG, Victor | Beneficial owner | 7,500,000 | N/A | N/A |
| LEUNG, Sze Lai | Beneficial owner | 0 | N/A | N/A |

Note 1: Mr. TANG, John Wing Yan, the executive Director and Chief Executive Officer of the Company, exercised his 50,000,000 share options on 25 July 2022, under the Share Option Scheme adopted on 23 June 2022.

## 2. LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY

As at 31 December 2024, Mr. Cheng Kam Chiu, Stewart held more than one-third of the total shares in each of Yueford Corporation and Manor Investment Holdings Ltd. and accordingly he is deemed to have an interest in the 506,541,354 shares of Chow Tai Fook Jewellery Group Limited held by Yueford Corporation and the 768,114 shares of Chow Tai Fook Jewellery Group Limited held by Manor Investment Holdings Ltd..

### (a) Chow Tai Fook Jewellery Group Limited (Stock Code: 1929.HK)

| | Number of shares held | | | | | |
|---|---|---|---|---|---|---|
| Name of Director | Personal interests (held as beneficial owner) | Other interests | Total | Number of underlying shares held under equity derivatives | Total | % of issued voting shares |
| **Executive Director** | | | | | | |
| CHENG, Kam Chiu Stewart | 9,332,569 | 507,309,468 | 516,642,037 | – | 516,642,037 | 5.17% |

### (b) CTF Services Limited (Stock Code: 659.HK)

| | Number of shares held | | | | | |
|---|---|---|---|---|---|---|
| Name of Director | Personal interests (held as beneficial owner) | Other interests | Total | Number of underlying shares held under equity derivatives | Total | % of issued voting shares |
| **Executive Director** | | | | | | |
| CHENG, Kam Chiu Stewart | 5,850,222 | – | 5,850,222 | – | 5,850,222 | 0.15% |

Save as disclosed above, as at 31 December 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 of its 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, to the best knowledge of the Directors, none of the Directors and their respective associates was considered to have any interest in any businesses that competes with or is likely to compete with the businesses of the Group which is discloseable under Rule 8.10(2) of the Listing Rules.

## DIRECTORS' REMUNERATION AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

The remuneration of Directors is recommended by the Remuneration Committee of the Company and approved by the Board, based on the job responsibilities, the prevailing market conditions of the industry and the Company's remuneration policy, operating performance and profitability.

Particulars of the Directors' remuneration and five individuals with highest emoluments are set out in Notes 10 and 11 to the consolidated financial statements, respectively.

## RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in Note 2.4 to the consolidated financial statements.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND SECURITIES OF THE COMPANY

As at 31 December 2024, so far as are known to the directors of the Company, the following parties (other than a director or chief executive of the Company) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

### Long position of substantial Shareholders' interests in issued ordinary shares of the Company

| Name of Shareholders | Capacity/Nature of interests | Number of issued ordinary shares held | Approximate percentage of the total issued share capital (Note (vii)) |
|---|---|---|---|
| Max Sun Enterprises Limited ("**Max Sun**") (Note (i)) | Beneficially owned | 5,737,129,098 | 65.63% |
| Chow Tai Fook Nominee Limited ("**CTFNL**") (Note (ii)) | Interests in a controlled corporation | 5,737,129,098 | 65.63% |
| Chow Tai Fook (Holding) Limited ("**CTFHL**") (Note (iii)) | Interests in a controlled corporation | 5,761,900,848 | 65.91% |
| Chow Tai Fook Capital Limited ("**CTFC**") (Note (iv)) | Interests in a controlled corporation | 5,761,900,848 | 65.91% |
| Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**") (Note (v)) | Interests in a controlled corporation | 5,761,900,848 | 65.91% |
| Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**") (Note (vi)) | Interests in a controlled corporation | 5,761,900,848 | 65.91% |
| Elberta Holdings Limited | Beneficially owned | 794,850,000 | 9.09% |

Notes:

As at 31 December 2024:

(i) The entire issued share capital of Max Sun was legally and beneficially owned by CTFNL.

(ii) CTFNL held 100% direct interest in Max Sun and was accordingly deemed to have an interest in the shares held by Max Sun.

(iii) CTFHL held 99.70% direct interest in CTFNL and was accordingly deemed to have an interest in the shares of CTFNL.

(iv) CTFC held 81.03% direct interest in CTFHL and was accordingly deemed to have an interest in the shares of CTFHL.

(v) CYTFH held 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares of CTFC.

(vi) CYTFH-II held 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares of CTFC.

(vii) The approximate percentage of interests held was calculated on the basis of 8,741,776,988 ordinary shares of the Company in issue.

Save as disclosed above, as at 31 December 2024, there was no other person (other than the directors or chief executive of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporations as set out above) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections "Exempt Continuing Connected Transactions, Exempt Connected Transactions and Related Party Transactions" and "Connected Transaction" in this directors' report, no contract of significance had been entered into between the Company or any of its subsidiaries, and any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries during the Year.

## CHANGES IN INFORMATION OF DIRECTORS

The changes in information of Directors are set out below pursuant to rule 13.51B(1) of the Listing Rules:

– The annual remuneration of Mr. CHENG, Kam Chiu Stewart, the executive Director and chairman of the Company, has been adjusted to HK$3,000,000;

– The annual remuneration of Mr. TANG, John Wing Yan, the executive Director and chief executive officer of the Company, has been adjusted to HK$3,737,200;

– The annual remuneration of Mr. LEE, Chi Hin Jacob, the non-executive Director and a member of the Audit Committee and Nomination Committee, has been adjusted to HK$550,800;

– The annual remuneration of Mr. CHIU, Wai On, Mr. YUNG, Dickie Chun Fai and Mr. HUANG, Victor, independent non-executive Directors of the Company, has been adjusted to HK$255,000 each; and

– The annual remuneration of Ms. LEUNG, Sze Lai, the independent non-executive Director of the Company, is HK$255,000 but was only paid HK$87,328.80 on a pro-rata basis for the year ended 31 December 2024.

Save as disclosed above, there is no change to any information required to be disclosed in relation to any Directors pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules throughout the Year and up to the date of this annual report.

## DONATIONS

The Group has not made any donations during the year ended 31 December 2024 (2023: HK$Nil).

## CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 55 to 71 of this annual report.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group does not have any material subsequent events after 31 December 2024 and up to the date of this report.

## AUDITOR

On 9 August 2024, the Board approved to replace the Company's auditor for the financial year ended 31 December 2024 from PricewaterhouseCoopers to Ernst & Young. Please refer to the announcement of the Company dated 9 August 2024 for further details.

The consolidated financial statements for the Year have been audited by Ernst & Young, Certified Public Accountants, who will retire at the conclusion of the AGM. Ernst & Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the AGM. Accordingly, the Company has complied with Rule 13.88 of the Listing Rules.

## OUTLOOK

The Company will continue to develop and grow while aiming to improve its financial position, business operation and industry reputation in order to create long-term value for shareholders.

By order of the Board

**CHENG, Kam Chiu Stewart**
*Chairman*

Hong Kong, 27 March 2025

## SCOPE AND REPORTING PERIOD

The Board hereby presents its 2024 Environmental, Social and Governance ("**ESG**") review, highlighting New Times Corporation Limited's (hereinafter "**New Times Corporation**" or the "**Group**") ESG policies and performance, prepared in accordance with the provisions as described in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other relevant guidance set out.

New Times Corporation's principal activities are set out in Note 1 to the consolidated financial statements. Based on the Group's scoping and materiality assessments, the Board reached the consensus that the Canada operation including Discovery Park, and Argentina operation were deemed pertinent for ESG reporting this financial year.

Although the Group was involved in the trading and refining of physical precious metals (predominantly physical gold and silver trading) in 2024, this segment was scoped out for ESG reporting purposes, due to its immaterial environmental and social impact, relative to the Group's oil and gas businesses.

## ESG APPROACH

New Times Corporation recognises the importance of conducting business in a socially responsible and ethical manner for its long-term success. The Board formulates the Group's overall ESG strategies, policies, and objectives, which management is tasked with implementing, monitoring, and reporting.

Under the Board's guidance, management is responsible for identifying and monitoring ESG issues, risks, and opportunities, and ensuring compliance with relevant laws and regulations governing its operations.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

New Times Corporation continues to actively to engage stakeholders to understand their ambitions and expectations in the development/evolution of the Group's business portfolio and sustainability agenda.

To identify the most significant business segments of the Group for ESG reporting purposes, key stakeholders including potential investors, shareholders, professional bodies, peer companies, directors, management, and employees were considered and/or engaged to understand the latest environmental and sustainability reporting trends. Materiality considerations from a strategic, operational, and financial perspective also facilitated the Board in the overall direction of this report.

New Times Corporation strives to extensively involve and engage its stakeholders to further improve its ESG reporting. Our oil and gas concession partners are also periodically consulted during operational committee meetings for their views and suggestions.

Interested stakeholders may locate ESG information of the Group from the following sources:

- Annual general meeting and notices,
- Annual reports, interim report, consolidated financial statements and announcements,
- Corporate website,
- Investors briefings/press releases,
- Notice and circulars,
- Bilateral contracts and supplier agreements, and
- Code of conduct.

## STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its Environmental, Social and Corporate Governance initiatives via email at info@newtimes-corp.com.

## MISSION AND VISION ON SUSTAINABILITY

### Mission

As a participant of the upstream oil and gas industry, New Times Corporation operates under the strict mandate of "Health & Safety First". The Group adopts the latest best practices to ensure the wellbeing and security of its employees, contractors, customers, and communities. It strives to continuously improve its health and safety management practices with the goal of achieving an injury and incident free workplace.

The Group is committed to ensuring all its plant and equipment are operationally safe and free of hazards, its employees are properly trained in safe working practices, and have a clear understanding of their responsibilities for taking positive steps to improve health and safety.

New Times Corporation is mindful of the increased attention of the oil and gas industry and its impact on the climate and the environment. The Group is passionate in the investment and future development of clean energy for global sustainability.

Plans to redevelop and transform the Group's 1,200 acres (4.9 $km^2$) Discovery Park site at Campbell River, British Columbia from a former pulp mill into a green ecosystem hub have commenced.

The Group's vision is to develop and attract industries including hydrogen/green ammonia production, renewable natural gas/biofuel production, aquaculture, vertical farming, and modular construction to create a circular economy at Discovery Park. By redeveloping Discovery Park into a green ecosystem hub, the Group can create economic value by reducing waste, and contribute to better sustainability, climate protection and resource efficiency.

### Vision

The Group is committed to corporate social responsibility, health and safety, environmental protection, responsible human resources and labour practices, and community involvement and sustainable value creation policies wherever it operates in.

## A. ENVIRONMENTAL PROTECTION

### Emissions

#### *1.0. Environmental Impact and Legal Compliance*

As an upstream oil and gas industry operator, New Times Corporation is acutely aware about the impact and potential risks that its field operations may pose to the environment and the surrounding ecosystem. The Group endeavours to adopt best industry practices and guidelines in the management of environmental risks from its operations in Canada and Argentina.

The Group policy for managing environmental impact include regular monitoring of air quality, discharges into water and land, generation of hazardous and non-hazardous waste, pre-emptive maintenance, early detection, and repair of emission sources, improving energy use efficiency, independent environmental audits and close liaison with potentially affected local community. The Group strictly complies with all relevant environmental laws and regulations in all jurisdictions it operates in.

### *1.1. Type of Emissions*

During 2024, the Group's main emission sources were from diesel fuel, electricity, water, and natural gas consumption. Our oil and gas businesses are strictly regulated under the respective Canadian federal and provincial acts and regulations, and national laws and regulations of Argentina. Regulatory updates are continually monitored to ensure the Group is compliant, and how potential amendments may impact operations.

Fugitive emissions are unintentional releases of gas or fumes resulting from production, processing, transmission, storage, and delivery of gas. This may occur from breaks or small cracks in seals, tubing, valves, and pipelines, or when lids or caps on equipment or tanks have not been properly closed or tightened. In Canada, the Group manages its fugitive emissions through its Fugitive Emissions Management Program ("**FEMP**") and Leak Detection and Repair (LDAR) in accordance with the applicable provincial regulations and guidelines.

Fugitive emissions surveys or screenings are completed throughout the year to detect possible leaks to ensure timely repair of equipment, where applicable. The FEMP improves safety through early detection and repair of emission sources, which in turn reduces Greenhouse Gas ("**GHG**") emissions and Volatile Organic Compounds (VOCs). It also improves overall air quality and operational efficiency.

### *1.2. GHG Emission*

#### *Direct GHG emissions (Scope 1)*

In 2024, a total of 237,222 tonnes of carbon dioxide equivalent ("**$tCO_2$-eq**") (2023: 318,615 $tCO_2$-eq) greenhouse gases (carbon dioxide, methane, and nitrous oxide) were discharged by the Group's Canadian assets (British Columbia and Alberta). Gross production was 2,814,488 boe (2023: 4,046,160 boe). The calculated carbon intensity was 0.0842 $tCO_2$-eq/boe (2023: 0.0787 $tCO_2$-eq/boe).

For the Group's Argentina operation, 193 tonnes of direct GHG emissions were discharged in the year (2023: 1,408 tonnes). Gross annual production was 123,427 bbl (2023: 427,997 bbl) of crude oil. The calculated carbon intensity was 0.0016 $tCO_2$-eq/bbl (2023: 0.0033 $tCO_2$-eq/bbl).

The Group is focused on reducing direct emissions, where possible. Initiatives include conducting energy audits, and feasibility studies to modify the configuration of operated facilities. Additionally, it is exploring the availability of approved carbon offsetting schemes from authorities in the locations it operates.

The Group's broader objective is to redevelop Discovery Park into a green ecosystem to attract industries hydrogen/green ammonia production, renewable natural gas/biofuel production, aquaculture, vertical farming, and modular construction to create a circular economy.

#### *Indirect GHG emissions (Scope 2)*

Purchased electricity is the main source of indirect GHG emissions for the Group's Canada operation. However, since electricity is sourced by a nearby hydro-power plant, the indirect GHG emission is negligible and excluded for reporting purposes. For the Argentina operation, 266 tonnes of indirect GHG were emitted, with a calculated carbon intensity of 0.0022 $tCO_2$-eq/bbl (2023: 965 tonnes and 0.0023 $tCO_2$-eq/bbl).

Although certain GHG emissions cannot be avoided due to the inherent nature of the upstream oil and gas industry, the Group endeavours to reduce emission where possible, such as preventing leaks, minimising flaring, and venting, and improving energy efficiency of its operations and facilities.

It continues to actively explore ways to collaborate with local authorities, governing bodies, and key stakeholders to achieve the mutual objective of net zero emissions.

### *1.3. Hazardous Waste*

During the production process from the Group's oil and gas operations, hazardous waste may be generated from possible minor spillage, replacement of spare parts and lubrication oil, filters, rags, soaker pads and other materials. 327.3 cubic meters ("**$m^3$**") of hazardous waste was generated by Canada operation in the year, whilst 12 $m^3$ was generated by Argentina operation (2023: 2 $m^3$ and 15 $m^3$ respectively). The calculated hazardous waste intensity to production volume for Canada and Argentina was < 1 cubic centimeter ("**$cm^3$**")/boe and 97 $cm^3$/bbl respectively (2023: 116 $cm^3$/boe and 35 $cm^3$/bbl). Discovery Park handled and processed 26,283 $m^3$ of hazardous and contaminated waste during the year (2023: 34,724 $m^3$).

### *1.4. Non-Hazardous Waste*

In 2024, the Canada oil and gas operation generated 4,981 $m^3$ of liquid waste and 1,109 tonnes of solid waste, with a calculated intensity to production volume of 1,231 $cm^3$/boe and 274 grams (''**g**")/boe respectively (2023: 3,094 $m^3$ of liquid waste and 5,437 tonnes of solid waste, and a calculated intensity to production volume of 728 $cm^3$/boe and 1,280 g/boe respectively) whilst Discovery Park processed and discharged 460,026 $m^3$ of liquid waste (2023: 473,482 $m^3$).

Approximately 38,900 litres of waste oil were recycled by a third party on behalf of the Canadian operation during the year (2023: Approximately 49,503 litres). Whilst 27,285 $m^3$ of by-product water generated by Canada operation was deposited into injection wells in 2024 (2023: 45,203 $m^3$).

The Argentina operation generated 3 tonnes of organic and inorganic waste (2023: 5 tonnes), with a calculated intensity to production volume of 24 g/bbl (2023: 12 g/bbl). Inorganic waste included plastic and glass, whilst organic waste was mainly the by-product from the facilities and camp.

### *1.5. Measures taken for the disposal of Hazardous and Non-Hazardous Waste*

Measures adopted for the disposal of hazardous and non-hazardous waste in both the Canada and Argentina operations include:

- Scheduled inspection and maintenance of plant and equipment,
- Transportation of contaminated material to approved waste management facilities for treatment, disposal, and recycling, as applicable,
- Training and education of employees,
- Conduct pre-job briefing,
- Spillage prevention programs and remedial action plans are imbedded as part of daily activities and operational practices,
- Waste volume reduction initiatives,
- Close supervision, and
- Continuous improvement plans.

Hazardous and non-hazardous wastes are separated at origin. For hazardous waste, the treatment, collection, and final disposal is managed by qualified professional handlers. The Group provides directive for segregation and classification of non-hazardous waste to aid recycling initiatives. For non-hazardous waste treatment, the organic waste is buried and composted, while the inorganic waste is incinerated. Non-hazardous waste that cannot be treated or recycled may be managed by direct landfill disposal or alternative methods, as appropriate.

Through measures mentioned earlier, the Group strives to reduce its hazardous and non-hazardous waste year on year. The Group already currently recycles certain by-products generated by its operations. The Group will continue taking steps and seek opportunities to apply the 5 R's principle to waste management i.e. refuse, reduce, reuse, re-purpose and recycle.

### *1.6. Abandonment and Environment Restoration*

In Canada, the Group operates over 1,000 wells, of which approximately 800 wells are active and producing hydrocarbons. For the inactive and non-producing wells, the Group is committed to working closely with all stakeholders to decommission and remediate those sites to their original land use.

When a decision is made to permanently cease operations at a well site, pipeline or facility, the asset must be decommissioned, remediated, and reclaimed. A well is considered decommissioned when the remediation and restoration of both the downhole and surface components, and removal of all surface equipment has been completed.

Once a site is fully decommissioned, the environmental assessments, remediation (if applicable) and reclamation activities can commence. Initial environmental assessments involve investigating a site for potential environmental impacts and subsequently developing a site-specific plan to achieve full reclamation, as necessary.

A risk-based closure approach will be used to evaluate alternative remedial and reclamation options to reduce costs and expedite the closure of the dormant sites. This approach allows the Group to identify most environmentally friendly and cost-effective way to manage site reclamation activities.

In 2024, the Group met its regulatory obligation with the British Colombia Energy Regulator to restore 83 wellsites. Applications for a Certificate of Restoration Parts 1 and 2 were submitted for 88 and 12 locations, respectively, and 3 wellsites in Alberta were fully reclaimed.

In Argentina, the Group continues to comply with the annual environmental monitoring obligations of the provincial authority of Salta, and schedule for the plug and abandonment of dormant wells.

## Use of Resources

### *2.0. Electricity*

During the year, the electricity consumption by the Canada operation was 4,491,195 Kilowatt-hour ("**kWh**"), of which Discovery Park accounted for 3,760,093 kWh (2023: 5,050,958 kWh and 4,331,642 kWh respectively), with an energy intensity of 0.260 kWh/boe (2023: 0.178 kWh/boe). Whilst for the Argentina operation, electricity consumption was 17,198 kWh for the year (2023: 21,501 kWh), with an energy intensity of 0.139 kWh/bbl (2023: 0.050 kWh/bbl).

To embrace the Group's efficient energy use initiative, all staff are encouraged to minimise energy consumption, where practicable. Examples include encouraging the switching-off of any unnecessary lighting and unused electronic equipment, minimising the idling of motor vehicle engines when temporarily waiting, turning down air conditioning, etc. Furthermore, the Group has a procurement policy of purchasing energy efficient equipment and extending the use of existing assets/replacement intervals for sustainability.

The Group is committed to efficient energy use by regulating all operations in accordance with industry standards and regulatory requirements. Over the next three years, the Group aims to complete an audit and impact study of its operations, and develop improvement plans, energy use targets and steps to achieve them.

#### *2.1 Fuel*

The Group uses a combination of vans, pickup trucks, and cars for its personnel transportation. The Groups' fleet of motor vehicles operate using compressed natural gas/propane, gasoline, or diesel. When evaluating vehicles for purchase/lease, the Group will consider factors including safety, reliability, maintenance cost, fuel efficiency, and price.

During 2024, Canada operation's fuel consumption of compressed natural gas was 43,629 thousand cubic meters ("**$E^3m^3$**") (2023: 61,322 $E^3m^3$), propane was 182,573 litres (2023: 96,443 litres), and diesel 309,670 litres (2023: 396,047 litres). In Argentina, the diesel consumption for the year was 8,771 litres (2023: 11,820 litres).

#### *2.2 Packaging Material*

No packaging material is used by the Group's oil and gas businesses. Natural gas produced by the Canada operation is delivered by a network of pipelines operated by third party companies. In Argentina, the production of crude oil is stored in oil tanks at Los Blancos before it is despatched to customers by oil tanker trucks capable of transporting approximately 35 $m^3$ per trip.

#### *2.3 Water Consumption*

Water consumption by the Group's oil and gas business mainly arises from on-site facilities/camp daily usage i.e. drinking, catering, bathrooms, cleaning, dirt road irrigation. No issues were encountered in sourcing fit for purpose water.

During 2024, Canada operation's water consumption was 1,509 $m^3$, whilst Argentina was 481 $m^3$ (2023: 2,069 $m^3$ and 557 $m^3$ respectively). Canada operation's water consumption intensity to production volume was 536 $cm^3$/boe, whilst Argentina was 3,896 $cm^3$/bbl (2023: 511 $cm^3$/boe and 1,301 $cm^3$/bbl respectively).

Conscious that water is a scare resource, the Group is always striving to preserve this natural resource by using it in the most economical ways without compromising health, safety, and hygiene. The Group is committed to the sustainable use of water. Over the next three years, the Group will conduct a process analysis and impact assessment of its operations, and identify further practicable water efficiency initiatives and targets.

### Environment and Natural Resources

#### *3.0 Sustainability*

Oil and gas operations may impact local population, indigenous communities, wildlife habitat and ecosystems due to factors including change in land use, vegetation clearance, transportation traffic, discharges, emissions, and visual intrusion. The Group endeavors to minimise its impact through a combination of environmental assessment, design and engineering, operation scheduling, ongoing monitoring, waste management, post-decommissioning, and restoration measures. The Group also closely engages with potentially affected local population and indigenous group to foster a peaceful coexistence. The Group strictly complies with the legal requirements of local authorities.

Sustainability initiatives and green culture permeates throughout the Group. We strive to operate in an environmentally friendly and sustainable manner by adopting green practices including:

- Use of recycled paper,
- Printers configured to print double sided by default,
- Return of used printer and copier ink toner cartridge to manufacturer for recycling and reuse,
- Switching-off lights, computers, and office equipment when not in use,
- Replacement of energy efficient alternatives, and
- Adjustment of air conditioning settings to reduce power consumption.

For replaced furniture and computer equipment, the Group's practice is to first offer these items to employees for personal use, before it is disposed or recycled.

### 3.1 Climate Change

New Times Corporation recognises the potentially disruptive impact that climate change may bear on its oil and gas operations. The Group continues to deepen its understanding of climate change impacts by on-going risk assessments and devising appropriate mitigation strategies.

Significant climate change related issues which may impact the Group include:

*Heatwave*

- Increases the risk of employees' health
- Energy and water consumption

*Rainy season*

- Increases the risk of flooding of facilities
- Disruption to access roads and transportation routes

*Coldwave*

- Increases in demand for oil and gas
- Increases the risk of employees' health

The Group responds to the challenges of climate change by identifying, assessing, and managing potential operational challenges, and building an effective risk management framework. The Group ensures emergency response management and mitigation measures are in place and ready to activate. Measures include procedures for temporary shut-down of facilities, evacuation plans, staff rostering, customer and supplier management/protocol.

## B. SOCIAL

### Employment and Labour Practices

#### *4.0. Employment*

New Times Corporation recognises that its employees are one of its most valuable assets. The Group's policy is to hire, train and retain employees with professional skills that best enable it to achieve its strategic objectives, in a non-discriminatory matter. This is based on the following recruitment principles:

- Respect and trust at all levels, in all circumstances without exception,
- Transparency and honesty in professional relationship,
- Open and effective communication,
- Willingness to cooperate and help others, and
- Equal opportunity.

Recruitment and compensation are based on qualification, experience, skills, and performance. The Group offers competitive compensation and benefits packages aligned to local market rates for comparable roles and responsibilities in the industry. The Company's hiring practice is to recruit locally, except for certain key managerial, technical, or professional positions, where it may not be possible or appropriate to fill locally.

During 2024 and 2023, all employees of the Group's Canada and Argentina operations were employed on a full-time basis. The Group understands personal circumstances of employees may change, therefore on a case-by-case basis, the Group may offer part-time opportunities, where practicable.

#### *4.1. Promotion and Performance Evaluation*

Promotion and salary increments, outside of the Group's discretionary annual salary inflationary adjustment, is subject to a responsibilities and performance evaluation. An individual's promotion and remuneration are closely correlated to their job responsibilities, performance, and achievements. The Group operates a policy of internal promotion, whenever possible.

The Group ensures its employees are evaluated on their job performance through the application of objective measures. The human resources department coordinates and verify the performance of each employee, in relation to mutually agreed objectives established at the beginning of each appraisal year. The performance evaluation is carried out annually by the employee's immediate supervisor.

#### *4.2. Dismissal*

The Group may at any time, terminate an employee when his or her behaviour or attitude is not satisfactory, or does not meet the performance standards established/necessary for the position. In all cases, termination procedures will strictly adhere to minimum requirements established by the Law in the Labour Code or relevant local laws.

### 4.3. *Employee Turnover Rate*

During the year, there were 28 (2023: 41) staff turnover to report for the Group's Canada and Argentina Operations. These persons left on amicable terms and for reasons of personal development elsewhere or relocation.

| **2024** | **Employee Turnover** | | | | | |
|---|---|---|---|---|---|---|
| | **Canada** | | **Argentina** | | **Total** | |
| | **Female** | **Male** | **Female** | **Male** | **Female** | **Male** |
| **18-25** | **0** | **2** | **–** | **–** | **0** | **2** |
| **26-35** | **1** | **2** | **1** | **–** | **2** | **2** |
| **36-45** | **1** | **2** | **2** | **1** | **3** | **3** |
| **46-55** | **2** | **3** | **3** | **4** | **5** | **7** |
| **56 and above** | **2** | **2** | **–** | **–** | **2** | **2** |
| | **6** | **11** | **6** | **5** | **12** | **16** |

| 2023 | Employee Turnover | | | | | |
|---|---|---|---|---|---|---|
| | Canada | | Argentina | | Total | |
| | Female | Male | Female | Male | Female | Male |
| 18-25 | – | – | – | – | – | – |
| 26-35 | 1 | 6 | – | – | 1 | 6 |
| 36-45 | 3 | 7 | 1 | 2 | 4 | 9 |
| 46-55 | 7 | 10 | – | – | 7 | 10 |
| 56 and above | 1 | 3 | – | – | 1 | 3 |
| | 12 | 26 | 1 | 2 | 13 | 28 |

### 4.4. *Workplace Rights and Competitive Competition*

The Group operates in compliance with the employment/labour laws of the jurisdictions it which it has a physical presence in respect to minimum pay, working hours, overtime, and fringe benefits. In addition, the company offers medical benefits and life insurance coverage.

### 4.5. *Equal Opportunity*

The Group is proud to be an equal opportunity employer and believes in the fair treatment of all existing and prospective employees, regardless of their age, gender, marital status, family status, disability, pregnancy, nationality, ethnicity, sexual orientation, religion and culture, or any other discrimination prohibited by applicable law.

Furthermore, the Group does not discriminate against or deprive of any opportunities in respect of recruitment, training and development, job advancement, and compensation and benefits. The Group's Codes of Ethic adopts a strict zero tolerance approach to any forms of discrimination or harassment in the workplace.

### 4.6. Workplace and Corporate Communication

New Times Corporation adopts an "open door" policy to encourage open communication, feedback, discussion, knowledge sharing amongst its employees. Through this "open door" policy, the Group aims to foster a culture of mutual trust, respect and understanding, to build strong, cooperative, and productive working relationships. Routine emails and regular scheduled office-wide meetings are held to circulate information and provide updates to all employees.

### 4.7. Composition of Workforce

| | Employee's Gender Distribution | | | | | |
|---|---|---|---|---|---|---|
| **2024** | **Female** | | **Male** | | **Total** | |
| **Canada** | **26** | **31.3%** | **57** | **68.7%** | **83** | **100.0%** |
| **Argentina** | **3** | **16.7%** | **15** | **83.3%** | **18** | **100.0%** |
| **Total** | **29** | **28.7%** | **72** | **71.3%** | **101** | **100.0%** |

| | Employee's Gender Distribution | | | | | |
|---|---|---|---|---|---|---|
| 2023 | Female | | Male | | Total | |
| Canada | 21 | 28.8% | 52 | 71.2% | 73 | 100.0% |
| Argentina | 9 | 31.0% | 20 | 69.0% | 29 | 100.0% |
| Total | 30 | 29.4% | 72 | 70.6% | 102 | 100.0% |

| | Employee's Age Distribution | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2024** | **18-25** | | **26-35** | | **36-45** | | **46-55** | | **56 and above** | | **Total** | |
| **Canada** | **4** | **4.8%** | **12** | **14.5%** | **21** | **25.3%** | **24** | **28.9%** | **22** | **26.5%** | **83** | **100.0%** |
| **Argentina** | **0** | **0.0%** | **0** | **0.0%** | **8** | **44.4%** | **5** | **27.8%** | **5** | **27.8%** | **18** | **100.0%** |
| **Total** | **4** | **4.0%** | **12** | **11.9%** | **29** | **28.7%** | **29** | **28.7%** | **27** | **26.7%** | **101** | **100.0%** |

| | Employee's Age Distribution | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2023 | 18-25 | | 26-35 | | 36-45 | | 46-55 | | 56 and above | | Total | |
| Canada | 5 | 6.8% | 11 | 15.0% | 18 | 24.7% | 21 | 28.8% | 18 | 24.7% | 73 | 100.0% |
| Argentina | 0 | 0.0% | 1 | 3.4% | 11 | 37.9% | 13 | 44.8% | 4 | 13.8% | 29 | 100.0% |
| Total | 5 | 4.9% | 12 | 11.8% | 29 | 28.4% | 34 | 33.3% | 22 | 21.6% | 102 | 100.0% |

## Health and Safety

Health and Safety ("**H&S**") is fundamental to the Group by virtue of the nature of the business it is operating and engaged in.

### *5.0. Laws and Regulation Compliance*

Critical to all oil and gas operations is rigorous and robust H&S processes/procedures. The Group endeavours to adopt best practices in health and safety management and is strictly in compliance with all relevant laws and regulations governing H&S, in the jurisdictions it operates in.

A policy of open communication is actively encouraged, where employees can raise and share any H&S concerns that they may encounter with their team and management, and "Stop the Job" interventions are positively encouraged if any employee identifies a potential H&S risk that needs immediate review.

### *5.1. Health and Safety Measures*

The Group is committed to providing a safe and healthy working environment for its employees, and continuously promotes a strong H&S culture and mindset. Some examples of these measures include:

- Internal employees and external parties are subject to H&S orientation at the beginning of their employment or engagement,
- All visitors of field operations being subject to safety briefing of the site,
- Dedicated H&S specialists on site responsible for performing risk assessments, and developing safe working practices,
- On a daily basis, and prior to the commencement of field operations, H&S briefings and planning meetings are conducted with participation by all employees including management team,
- On a weekly basis, employees participate in H&S review meetings to discuss any important H&S events,
- On a quarterly basis, all field and office staff receive free health check service,
- Dedicated 24 hours' nurse arrangements on site to deal with any first aid or medical emergency,
- Anti-harassment policy,
- Drug and alcohol policy,
- Respiratory program,
- Asbestos management program,
- Identify education/training needs in H&S,
- Conducting safety inspections and risk assessments for each task,
- Building and implementing fire safety plans that comply with local code requirements, and
- Establish and review safety standards and policies (quarterly, yearly, or as needed).

### *5.2. Road Transportation Safety Measures*

Employees are trained and encouraged in the art of defensive driving.

Company vehicles are installed with GPS monitoring systems to track journey and any inappropriate or unsafe driving behaviours.

The Group's driving policy restrict employees to only drive during daylight hours, where possible, and to consider the necessity of any journey, before embarking.

### *5.3. Safety Incidents*

The Group monitors its H&S performance via various metrics, including injury and fatal incident rates, injury free work hours, and sick days.

Contractors are also subject to the same stringent Group H&S standards. Proof of adequate H&S training and certification are requested before the Group engages and endorses a contractor to operate on its facilities.

| | Occupational Health and Safety Data | | | | | |
|---|---|---|---|---|---|---|
| | Canada | | Argentina | | Total | |
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| Work related fatality | **0** | 0 | **0** | 0 | **0** | 0 |
| Work injury cases >3 days | **0** | 0 | **0** | 0 | **0** | 0 |
| Work injury cases <3 days | **2** | 0 | **0** | 0 | **2** | 0 |
| Lost days due to work injury | **0** | 0 | **0** | 0 | **0** | 0 |

## Development and Training

### *6.0. Improving staff knowledge and experience*

The human resources department coordinates training activities according to business needs and staff performance evaluation, or when the position requires. All training requirements follow the training procedure set out in the Human Resources Policies.

The Group offers external training courses as well internal on-the job training and peer coaching. Example of courses attended by employees during the reporting year included language skills, business administration, leadership, conflict management, accounting, safety, project management, oil and gas engineering related subjects.

A total of 1,053 hours was invested by the Group on external training in the year for its Canada and Argentina operations (2023: 1,520 hours).

| **Training** | **2024** | 2023 |
|---|---|---|
| Total training hours | **1,053** | 1,520 |
| Average training hours | **19.9** | 14.9 |
| **Average training hours by category:** | | |
| General and Technical Staff | **21.4** | 0.4 |
| Managerial Staff | **7.7** | 3.6 |
| **Average training hours by category:** | | |
| Female | **7.5** | 1.3 |
| Male | **20.9** | 20.6 |
| **Percentage of employees trained by category:** | | |
| General and Technical Staff | **53%** | 38% |
| Managerial Staff | **50%** | 27% |
| **Percentage of employees trained by gender:** | | |
| Female | **14%** | 3% |
| Male | **68%** | 51% |

## Labour Standard

### *7.0 Policy*

Governed by fair employment practices, the Group strictly complies with the requirements of local labour laws and regulations, and strictly prohibits the use of any child and forced labour, or any forms of illegal labour in the Group operations. The Group ensures compliance by performing identity verification checks on employee during hiring process. In the unlikely event of non-compliance, the Group would remedy the breach, investigate the matter, discipline those responsible, review procedures and implement further preventive controls, where possible.

## Operating Practices

### *8.0 Supply Chain Management*

New Times Corporation has a standardised procurement procedure for selecting suppliers and vendors, which includes technical and commercial evaluation, i.e. quality, delivery times, sustainability, environmental and social risk, continuity, legal and regulatory compliance and cost. Typically, supplier selections are conducted through a competitive tendering process with a minimum three bids/quotes required, where practicable.

The Group endeavours to source sustainably by purchasing locally, to minimise its logistical carbon footprint, reduce shipping costs and benefit the local economy. Environmental and social risk are identified by mapping the supply chain, and understanding potential impacts and options available, subject to suppliers' evaluation criteria. During 2024, the geographical location of Argentina operation's main suppliers was in the province of Salta, where its production facility and office are situated. A total 13 suppliers (2023: 17) engaged by Argentina operation were from Salta province, whilst the Canada operation for the year engaged 320 suppliers from British Colombia (2023: 342), and 103 suppliers from Alberta (2023: 206).

### *8.1. Product Responsibility*

*Consumer Data Protection*

The Group is engaged in the business of oil and gas production and sales, as governed by the terms and conditions of the agreements with its customers.

The Group is mindful of the importance of protecting consumer data confidentiality and intellectual property rights. Key measures implemented by the Group include system access controls, physical security controls and network access levels controls based on role requirements. File password and encryption software are used during electronic data transmission. In the event of non-compliance, the Group's whistle-blowing procedures and escalation system as detailed below is available.

*Quality Assurance and Complaints*

The quality and volumes of oil and gas sold are subject to ISO, IRAM, ASTM, or other applicable standards, laws and regulations. In the event of any differences/disputes in the quality and volumes of oil and gas sold, the normal recourse would be a price adjustment/discount but no product recall, after a test of sample by an independent laboratory. The Group received no product or service complaints and strictly complied with ISO, IRAM, ASTM or other applicable standards, laws and regulations in the year (2023: Nil).

## Anti-corruption

### *9.0. Ethical compliance*

The Group is committed to managing its business in an open, transparent, and fair manner, without any untoward external influence/pressures. The Group strictly complies with anti-corruption and anti-bribery laws applicable to the countries and regions where it operates. All directors and employees joining the Group are provided self-learning anti-corruption training material which they must familiarise and refresh their knowledge on an annual basis. During their tenure, they are required to strictly follow the Group's Code of Ethics to prevent potential bribery, extortion, fraud, and money laundering. Employees are regularly reminded of the Group's anticorruption policies and their strict adherence.

Whistle-blowing procedures for misconduct and malpractice (including corruption) are clearly established in the Group's anti-corruption policy. If a suspected report is received, the Group will investigate with strict confidentiality. The Group has established a whistleblowing escalation system, where the procedure is to report any suspicious activities to the whistle-blower's immediate supervisor. If a matter involves the immediate supervisor, then the whistle-blower should escalate direct to next level management. Alternatively, the matter may be confidentially reported via the Group's whistleblowing and ethics hotline.

There were no legal cases regarding corrupt practices brought against the Group or its employees during the year (2023: Nil).

## Community

Potentially disruptive social impacts from the Group's drilling projects and production facilities on nearby local communities are managed by maintaining open channels of communications with affected landowners and local communities for a harmonious co-existence.

### *10.0. Liaising and Involving the Community*

The Group has a dedicated community liaison officer who works closely with any affected indigenous people in both Canada and Argentina. The Group is in regular dialogue to ensure operational transparency and to understand and resolve any affected communities' concerns.

The importance of community involvement is a priority where the Group operations are within proximity of inhabitants. The Group's maintains an open-door approach, operating in an ethical and transparent manner within the community. Emphasis is placed on community involvement, to increase awareness, to establish a positive and responsible reputation within these important stakeholders. This approach allows the Group to establish meaningful connections, wherever it has a presence.

In Canada, the Group's close relationship with the Acho Dene Koe First Nation, Dene Tha' First Nation, Fort Nelson First Nation and Prophet River First Nation as well as with Ligwi da'xw people; the Wei Wai Kai, Wei Wai Kum and Kwiakah First Nations is an integral part of the social fabric, and this relationship is thriving. We work with Habitat for Humanity, a non-profit organisation that helps families build and improve places to call home. The Group believes affordable housing plays a critical role in strong and stable communities.

#### *10.1. Community Advancement*

The Group positively help improved the standard of living for the local indigenous communities during the year by various initiatives and programs in both Canada and Argentina. This included upskilling people on electrical maintenance, and equipment of materials and basic essential tools, to promote and improve their self-sustainability.

The Group also participated in several community improvement projects, including training local inhabitants, maintenance of the local hospital ambulance, and the setting up of three micro enterprises i.e. seamstress, carpentry and bakery. Additionally, over 20 people from the local community were temporarily engaged on rotation basis at Los Blancos during the year.

## C. FUTURE DEVELOPMENTS TOWARD SUSTAINABILITY

The Group recognises the world is moving towards a low carbon economy, as it attempts to satisfy commitments set forth in the Paris Agreement. Energy transition being at the forefront, moving from high $CO_2$ emission energy sources such as coal and oil, towards renewables and zero emission sources. The Group is planning to transform Discovery Park site into a green ecosystem hub. The Group's vision is to develop and attract industries including hydrogen/green ammonia production, renewable natural gas/biofuel production, aquaculture, vertical farming, and modular construction to create a circular economy. By redeveloping Discovery Park into a green ecosystem hub, the Group can contribute to better sustainability, climate protection and resource efficiency. In addition, the Group continues to discuss with local authorities, governing bodies, and key stakeholders with the mutual objective of achieving net zero emissions.

Going forward, the Group plans to extend its community engagement activities and explore ways how the Group can help in non-financial ways, such as volunteering, school talks, and repurposing used computer and office equipment. For environmental initiatives in 2025, the Group's continuing plans include:

- Evaluating how environmental risks are being managed at the Group's operating facilities,
- Evaluating current environmental site conditions at inactive sites,
- Developing a decommissioning and reclamation program to save costs and efficiently reduce environmental liability,
- Registering with the British Colombia Output-Based Pricing System (BCOBPS) which incentivises qualifying participants to reduce GHG emissions, and
- Conducting energy audit of its Canadian gas production facilities which will form the basis for future carbon tax reduction initiatives.

The board (the "**Board**") of directors (the "**Directors**") of the Company and management of the Group strive to attain and maintain high standards of corporate governance best suited to the needs of its businesses and interest and value of the shareholders of the Company (the "**Shareholders**") as the Board believes that effective governance is essential to the maintenance of the Group's competitiveness and to its healthy growth.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to uphold high standards of corporate governance practices and business ethics in the Company, believing that they are crucial to improve the efficiency and performance of the Group and to safeguard the interests of the Shareholders. The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The purposes of the Company are to promote success of the Group by visionary and effective leadership by the Board and upholding high standards of corporate governance to create and enhance long-term return for shareholders as well as stakeholders while undertaking corporate social responsibility with green sustainability.

There are four independent non-executive Directors in the Board, each of them possesses adequate level of independence with diverse background and experience, and therefore the Board considers the Company has achieved a balance of power and authority, accountability and independent decision-making under the present arrangement and provided sufficient protection to its and its shareholders' interests. Also, the audit committee of the Board has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

The roles of the Chairman and the Chief Executive Officer are clearly defined and segregated to ensure independence and proper checks and balances. Mr. Cheng, as Chairman of the Board, with his strategic vision, provides leadership to the Board and gives direction in the development of the Group, which is of added benefit to the check and balance mechanism of the Group. Mr. Tang, as the Chief Executive Officer, focuses on the day-to-day management and operations of the Group's business. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the "**CG Code**") as set forth in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

## CORPORATE GOVERNANCE CODE

Save as disclosed above, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the CG Code as set forth in Part 2 of Appendix C1 to Listing Rules of the Stock Exchange during the year ended 31 December 2024 and up to the date of this annual report.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code as its code of conduct regarding securities transactions by Directors.

Having made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions by Directors for the year ended 31 December 2024 and up to the date of this report.

## BOARD OF DIRECTORS

### Composition of the Board

The Board currently comprises two executive Directors, one non-executive Director and four independent non-executive Directors as follows:

### Executive Directors

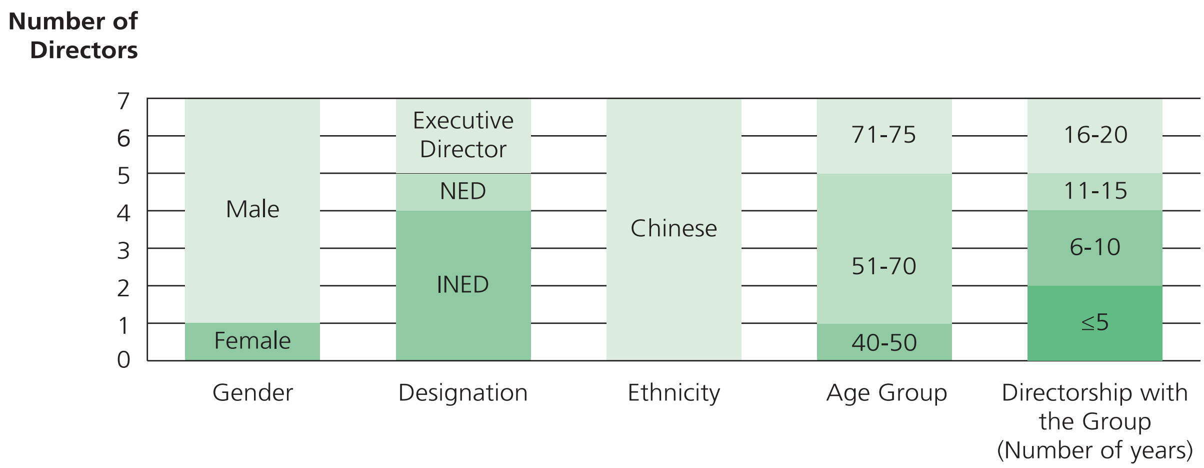
Mr. CHENG, Kam Chiu Stewart *(Chairman)*
Mr. TANG, John Wing Yan *(Chief Executive Officer)*

### Non-executive Director

Mr. LEE, Chi Hin Jacob

### Independent non-executive Directors

Mr. YUNG, Chun Fai Dickie
Mr. CHIU, Wai On
Mr. HUANG, Victor
Ms. LEUNG, Sze Lai (appointed on 29 August 2024)




The Board has a balanced composition of Executive and Non-executive Directors with each Director having sound knowledge, experience and expertise contributing to the performance and development of the Group. All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties of care, skill and diligence.

The Board members do not have any financial, business, family or other material and/or relevant relationships with each other. Biographical details of the Board members are set out in the "Information of Directors" section of this annual report.

### Board Diversity Policy

The Company has a board diversity policy (the "**Policy**") which sets out the approach to diversify the Board. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional and industrial experience, skills, knowledge, length of service, and any other factors that the Board might consider relevant and applicable. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has set the measurable objectives based on gender, age, cultural and educational background, professional experience and skills and knowledge for the implementation of Board diversity of the Company.

The Nomination Committee and the Board will review the Policy, on a regular basis, to ensure its continued effectiveness from time to time. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

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

The Company appreciates the importance of gender diversity and believes that gender diversity will be a representing manifestation of Board diversity among all other measurable objectives. The Board appointed a director of a different gender in August 2024 as the Company recognises the importance of a diverse and inclusive governance structure.

Currently the Board is comprised of male and female representation with different skills and expertise and achieved a diversified Board. This fulfilled stakeholders' expectation and international and local recommended best practices. Due to the unique business nature of the Company, the Board is of the view that it is not necessary to set numerical targets and timeline for further enhancing gender balance on its Board for the time being. The Nomination Committee will continue to look for potential candidates and to develop a pipeline of potential successors to the Board and will seek assistance from professional search firms if necessary. The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination.

As at 31 December 2024, the gender ratio of the Group's workforce (including senior management) was approximately 72% male to 28% female due to oil and gas and commodities trading business industries traditionally have less female participants. The Company's hiring is merit based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce in view of the nature of the business of the Group.

The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio within a medium-term time frame. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for.

## Responsibilities of the Board

The Board is responsible for the leadership and control of the Company and collectively responsible for promoting success of the Company by directing and supervising the Company's affairs. The Board also formulates objectives, overall corporate strategies and business plans, and oversees the financial and management performance of the Group. Day-to-day functions and authorities are delegated to the management, which include the implementation of objectives, strategies and plans adopted by the Board and the day-to-day management of the Group's business. There are established procedures for the Directors upon reasonable request, to seek independent advice in appropriate circumstances, at the Company's expense.

Apart from the regular Board meetings and pursuant to code provision C.2.7 of the CG Code, the chairman has also met with the independent non-executive Directors without the presence of executive Directors during the year. The independent non-executive Directors are encouraged to provide their independent views to the Board.

## Corporate governance functions

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board performing corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (in any) applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance.

The work performed by the Board on corporate governance functions during the year ended 31 December 2024 included developing and reviewing the Company's policies on corporate governance and review the Company's compliance with the Code Provisions. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## Board Meetings

The Board meets regularly and at least four times a year for the reviewing and approval of the Company's financial and operating performance, as well as the consideration and approval of the overall strategies and policies of the Company. Apart from the regular board meetings, the Board met on other occasions where necessary. Throughout the Year, Directors also participate in the consideration and approval of routine and operational matters of the Company by way of circulating resolutions.

During the Year, the Board held five board meetings. To facilitate maximum attendance of the Directors and to provide opportunity to include matters in the agenda for the Board meetings, notices of regular Board meetings are served to all Directors at least 14 days before the regular meetings while reasonable notice is generally given for other meetings. Meeting agenda together with all appropriate, complete and reliable information are normally given to all Directors no less than 3 days prior to each Board meeting to enable them to make informed decisions. The Company Secretary is responsible to ensure that Board meetings comply with the relevant procedures, rules and regulations. All Board meeting minutes record the details of the matters discussed and decisions made. Board minutes are kept by the Company Secretary and signed by respective Directors. All queries, advices and suggestions raised by non-executive Directors (including independent non-executive Directors) in the Board meeting are followed up by the executive Directors, senior management and company secretary of the Company promptly and provide appropriate feedback in a timely manner.

All Directors attended the annual general meeting of the Company (the "**AGM**") held on 20 June 2024. Directors' attendance of the Meetings held during the Year are set out below:

| Name of Directors | Number of Board Meetings attended/held | AGM attended/held |
|---|---|---|
| **Executive of Directors** | | |
| Mr. CHENG, Kam Chiu Stewart *(Chairman)* | 5/5 | 1/1 |
| Mr. TANG, John Wing Yan *(Chief Executive Officer)* | 5/5 | 1/1 |
| **Non-executive Director** | | |
| Mr. LEE, Chi Hin Jacob | 4/5 | 1/1 |
| **Independent Non-executive Directors** | | |
| Mr. YUNG, Chun Fai Dickie | 5/5 | 1/1 |
| Mr. CHIU, Wai On | 5/5 | 1/1 |
| Mr. HUANG, Victor | 5/5 | 1/1 |
| Ms. LEUNG, Sze Lai (appointed on 29 August 2024) | 2/2 | N/A |

## Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are held by two executive Directors, Mr. CHENG, Kam Chiu Stewart and Mr. TANG, John Wing Yan respectively. Their respective responsibilities are clearly established and defined.

The Chairman provides leadership for the Board and is accountable to the Board ultimately. The Chairman takes the lead to encourage Directors to make active contribution to the Board's affairs and ensure that the Board acts in the best interests of the Company.

The Chief Executive Officer represents the management of the Company and is accountable to the Board. His main responsibilities include overseeing the implementation of the Group's strategies, objectives and policies as well as monitoring day-to-day management of the Group's businesses and operations.

### Non-executive Director and Independent non-executive Directors

The non-executive Director and the independent non-executive Directors give the Board the benefit of their skills, expertise, varied background and experiences. Through active participation in Board meetings and serving on various Board Committees, the non-executive Director and the independent non-executive Directors bring in independent judgement and make valuable contributions to the effective direction and strategic decision-making of the Group.

The Company has received an annual confirmation of independence from each of the four independent non-executive Directors. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence. Directors have also disclosed to the Company the changes, if any, in the number and nature of offices they held in public companies or organisations and other significant commitment, including the identity of the public companies or organisations and an indication of the time involved. During the Year, the Nomination Committee has assessed the independence of each of the independent non-executive Directors based on the guidelines as set out in Rule 3.13 of the Listing Rules and considered them to be independent.

The Company's non-executive Director has entered into a service contract with the Company pursuant to which he agreed to act as a non-Executive Director for a term of three years with effect from March 2019, which shall be renewed as determined by the Board or the shareholders of the Company. The appointment of the non-executive Directors may be terminated by either party by giving prior written notice to the other.

Each of the Company's independent non-executive Directors has been appointed for a term of three years with effect from November 2006, March 2013, June 2020 and August 2024 respectively, which shall be renewed as determined by the Board or the shareholders of the Company. The appointment of each of the independent non-executive Directors may be terminated by either party giving prior written notice to the other.

During the year ended 31 December 2024, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, the number of which must represent at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications, accounting or related financial management expertise. The views of the independent non-executive Directors carry weight in the Board's decisions, and their participation helps the Board exercise judgement, make decisions and act objectively in the interests of the Company and its shareholders as a whole.

Ms. LEUNG, Sze Lai had obtained the legal advice required under Rule 3.09D of the Listing Rules in August 2024 and confirmed her understanding regarding the obligations as a Director of the Company.

Mr. Chiu, Wai On and Mr. Yung, Dickie Chun Fai have served as independent non-executive directors of the Company for more than 9 years. Consideration was given to the independence of these directors. During the year of appointment, they have demonstrated their abilities to provide an independent view to the Company's matters and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively. Their familiarity with the business and the industry over the year has enabled them to contribute the management of the risks involved as well as add to the diversity of the skills and perspectives of the Board. The Board believes that the long tenure of those independent non-executive director does not compromise their independence but instead brings significant positive qualities.

### Appointment and re-election of Directors

Pursuant to bye-law 84(1) of the Bye-laws, notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Mr. CHENG, Kam Chiu Stewart, Mr. YUNG, Chun Fai Dickie and Mr. CHIU, Wai On will retire from office as Director at the forthcoming annual general meeting of the Company to be held on Friday, 20 June 2025 (the "**AGM**") and, being eligible, will offer themselves for re-election as Director at the AGM, and be subject to separate resolutions to be approved at the AGM.

Pursuant to bye-law 83(2) of the Bye-laws, 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. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. Ms. LEUNG, Sze Lai will retire from office as Director at the AGM and, being eligible, will offer herself for re-election as Director at the AGM, and be subject to separate resolutions to be approved at the AGM.

## INDUCTION, INFORMATION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon appointment to the Board, Directors will receive an induction package covering the general understanding of the Group and its businesses and operations. Meetings will also be arranged with the Company's external legal adviser on directors' legal role and responsibilities.

All Directors are kept informed on a timely basis of major changes on the relevant laws, rules and regulations. Timely updates on the Group's financial performance, businesses and developments are also provided to the Directors. In addition, briefings and updates on the latest developments regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors to ensure compliance and enhance their awareness of good corporate governance practices. They also have full and timely access to information on the Group and independent professional advice at all times whenever deemed necessary.

In compliance with the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development (the "**CPD**") to develop and refresh their knowledge and skills. During the Year, the Company encouraged all Directors to attend training courses, seminars, webcasts or conferences which were relevant to their respective duties and responsibilities at the Company's expenses, and provided relevant materials and updates for their reading. Directors also read technical bulletins, periodicals and other publications on subjects relevant to the Group and/or on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are required to provide the Company with details of CPD training taken by them from time to time. The training records are kept by the Company Secretary. Based on the records provided, the Directors participated in the following CPD programmes during the Year:

| | **Directors' Training in 2024** | |
|---|---|---|
| **Name of Directors** | **Attending training courses, seminars, webcasts or conferences** | **Reading materials or updates** |
| **Executive of Directors** | | |
| Mr. CHENG, Kam Chiu Stewart *(Chairman)* | ✓ | ✓ |
| Mr. TANG, John Wing Yan *(Chief Executive Officer)* | ✓ | ✓ |
| **Non-executive Director** | | |
| Mr. LEE, Chi Hin Jacob | ✓ | ✓ |
| **Independent Non-executive Directors** | | |
| Mr. YUNG, Chun Fai Dickie | ✓ | ✓ |
| Mr. CHIU, Wai On | ✓ | ✓ |
| Mr. HUANG, Victor | ✓ | ✓ |
| Ms. LEUNG, Sze Lai (appointed on 29 August 2024) | ✓ | ✓ |

## BOARD COMMITTEES

As an important part of a sound corporate governance practice, the Board has established four Board Committees: the Nomination Committee, Remuneration Committee, Audit Committee and Executive Committee to assist the Board to discharge its functions. Each Committee has specific written terms of reference which sets out clearly the Committee's duties and authority. The terms of reference and the list of members of each committee are published on the websites of the Stock Exchange and/or the Company.

The Board Committees are provided with sufficient resources to perform their duties, including the management support and engagement of independent professional advice at the Company's expense. The Committees report to the Board on their decisions or recommendations and maintain an effective and constructive communication with the Board.

### Remuneration Committee

The Remuneration Committee currently comprises four Directors namely Mr. CHENG, Kam Chiu Stewart, Mr. YUNG, Chun Fai Dickie, Mr. CHIU, Wai On and Mr. HUANG, Victor with majority members being independent non-executive Directors. Mr. YUNG, Chun Fai Dickie, an independent non-executive Director, is currently the chairman of the Remuneration Committee.

The prime duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; assessing performance of executive Directors and approve the terms of the service contracts of the executive Directors; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and making recommendations to the Board on the remuneration of non-executive Directors.

For the remuneration of executive Directors of the Company, the Remuneration Committee adopted the model described in code provision E.1.2(c)(i) of the CG Code.

During the Year, the Remuneration Committee convened one meeting to, inter alias, review the remuneration packages and assess performance of the executive Directors and the senior management of the Company with reference to the Group's operating results, their duties and level of responsibility and the prevailing market conditions. Members and their attendance are as follows:

| Name of Members | Number of Meetings attended/held |
|---|---|
| Mr. YUNG, Chun Fai Dickie *(Chairman)* | 1/1 |
| Mr. CHENG, Kam Chiu Stewart | 1/1 |
| Mr. CHIU, Wai On | 1/1 |
| Mr. HUANG, Victor | 1/1 |

## Nomination Committee

The Nomination Committee was established with written terms of reference in compliance with code provision B.3 of part 2 of the CG Code and currently comprises four Directors namely Mr. LEE, Chi Hin Jacob, Mr. YUNG, Chun Fai Dickie, Mr. CHIU, Wai On and Mr. HUANG, Victor with majority members being independent non-executive Directors. Mr. YUNG, Chun Fai, Dickie, an independent non-executive Director, is currently the chairman of the Nomination Committee.

The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re-appointment of Directors, reviewing the Board's diversity policy and relevant implementation of the diversity policy, and making recommendations to the Board in respect of the aforesaid matters.

By such policy, the selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision is based on merit and contribution that the selected candidates bring to the Board. Details of the authority and duties of the Nomination Committee are available on the websites of the Company and Stock Exchange.

During the Year, the Nomination Committee convened two meetings to review the structure, size, composition and diversity of the Board. Members and their attendance are as follows:

| Name of Members | Number of Meeting attended/held |
|---|---|
| Mr. YUNG, Chun Fai Dickie *(Chairman)* | 2/2 |
| Mr. CHIU, Wai On | 2/2 |
| Mr. LEE, Chi Hin Jacob | 2/2 |
| Mr. HUANG, Victor | 2/2 |

## Audit Committee

The Audit Committee was established with written terms of reference aligned with Rule 3.21 and 3.22 of the Listing Rules and code provision D.3 of the CG Code and currently comprises five Directors namely Mr. LEE, Chi Hin Jacob, Mr. YUNG, Chun Fai Dickie, Mr. CHIU, Wai On and Mr. HUANG, Victor and Ms. LEUNG, Sze Lai with majority members being independent non-executive Directors. All of them possess the relevant qualifications, experiences and skills to contribute to the financial, governance, internal controls and risk management of the Company. Mr. CHIU, Wai On, an independent non-executive Director, with professional qualifications and accounting and related financial management expertise is currently the chairman of the Audit Committee.

The main duties of the Audit Committee include reviewing the consolidated financial statements and reports and considering any significant or unusual financial items; overseeing the relationship between the Company and the external auditor; considering the scope of its audit, approving the audit fees and the appropriateness of non-audit services; assessing the effectiveness of the Company's internal audit function; evaluating the continuing connected transactions; and reviewing the adequacy and effectiveness of the Company's financial controls and risk management and internal control systems. Details of the authority and duties of the Audit Committee are available on the websites of the Company and Stock Exchange.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly. The Board has had no disagreement with the Audit Committee's view on the re-appointment of the external auditor.

During the Year, the Audit Committee held three meetings, inter alia, to review the 2023 annual results and the 2024 interim results of the Group and to review the Group's internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and effectiveness of the internal audit function. In addition, the Audit Committee met the external auditor once without the presence of the management to discuss any areas of concerns. Members' attendance of the Audit Committee Meetings held during the Year are set out below:

| Name of Members | Number of Meetings attended/held |
|---|---|
| Mr. CHIU, Wai On *(Chairman)* | 3/3 |
| Mr. LEE, Chi Hin Jacob | 2/3 |
| Mr. YUNG, Chun Fai Dickie | 3/3 |
| Mr. HUANG, Victor | 3/3 |
| Ms. LEUNG, Sze Lai (appointed on 29 August 2024) | 1/1 |

### Executive Committee

The Executive Committee was established on 30 August 2017 and is currently chaired by the Chairman of the Board, Mr. CHENG, Kam Chiu Stewart with the CEO, Mr. TANG, John Wing Yan as a member. The executive Directors involved in operations of the Group and are fully aware of the performance, position, and prospects of the Company.

The main duties of the Executive Committee include overseeing the general management and day-to-day operations of the Company, monitoring the execution of the Company's business strategy as approved by the Board, approving any changes to the scope of authority delegated to the management and any other matters specifically delegated to it by the Board. Details of the authority and duties of the Executive Committee are available on the Company's website.

During the Year, the Executive Committee held one meeting. Members' attendance of the Executive Committee Meetings held during the Year are set out below:

| Name of Members | Number of Meetings attended/held |
|---|---|
| Mr. CHENG, Kam Chiu Stewart *(Chairman)* | 1/1 |
| Mr. TANG, John Wing Yan *(Chief Executive Officer)* | 1/1 |

## ACCOUNTABILITY AND AUDIT

### Financial reporting

The Directors acknowledge their responsibility for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules, the Hong Kong Companies Ordinance and other applicable regulatory requirements, and for such internal control as the Directors determine necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board is responsible for presenting balanced, clear and understandable annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided the Directors such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

In determining the appropriate basis of preparation of the consolidated financial statements, the Directors have reviewed the Group's cash flow projections prepared by management based on estimations of future revenue from sales and trading, future production costs, committed and planned capital expenditure and the availability of financing, which cover a period of twelve months from the reporting period end date. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and committed future capital expenditure within the next twelve months from the end of the current reporting period.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquires, they are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The reporting responsibilities of the external auditor, Ernst & Young ("**EY**"), are set out in the Independent Auditor's Report on pages 72 to 76 to this annual report.

### Auditor's remuneration

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the consolidated financial statements in accordance with applicable standards. Members of the Audit Committee were of the view that EY is independent and had recommended the Board to propose its re-appointment as the Company's independent auditor at the 2025 AGM.

A summary of audit and non-audit services provided by EY for the Year and their corresponding remuneration is as follows:

| **Nature of Services** | **Amount** (HK$ million) |
|---|---|
| Audit service for the Year | 2.70 |
| Agreed upon procedures for period ended 30 June 2024 | 0.50 |

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board, recognising its overall responsibility in ensuring the risk management and internal control systems of the Group and reviewing its effectiveness annually and on an ongoing basis, is committed to implementing an effective and sound risk management and internal control systems to safeguard the interests of the Shareholders and the assets of the Group. The Audit Committee has been delegated by the Board to review the risk management and internal control systems.

Procedures have been designed to (i) safeguard assets from inappropriate use; (ii) maintain proper accounting records; (iii) ensure compliance with applicable laws, rules and regulations; and (iv) manage the risk of failure to achieve business objectives. To safeguard confidentiality, information access is managed on a need-to-know basis. Use of computers, especially access to the internet and e-mail systems, is similarly regulated with a view towards security.

The risk management and internal control systems of the Group provide a reasonable, but not absolute, assurance that material misstatement of the financial statements or loss are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed. It can only manage, rather than eliminate, all risks of failure to meet the Group's business objectives, material misstatement, errors, loss or fraud.

The Company does not have a standalone internal audit department; however, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. During the Year, the Company has hired independent internal audit consulting firms in addition to the Company's own internal control teams to perform an internal control review to assess the Group's internal control systems in order to assist the Board in reviewing its effectiveness. The reviews, normally performed once a year, covered the effectiveness of the financial, operational and compliance controls and risk management functions of the Group, with a focus on the core businesses and/or processes of the Group. Relevant report was presented to and reviewed by the Audit Committee and the Board. Based on the results of internal control review for the Year and the assessment of the Audit Committee thereon, no material inadequacies or deficiencies in the risk management and internal control systems were drawn to the attention of the Audit Committee, but appropriate recommendations for further enhancing the internal control systems have been taken. The Board is of the view that the internal control systems were effective and adequate and no irregularities, fraud or other deficiencies were identified for the financial year ended 2024.

## PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities and Futures Ordinance ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

## DIVIDEND POLICY

In order to enhance transparency of the Company and facilitate the Shareholders and investors to make informed investment decisions relating to the Company, the Board adopted a dividend policy on 26 March 2019 (the "**Dividend Policy**").

According to the Dividend Policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

a. the actual and expected financial performance of the Group;

b. retained earnings and distributable reserves of the Company and each of the members of the Group;

c. the liquidity positions of the Group;

d. the future cash requirements and availability of the Group, including its expected working capital requirements, capital expenditure requirements and future expansion plans;

e. any restrictions on payments of dividends that may be imposed by the Group's lenders;

f. the general market conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and

g. any other factor that the Board may consider appropriate.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review the Dividend Policy on a regular basis.

## COMPANY SECRETARY

The Company Secretary directly reports to the Board. The Company Secretary is responsible for supporting and advising the Board on governance matters. All Directors have access to the advice and service of the Company Secretary to ensure that Board procedures, all applicable rules and regulations are followed.

Mr. LEE, Kun Yin is the Company Secretary of the Company and is a member of the Chartered Accountants in Australia & New Zealand and Hong Kong Institute of Certified Public Accountants, and hence complies with the requisite qualifications pursuant to Rules 3.28 and 8.17 of the Listing Rules to discharge the functions of the Company Secretary pursuant to the Listing Rules. His primary contact person of the Company is Mr. TANG, John Wing Yan, an executive Director and Chief Executive Officer of the Company. Mr. Lee has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2024 and has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## SHAREHOLDERS

### Communications with Shareholders

The Board recognises the importance of continuing communications with the Company's Shareholders and investors, and maintains ongoing dialogues with them through various channels. The formal communication channels between the Company and the Shareholders are announcements, circulars and interim and annual reports. All Shareholders' communications are available on the Company's website.

The general meetings of the Company provide an opportunity for communication between the Board and the shareholders. The Chairman of the Board as well as Chairman of the Audit Committee, Remuneration Committee and Nomination Committee and, in their absence, other members of the respective committees, will normally attend the annual general meeting and other shareholders' meetings to answer questions and explain the procedures for demanding and conducting a poll, if necessary. Shareholders are encouraged to attend general meetings of the Company which allows the Directors to meet and communicate with them. The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments.

### Shareholders' Communication Policy

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Company has established several channels to communicate with the shareholders as follows:

- corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange and on the website of the Company at www.newtimes-corp.com;
- periodic announcements are published on the websites of the Stock Exchange and the Company;
- corporate information is made available on the Company's website; and
- annual and extraordinary general meetings, if any, provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and in view of the communication channels available, considered it to be effective for the year ended 31 December 2024.

### Shareholders' rights

Under the Bye-laws, Shareholders holding not less than 10% of the paid-up capital of the Company at the date of deposit of written requisition to the Board or the Company Secretary, can at all times request a special general meeting to be called by the Board for addressing specific issues of the Company within 21 days from the date of deposit of such requisition to the Company's head office address in Hong Kong.

The Group recognises Shareholders' rights in exercising control proportionate to their equity ownership. The Company has been conducting voting at the general meetings by way of poll, which is conducted and scrutinised by the Company's branch share registrar in Hong Kong. Procedures for conducting a poll are explained by the Chairman of the Board in the general meetings prior to the taking of the poll. Poll results are announced and posted on the websites of both the Company and the Stock Exchange.

### Putting Forward Proposals at General Meetings

Pursuant to the Bermuda Companies Act 1981, either any number of the Shareholders holding not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at general meetings of the Company ("Requisitionist"), or not less than 100 of such Shareholders, can request the Company in writing to (a) give to the Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the principal place of business of the Company in Hong Kong with a sum reasonably sufficient to meet the Company's relevant expenses and not less than 6 weeks before the meeting in the case of a requisition requiring notice of a resolution or not less than 1 week before the meeting in the case of any other requisition. Provided that an AGM is called for a date 6 weeks or less after the requisition has been deposited, such requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

### Change of Company Name and Adoption of New Bye-Laws

Subsequent to the passing of a special resolution approving the Proposed Change of the Company Name by the Shareholders at the AGM held on 20 June 2024, the Certificate of Change of Name was issued by the Registrar of Companies in Bermuda on 20 June 2024, confirming the Company has changed its English name from "New Times Energy Corporation Limited" to "New Times Corporation Limited", with effect from 20 June 2024. The change of name of the Company to "New Times Corporation Limited" and the adoption of the Chinese name "新時代集團控股有限公司" for identification purposes have become effective on 20 June 2024.

The Companies Registry in Hong Kong has issued a Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 12 August 2024, confirming the registration of Company's new English name from "New Times Energy Corporation Limited" to "New Times Corporation Limited" and the new Chinese name from "新時代能源有限公司" to "新時代集團控股有限公司" in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Please refer to the announcement of the Company dated 23 August 2024 for further details.

An amended and restated bye-laws of the Company has been approved and adopted on 20 June 2024.

### Change of Company Website

The website of the Company changed from "http://www.nt-energy.com/" to "http://www.newtimes-corp.com/" with effect from 28 August 2024. All announcements, notices or other documents submitted by the Company for publication on the websites of The Stock Exchange of Hong Kong Limited will also be published on this new website of the Company.

## Constitutional Documents

Save as disclosed above, there were no significant changes in the Company's constitutional documents during the Year.

The latest version of the new Bye-Laws is available on the websites of the Stock Exchange and the Company.

## Shareholders' enquiries and proposals

Shareholders are, at any time, welcome to raise questions, proposals and request information (to the extent it is publicly available and appropriate to provide) from the Board and management by writing to:

| | |
|---|---|
| Address: | Room 1402, 14/F, New World Tower I, 16-18 Queen's Road Central, Hong Kong |
| Attention: | Company Secretary |
| Email: | info@newtimes-corp.com |

Shareholders may direct their enquiries about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

**Tricor Investor Services Limited**

| | |
|---|---|
| Address: | 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| Tel: | (852) 2980 1333 |
| Fax: | (852) 2810 8185 |
| Email: | is-enquiries@vistra.com |

## Whistle-Blowing Policy

The Company has put in place whistleblowing policy which applies to all the directors and employees (including but not limited to permanent, full-time, part-time and contract employees, etc.) of the Group and any parties who deal with the Group (including but not limited to investors, customers, contractors, suppliers, creditors and debtors, etc.). The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in financial reporting, internal control or other areas.

Whistle-blowers are able to contact the Board, senior management and/or their supervisors. The identity of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Board which is responsible for oversight and monitoring of the whistle-blowing policy and mechanism, will make decisions on further actions (if needed) while the Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

### Anti-Corruption Policy

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities.

The Company has in place an anti-corruption and integrity promotion system within all its employees, which forms part of the Company's employees staff manual. Employees are required to act with integrity and to report any suspected bribery, corruptions and money laundering cases to senior management or the Board. The employees are required to declare any conflict of interest when performing their duties.

### Investor Relations

During the Year, the Company has proactively enhanced its corporate transparency and communications with its shareholders and the investors through the announcement of its interim and final reports. Through the timely distribution of other announcements, including but not limited to notices of meetings, circulars and other relevant Company's information, the Company has also kept the public aware of its latest developments.

### Conclusion

Going forward, the Company will continue to review its corporate governance practices on a timely basis to continue its high level of transparency. The Company will also try to enhance its competitiveness, industry knowledge and operating efficiency in order to generate greater returns for its stakeholders.

Ernst & Young
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Quarry Bay, Hong Kong

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**Independent auditor's report**
**To the shareholders of New Times Corporation Limited**
**(Formerly known as New Times Energy Corporation Limited)**
*(Incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of New Times Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 77 to 162, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, 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 December 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 ("**HKFRSs**") 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|

**Recoverable amounts of oil and gas properties under the upstream segment**

The Group's upstream segment engages in the exploration, development, production and sale of oil and gas products in Canada and Argentina. The carrying amount of the oil and gas properties of this segment that were included under "machinery" and "oil and gas production assets" of property, plant and equipment were approximately HK$8.7 million and HK$289.2 million as at 31 December 2024, respectively.

Given the significant decrease in commodity prices during the year, management performed impairment assessments for the oil and gas properties as at 31 December 2024. The recoverable amounts of the oil and gas properties were determined with reference to the fair value less costs of disposal and value in use as estimated by management using the discounted cash flow method based on, inter alia, the oil and gas reserve reports issued by independent qualified technical consultants. The key assumptions used in the discounted cash flow forecasts included estimated future commodity prices, estimated future production volumes, estimated future production costs, estimated future capital expenditure and discount rates. Based on the results of the impairment assessments, the Group recognised in profit or loss for the year ended 31 December 2024 (i) charges of approximately HK$34.6 million and HK$8.5 million impairment in respect of the oil production assets relating to Horn River Basin in Canada and Los Blancos in Argentina, respectively; and (ii) a reversal of impairment charge in respect of the oil production assets relating to a single portfolio which includes Greater Sierra Area, Willesden Green and Wapiti in Canada of approximately HK$110.6 million.

We focused on auditing the recoverable amounts of the oil and gas properties because the estimation of recoverable amounts is subject to a high degree of estimation uncertainty. The inherent risk in estimating the recoverable amounts of oil and gas properties under the upstream segment is considered significant due to the subjectivity of the significant assumptions used in determining the recoverable amounts.

Related disclosures are included in notes 2.4 and 16 to the consolidated financial statements.

In auditing the recoverable amounts of the oil and gas properties, we have performed the following key audit procedures on the recoverable amount calculations prepared by the management and the key assumptions used in determining the recoverable amounts of the oil and gas properties:

- We understood and evaluated the design of relevant controls in respect of the assessment of recoverable amounts of the Group's oil and gas properties;
- We compared the forecasted benchmark commodity price estimates adopted by the Group against the historically realised prices and other third-party commodity price forecasts;
- We compared the forecasted production, royalties, operating costs and capital costs data adopted by the Group to historical performance and the reserve reports prepared by the independent qualified technical consultants;
- We evaluated the competence, capability and objectivity of the independent qualified technical consultants;
- We assessed the appropriateness of valuation methodologies and reasonableness of discount rates adopted by the Group in calculating the fair value less costs of disposal and values in use of the Group's oil and gas properties, and tested the mathematical accuracy of the calculations with the assistance of our internal experts; and
- Where appropriate, we assessed the market capitalisation of the Group's oil and gas properties and observed quantitative and qualitative reconciliations using market data and subsequent market transactions.

EY 安永

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is CHENG Man.

**Ernst & Young**
*Certified Public Accountants*
Hong Kong
27 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

| | Notes | 2024 HK$ million | 2023 HK$ million |
|---|---|---|---|
| **REVENUE** | 5 | **10,896.7** | 26,150.2 |
| Cost of sales | | **(11,028.5)** | (26,287.1) |
| Gross loss | | **(131.8)** | (136.9) |
| Other income and net gains and losses | 6 | **188.5** | 161.1 |
| Net investment loss | 7 | **–*** | (20.9) |
| General and administrative expenses | | **(109.1)** | (108.3) |
| Finance costs | 9 | **(32.9)** | (54.6) |
| Share of losses of joint ventures | 20 | **(0.9)** | –* |
| **LOSS BEFORE TAX** | 8 | **(86.2)** | (159.6) |
| Income tax (expense)/credit | 12 | **(1.2)** | 9.1 |
| **LOSS FOR THE YEAR** | | **(87.4)** | (150.5) |
| Attributable to: | | | |
| Shareholders of the Company | | **(87.4)** | (150.5) |
| Non-controlling interests | | **–*** | –* |
| | | **(87.4)** | (150.5) |
| **LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | 14 | | |
| Basic and diluted | | **HK(1.00) cents** | HK(1.72) cents |

* Amount less than HK$50,000

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| **LOSS FOR THE YEAR** | **(87.4)** | (150.5) |
| **OTHER COMPREHENSIVE (LOSS)/INCOME** | | |
| Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **(46.0)** | 1.8 |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | |
| Change in fair value of equity investment designated at fair value through other comprehensive income | **–*** | –* |
| **OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX** | **(46.0)** | 1.8 |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | **(133.4)** | (148.7) |
| Attributable to: | | |
| Shareholders of the Company | **(133.4)** | (148.7) |
| Non-controlling interests | **–*** | –* |
| | **(133.4)** | (148.7) |

* Amount less than HK$50,000

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | Notes | 2024 HK$ million | 2023 HK$ million |
|---|---|---|---|
| **Non-current assets** | | | |
| Exploration and evaluation assets | 15 | – | 8.4 |
| Property, plant and equipment | 16 | **336.0** | 418.0 |
| Investment property | 17 | **305.9** | 218.5 |
| Intangible assets | 19 | – | 2.4 |
| Investments in joint ventures | 20 | – | 0.9 |
| Equity investment designated at fair value through other comprehensive income | 21 | –* | –* |
| Prepayments, deposits and other receivables | 23 | **24.4** | 24.2 |
| Total non-current assets | | **666.3** | 672.4 |
| **Current assets** | | | |
| Inventories | 22 | **173.4** | 102.8 |
| Trade and other receivables | 23 | **69.4** | 93.4 |
| Derivative financial instruments | 24 | **0.3** | – |
| Other financial assets at fair value through profit or loss | 25 | **31.0** | 35.5 |
| Cash and bank balances | 26 | **486.7** | 796.6 |
| Total current assets | | **760.8** | 1,028.3 |
| **Current liabilities** | | | |
| Trade and other payables | 27 | **144.0** | 147.9 |
| Derivative financial instruments | 24 | – | 1.5 |
| Lease liabilities | 18(a)(ii) | **6.4** | 5.8 |
| Income tax payable | | **2.6** | 2.6 |
| Provisions for asset retirement obligations | 28 | **31.6** | 78.1 |
| Other provisions | 28 | **21.5** | 16.9 |
| Total current liabilities | | **206.1** | 252.8 |
| Net current assets | | **554.7** | 775.5 |
| Total assets less current liabilities | | **1,221.0** | 1,447.9 |

* Amount less than HK$50,000

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | Notes | **2024 HK$ million** | 2023 HK$ million |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | 18(a)(ii) | **17.5** | 16.2 |
| Provisions for asset retirement obligations | 28 | **113.4** | 215.6 |
| Deferred tax liabilities | 29 | **27.7** | 23.7 |
| Total non-current liabilities | | **158.6** | 255.5 |
| Net assets | | **1,062.4** | 1,192.4 |
| **EQUITY** | | | |
| **Equity attributable to shareholders of the Company** | | | |
| Issued capital | 30 | **87.4** | 87.4 |
| Reserves | 32 | **975.1** | 1,105.1 |
| | | **1,062.5** | 1,192.5 |
| Non-controlling interests | | **(0.1)** | (0.1) |
| Total equity | | **1,062.4** | 1,192.4 |

**CHENG, Kam Chiu Stewart**
*Director*

**TANG, John Wing Yan**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | Attributable to shareholders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued capital HK$ million (note 30) | Share premium HK$ million (note 32) | Contributed surplus HK$ million (note 32) | Share-based compensation reserve HK$ million (note 32) | Capital reserve HK$ million (note 32) | Investment revaluation reserve HK$ million (note 32) | Exchange fluctuation reserve HK$ million (note 32) | Accumulated losses HK$ million | Total HK$ million | Non-controlling interests HK$ million | Total equity HK$ million |
| At 1 January 2023 | 88.1 | 4,878.4 | 740.9 | 6.0 | 9.6 | (123.2) | (708.8) | (3,569.3) | 1,321.7 | (0.1) | 1,321.6 |
| Loss for the year | – | – | – | – | – | – | – | (150.5) | (150.5) | – | (150.5) |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Change in fair value of equity investment designated at fair value through other comprehensive income | – | – | – | – | – | –* | – | – | –* | – | –* |
| Exchange differences on translation of foreign operations | – | – | – | – | – | – | 1.8 | – | 1.8 | – | 1.8 |
| Total comprehensive income/(loss) for the year | – | – | – | – | – | –* | 1.8 | (150.5) | (148.7) | – | (148.7) |
| Impact of hyperinflation – restatement effect | – | – | – | – | – | – | – | 27.6 | 27.6 | – | 27.6 |
| Repurchase and cancellation of own shares | (0.7) | (7.4) | – | – | – | – | – | – | (8.1) | – | (8.1) |
| At 31 December 2023 and 1 January 2024 | 87.4 | 4,871.0# | 740.9# | 6.0# | 9.6# | (123.2)# | (707.0)# | (3,692.2)# | 1,192.5 | (0.1) | 1,192.4 |
| Loss for the year | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(87.4)** | **(87.4)** | **–** | **(87.4)** |
| Other comprehensive loss for the year: | | | | | | | | | | | |
| Change in fair value of equity investment designated at fair value through other comprehensive income | **–** | **–** | **–** | **–** | **–** | **–*** | **–** | **–** | **–*** | **–** | **–*** |
| Exchange differences on translation of foreign operations | **–** | **–** | **–** | **–** | **–** | **–** | **(46.0)** | **–** | **(46.0)** | **–** | **(46.0)** |
| Total comprehensive loss for the year | **–** | **–** | **–** | **–** | **–** | **–*** | **(46.0)** | **(87.4)** | **(133.4)** | **–** | **(133.4)** |
| Impact of hyperinflation – restatement effect | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **3.4** | **3.4** | **–** | **3.4** |
| At 31 December 2024 | **87.4** | **4,871.0#** | **740.9#** | **6.0#** | **9.6#** | **(123.2)#** | **(753.0)#** | **(3,776.2)#** | **1,062.5** | **(0.1)** | **1,062.4** |

* Amount less than HK$50,000

\# These reserve accounts comprise the consolidated reserves of HK$975.1 million (2023: HK$1,105.1 million) in the consolidated statement of financial position as at 31 December 2024.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Notes | 2024 HK$ million | 2023 HK$ million |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before tax | | **(86.2)** | (159.6) |
| Adjustments for: | | | |
| Finance costs | | **32.9** | 54.6 |
| Depreciation | 8 | **124.1** | 177.8 |
| Asset impairment (reversal)/loss, net | 8 | **(67.5)** | 119.9 |
| Fair value gain of an investment property | 6 | **(111.3)** | (116.4) |
| Unrealised fair value gain of derivative financial instruments | | **(0.7)** | (4.6) |
| Hyperinflation monetary adjustments | | **(26.0)** | (29.8) |
| Gain on disposal of intangible assets | 6 | **(6.4)** | – |
| Non-cash consideration received from sale of computational power used for hashing calculations | 6 | **0.4** | (2.4) |
| Net (gain)/loss on disposal of items of property, plant and equipment | 6 | **(1.6)** | 0.5 |
| Bank interest income | 6 | **(20.7)** | (25.7) |
| Net investment loss | 7 | **–*** | 20.9 |
| Net foreign exchange losses | | **–** | 3.5 |
| Share of losses of joint ventures | | **0.9** | –* |
| Provision for arbitrations | 8 | **4.6** | – |
| | | **(157.5)** | 38.7 |
| (Increase)/decrease in inventories | | **(56.7)** | 4.3 |
| Decrease in trade and other receivables | | **17.6** | 48.9 |
| Increase/(decrease) in trade and other payables | | **0.9** | (62.6) |
| Settlement of asset retirement obligations | | **(32.7)** | (43.0) |
| Cash used in operations | | **(228.4)** | (13.7) |
| Interest received | | **20.3** | 25.0 |
| Income tax paid | | **(1.4)** | – |
| Net cash flows (used in)/from operating activities | | **(209.5)** | 11.3 |

* Amount less than HK$50,000

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Notes | 2024 HK$ million | 2023 HK$ million |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of exploration and evaluation assets | 15 | **(34.1)** | (8.0) |
| Purchases of items of property, plant and equipment | 16 | **(56.4)** | (68.4) |
| Purchases of other financial assets at fair value through profit or loss | | **–** | (2.8) |
| Proceeds from disposal of items of property, plant and equipment | | **1.7** | –* |
| Proceeds from disposal of intangible assets | | **9.1** | – |
| Proceeds from redemption of financial assets at fair value through profit or loss | | **2.8** | 1.6 |
| (Increase)/decrease in time deposits with maturity of more than three months when acquired | | **(0.9)** | 18.7 |
| Interest income of other financial assets at fair value through profit or loss received | | **–** | –* |
| Dividend income of other financial assets at fair value through profit or loss received | 7 | **1.5** | 0.6 |
| Net cash flows used in investing activities | | **(76.3)** | (58.3) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repurchase of own shares | | **–** | (8.1) |
| Principal portion of lease payments | | **(7.0)** | (8.2) |
| Interest portion of lease payments | | **(1.3)** | (0.6) |
| Net cash flows used in financing activities | | **(8.3)** | (16.9) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(294.1)** | (63.9) |
| Cash and cash equivalents at beginning of year | | **783.3** | 819.0 |
| Effect of foreign exchange rate changes, net | | **(16.7)** | 28.2 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **472.5** | 783.3 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balance as stated in the consolidated statement of financial position | 26 | **486.7** | 796.6 |
| Less: Time deposits with maturity of more than three months when acquired | | **(14.2)** | (13.3) |
| **CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS** | | **472.5** | 783.3 |

* Amount less than HK$50,000

## 1. CORPORATE AND GROUP INFORMATION

New Times Corporation Limited (the "**Company**", formerly known as New Times Energy Corporation Limited) is a limited liability company incorporated in Bermuda as an exempted company, and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and Room 1402, 14/F, New World Tower I, 16-18 Queen's Road Central, Hong Kong, respectively.

During the year, the Company and its subsidiaries (collectively, the "**Group**") were involved in the following principal activities:

- trading and refinery of precious metals in Hong Kong; and
- sale of oil and gas products in Canada and Argentina.

The directors of the Company consider the immediate holding company and the ultimate holding company of the Company to be Max Sun Enterprises Limited and Chow Tai Fook Capital Limited, respectively, which are incorporated in the British Virgin Islands ("**BVI**").

### Change of company name

Pursuant to a special resolution of shareholders at the Annual General Meeting held on 20 June 2024, the Company changed its English name from "New Times Energy Corporation Limited" to "New Times Corporation Limited" and its Chinese name from "新時代能源有限公司" to "新時代集團控股有限公司" for identification purposes, effective on the same date.

### Information about principal subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows:

| Company name | Place of incorporation/ registration and business | Issued ordinary and paid up share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| AC Precious Metals Refinery Limited | Hong Kong | HK$20,000,000 | – | 100 | Trading and refinery of precious metals |
| High Luck Group Limited | BVI | United States dollar ("**US$**") 100 | – | 100 | Exploration and sale of oil |
| NTE Energy Canada Limited | Canada | Canadian dollar ("**C$**") 56 million | – | 100 | Exploration and sale of oil and gas |
| NTE Discovery Park Limited | Canada | C$1 | – | 100 | Industrial park investment |

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) an investment property, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss (including derivative financial instruments) which have been measured at fair value; and (ii) adjustments for the effect of inflation where entities operate in a hyperinflation economy as further explained in the accounting policy headed "Hyperinflation accounting" in note 2.4 to the financial statements. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest million with one decimal place except when otherwise indicated.

***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

| | |
|---|---|
| Amendments to HKFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")* |
| Amendments to HKAS 1 | *Non-current Liabilities with Covenants (the "**2022 Amendments**")* |
| Amendments to HKAS 7 and HKFRS 7 | *Supplier Finance Arrangements* |

The nature and the impact of the revised HKFRSs are described below:

(a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16 *Leases*, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

| | |
|---|---|
| HKFRS 18 | *Presentation and Disclosure in Financial Statements*[3] |
| HKFRS 19 | *Subsidiaries without Public Accountability: Disclosures*[3] |
| Amendments to HKFRS 9 and HKFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments*[2] |
| Amendments to HKFRS 9 and HKFRS 7 | *Contracts Referencing Nature-dependent Electricity*[2] |
| Amendments to HKFRS 10 and HKAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4] |
| Amendments to HKAS 21 | *Lack of Exchangeability*[1] |
| *Annual Improvements to HKFRS Accounting Standards – Volume 11* | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2] |

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective. Further information about those HKFRSs that are expected to be applicable to the Group is described below:

(a) HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(Continued)*

(b) HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

(c) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening balance of accumulated losses (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 *Investments in Associates and Joint Ventures* in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

(e) Amendments to HKAS 21 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 accumulated losses or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(Continued)*

(f) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*, HKFRS 7 *Financial Instruments: Disclosures* (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9 *Financial Instruments*, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7:* The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 9:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in the statement of profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 10:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKAS 7:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies

***Investments in joint ventures***

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in a joint ventures.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

***Interests in joint operations***

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Related parties***

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Business combinations and goodwill*** *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

***Fair value measurement***

The Group measures its investment property, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss (including derivative financial instruments) at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Fair value measurement*** *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

***Impairment of non-financial assets***

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Exploration and evaluation assets***

Exploration and evaluation assets of oil and gas resources are accounted for using the successful efforts method of accounting, and are stated as cost less any impairment. Costs are accumulated on a field-by-field basis, which include costs that are directly attributable to conducting topographical and geological surveys, exploratory drilling, sampling and trenching, and activities in relation to commercial and technical feasibility studies. Exploration expenditure incurred prior to acquiring legal rights to explore an area is written off to profit or loss as incurred.

When the technical feasibility and commercial viability of extracting an oil and gas resource are demonstrable, the exploration and evaluation assets are tested for impairment and reclassified to property, plant and equipment as oil and gas production assets. If it is determined that commercial discovery has not been achieved or a project is abandoned during the exploration and evaluation phase, the total expenditures thereon are written off to profit or loss. No depreciation is charged during the exploration and evaluation phase.

***Property, plant and equipment and depreciation***

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Oil and gas production assets include exploration and evaluation assets (as further explained in the accounting policy "Exploration and evaluation assets") and development costs associated with the production of proved reserves. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells are classified as development costs and capitalised as construction in progress. When development is completed on a specific field, it is transferred to oil and gas production assets. No depreciation is charged during the development phase.

Depreciation of oil and gas production assets is calculated on the unit-of-production basis whereby the annual depreciation is determined based on the actual production volume over the total estimated proved and developed reserves, which are oil and gas reserves estimated to be recovered using the current operating methods.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

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

Depreciation of other property, plant and equipment is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of other property, plant and equipment are as follows:

| | |
|---|---|
| Machinery | 5-10 years |
| Others | 3-5 years |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

***Investment properties***

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Investment properties*** *(Continued)*

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the accounting policy "Leases – Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as follows:

(a) any resulting decrease in the carrying amount of the property is recognised in profit or loss in the period the change in use takes place; or

(b) any resulting increase in the carrying amount is credited to profit or loss, to the extent that the increase reverses a previous impairment loss for that property, or restores the carrying amount of the property to an amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the property in prior periods; and any remaining part of the increase in the carrying amount is credited directly to equity in the property revaluation reserve. On subsequent disposal of the property, the relevant portion of the property revaluation reserve realised is transferred to accumulated losses as a movement in reserves.

***Intangible assets (digital assets)***

The Group has entered into an arrangement with a mining pool whereby it has undertaken the performance obligation of providing computing power used for hashing calculations to the mining pool in exchange for non-cash consideration in the form of cryptocurrency. Cryptocurrency earned from this arrangement is classified as a digital asset, and is accounted for as an intangible asset with an indefinite useful life using the cost model under HKAS 38 *Intangible Assets*. It is initially measured at cost, being its fair value upon receipt as described in note 6(b) to the financial statements, and subsequently, at cost less any impairment losses.

Digital assets are reviewed for impairment at least annually, or more frequently whenever there is an indication that the asset may be impaired.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the following depreciation periods, which are the shorter of the lease terms and the estimated useful lives of the assets:

| | |
|---|---|
| Surface leases | 15 to 27 years |
| Office buildings | 3 to 9 years |
| Motor vehicles | 3 to 5 years |

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's right-of-use assets are included in property, plant and equipment.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Leases*** *(Continued)*

*Group as a lessee (Continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, where that rate cannot be readily determinable, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately presented on the face of the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Leases*** *(Continued)*

*Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on the straight-line basis over the lease terms and is included in other income in profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

***Investments and other financial assets***

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from contracts with customers* in accordance with the policies set out for "Revenue recognition – Revenue from contracts with customers" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Investments and other financial assets*** *(Continued)*

*Initial recognition and measurement (Continued)*

The Group's business model for managing financial assets (debt instruments) refers to how it manages its financial assets (debt instruments) in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets (debt instruments), or both. Financial assets (debt instruments) classified and measured at amortised cost are held within a business model with the objective to hold financial assets (debt instruments) in order to collect contractual cash flows, while financial assets (debt instruments) classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets (debt instruments) which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Investments and other financial assets*** *(Continued)*

*Impairment*

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are past due more than certain days which are assessed by the Group individually.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Investments and other financial assets*** *(Continued)*

*Impairment (Continued)*

(b) Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has assessed the trade receivables on an individual basis, and has estimated the probability of default rate and loss given default rate after considering the current economic environment and the forward-looking factors specific to the debtors and the economic environment.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Financial liabilities***

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost, financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

(b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Derivative financial instruments and hedge accounting***

*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as commodity forward contracts, to hedge its exposure to the price risk of inventories. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

*Fair value hedges*

The change in the fair value of a hedging instrument is recognised in profit or loss as cost of sales. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in profit or loss as cost of sales.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

***Cash and cash equivalents***

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

***Provisions***

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

*Asset retirement obligations*

Asset retirement obligations or decommissioning liabilities are present obligations for restoring well and facility sites and decommissioning plants and oil batteries in the future in connection with the Group's upstream business. The amount recognised in the financial statements as provisions represents management's estimate of the present value of the estimated future expenditures to abandon and reclaim the Group's net ownership in wells and facilities as well as an estimate of the future timing of the costs to be incurred. When a provision is recognised, the carrying amount of the related oil and gas production assets (property, plant and equipment) is increased by the same amount. These costs are subsequently depleted as part of the depreciation of property, plant and equipment in cost of sales. Any changes in the estimated timing of the decommissioning or decommissioning cost estimates are accounted for prospectively by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment.

The Group uses a credit-adjusted discount rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount of the asset retirement obligation provision is included as finance costs in profit or loss. The provision is re-measured at each reporting period in order to reflect the credit adjusted discount rates in effect at that time.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Income tax***

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Income tax*** *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

***Revenue recognition***

*(a) Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of goods – sales of precious metals and oil and gas products

The Group sells a range of commodities and products including precious metals and oil and gas products under the general and commodities refinery and trading segment and upstream segment. Sales are recognised when control of the products has transferred, being when the products are delivered to customers, the customers have accepted the products, the collection of the related consideration is probable and there is no unfilled obligation that could affect the customers' acceptance of the products. It is generally satisfied at a point in time when the legal title has passed to customers.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Revenue recognition*** *(Continued)*

*(b) Other income*

(i) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

***Contract liabilities***

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

***Employee benefits***

*Share-based payments*

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Employee benefits*** *(Continued)*

*Share-based payments (Continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

*Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China, Argentina and Canada are required to participate in central pension schemes operated by the local governments of those countries, the assets of which are held separately from those of the Group. Contributions are made by these subsidiaries based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. The employer contributions vest fully once made.

*Employee leave entitlements*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. An accrual is made at the end of the reporting period for the expected future cost of such paid leave accumulated till the end of the year by the employees.

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

***Events after the reporting period***

If the Group receives information after the reporting period, but prior to the date of authorisation for issue of the financial statements, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Dividends***

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

***Treasury shares***

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

***Foreign currencies***

These financial statements are presented in Hong Kong dollar, which is the Company's functional currency. 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. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 Material accounting policies *(Continued)*

***Hyperinflation accounting***

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts of subsidiaries operating in a hyperinflationary economy are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised as below:

- the restatement effects for the equity opening balances are recognised directly in equity; and
- the translation effects for the equity opening balances are recognised in the exchange fluctuation reserve through other comprehensive income.

The carrying amounts of non-monetary assets and liabilities of subsidiaries operating in a hyperinflationary economy are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in profit or loss of subsidiaries operating in a hyperinflationary economy are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except accumulated losses, are restated by applying a general price index from the dates the components were contributed or otherwise arose. The restatement effects are recognised directly in equity, and the translation effects are recognised in the exchange fluctuation reserve through other comprehensive income. Restated accumulated losses are derived from the residual amounts in the restated consolidated statement of financial position.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below:

### Impairment assessment of non-current assets

Property, plant and equipment and other non-financial assets, including exploration and evaluation assets, are reviewed for possible impairments whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units and individual assets are based on the higher of their value in use and fair value less costs of disposal. These calculations require the use of estimates and assumptions. The Group generally estimates the value in use and fair value less costs of disposal using the discounted cash flow model which involves the use of a significant number of assumptions including reserve estimates and expected future cash flows from production of reserves which are subject to measurement uncertainty and variability due to changes in forecasted commodity prices. The discount rates applied to the cash flows are also subject to management's judgement and will affect the recoverable amounts so calculated.

### Estimated reserves and dismantlement costs for oil and gas production assets

Depletion of oil and gas production assets is based on the proved plus probable reserves as evaluated by independent qualified technical consultants in accordance with local evaluation guidances in Canada and Argentina. It requires significant judgements and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Changes in reserve estimates impact the financial results of the Group as reserves and estimated future development costs are used to calculate depletion and are also used in measuring value in use and fair value less costs of disposal of property, plant and equipment for impairment assessments.

Dismantlement costs will be incurred by the Group at the end of the operating life of certain of its assets. The ultimate dismantlement costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The amount of provision for asset retirement obligations recognised is the estimated cost of dismantling, discounted to its present value using a credit-adjusted discount rate that reflects current market assessments of the time value of money and the risk specific to the liability. Changes in the estimated timing of dismantling or dismantlement cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### Estimation of fair value of an investment property

At the end of the reporting period, an investment property is stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and is satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair value of the investment property of the Group and the corresponding adjustments to the amount of fair value gain and loss reported in profit or loss.

The carrying amount of the investment property as at 31 December 2024 was HK$305.9 million (2023: HK$218.5 million). Further details, including the key assumptions used for fair value measurement, are given in note 17 to the financial statements.

### Principal versus agent considerations

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. For the sale of precious metals, in determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations in HKFRS 15. Such determination involves judgement and is based on an evaluation of the terms and the substance in the precious metals trading arrangement.

The Group has engaged a sales agent to conduct and handle the precious metals trading on behalf of the Group and entered into a consultancy agreement with the sales agent in prior years. In determination of whether revenue from the sale of precious metals should be recognised on a gross or net basis, while none of the factors individually are considered presumptive or determinative, the Group is the principal in the precious metals trading arrangement as it controls the precious metal products before the products are transferred to customers, because:

(i) the Group is primarily responsible for delivering the specified precious metal products to customers. The Group has its discretion to trade with particular suppliers and customers proposed by the sales agent. The Group obtains the control of the precious metal products and has the discretion to direct the sales agent to deliver the precious metal products to customers on behalf of the Group;

(ii) the Group is subject to inventory risk including but not limited to purity and quality issues which cannot be compensated by the sales agent or other counterparties; and

(iii) the Group has the discretion to approve the range of selling price, which represented the spot market price plus or minus the premium and discount, proposed by the sales agent charged to customers.

Therefore, the Group recognised the revenue on a gross basis.

## 4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The chief operating decision maker is identified as the executive directors of the Company.

Management has identified two reportable segments based on the Group's business model:

- Upstream: This segment is engaged in the exploration, development, production and sale of oil and gas products in Canada and Argentina.
- General and commodities refinery and trading: This segment includes refinery and trading of precious metals in Hong Kong.

Segment results represent the profit or loss resulted from each segment without allocation of share of losses of joint ventures, change in fair value of an investment property, unallocated other income and net gains and losses, unallocated interest income and expenses and other expenses in corporate head office. Segment assets include all the assets with the exception of an investment property, investments in joint ventures, financial assets at fair value through other comprehensive income and unallocated corporate assets. Segment liabilities include all the liabilities with the exception of deferred tax liabilities and unallocated corporate liabilities. The executive directors assess the performance of the operating segments based on segment revenue, segment results, segment assets and segment liabilities for the purposes of allocating resources and assessing performance.

Capital expenditure comprises additions to exploration and evaluation assets and property, plant and equipment.

## 4. OPERATING SEGMENT INFORMATION *(Continued)*

### (i) Segment revenue, results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment for the year is set out below:

| | Upstream | | General and commodities refinery and trading | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | **HK$ million** | HK$ million | **HK$ million** | HK$ million | **HK$ million** | HK$ million |
| **Reportable segment revenue (note (a))** | **269.7** | 533.3 | **10,627.0** | 25,616.9 | **10,896.7** | 26,150.2 |
| **Reportable segment results** | **(175.1)** | (264.6) | **1.5** | 21.8 | **(173.6)** | (242.8) |
| Reportable segment adjusted EBITDA (note (b)) | **(106.9)** | 64.9 | **9.6** | 26.8 | **(97.3)** | 91.7 |
| Depreciation | **(113.7)** | (170.6) | **(8.2)** | (4.9) | **(121.9)** | (175.5) |
| Asset impairment reversal/(loss), net | **67.5** | (119.9) | **–** | – | **67.5** | (119.9) |
| (Losses)/gains on derivative financial instruments | **–** | – | **(10.7)** | 0.4 | **(10.7)** | 0.4 |
| Interest income | **10.6** | 15.1 | **0.2** | 0.3 | **10.8** | 15.4 |
| Interest expenses | **(32.6)** | (54.1) | **(0.1)** | (0.4) | **(32.7)** | (54.5) |
| Additions to non-current segment assets | **90.3** | 45.0 | **0.1** | 23.1 | **90.4** | 68.1 |
| **Reportable segment assets** | **513.1** | 872.8 | **321.7** | 372.2 | **834.8** | 1,245.0 |
| **Reportable segment liabilities** | **(268.9)** | (417.7) | **(12.0)** | (13.7) | **(280.9)** | (431.4) |

Notes:

(a) Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both the current and prior years. All of the Group's revenue is recognised at a point in time.

(b) Adjusted EBITDA is derived from profit/loss before tax, excluding interests, asset impairment loss or asset impairment reversal, net, depreciation and amortisation.

## 4. OPERATING SEGMENT INFORMATION *(Continued)*

### (ii) Reconciliations of reportable segment results, assets and liabilities

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| **Results** | | |
| Reportable segment results | **(173.6)** | (242.8) |
| Unallocated interest income | **9.9** | 10.3 |
| Unallocated interest expenses | **(0.2)** | (0.1) |
| Unallocated other income and net gains and losses | **113.6** | 116.4 |
| Other expenses in corporate head office | **(35.0)** | (22.5) |
| Share of losses of joint ventures | **(0.9)** | –* |
| Net investment loss | **–*** | (20.9) |
| Loss before tax | **(86.2)** | (159.6) |
| **Assets** | | |
| Reportable segment assets | **834.8** | 1,245.0 |
| Investments in joint ventures | **–** | 0.9 |
| Financial assets at fair value through other comprehensive income | **–*** | –* |
| Unallocated corporate assets: | | |
| – Property, plant and equipment | **5.8** | 2.1 |
| – Investment property | **305.9** | 218.5 |
| – Other financial assets at fair value through profit or loss | **31.0** | 32.7 |
| – Other receivables | **1.6** | 2.8 |
| – Cash and bank balances | **248.0** | 198.7 |
| Consolidated total assets | **1,427.1** | 1,700.7 |
| **Liabilities** | | |
| Reportable segment liabilities | **280.9** | 431.4 |
| Deferred tax liabilities | **27.7** | 23.7 |
| Unallocated corporate liabilities: | | |
| – Deposit received | **45.0** | 45.0 |
| – Unallocated lease liabilities | **5.5** | 1.0 |
| – Others | **5.6** | 7.2 |
| Consolidated total liabilities | **364.7** | 508.3 |

* Amount less than HK$50,000

## 4. OPERATING SEGMENT INFORMATION *(Continued)*

### (iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets other than financial assets at fair value through other comprehensive income and prepayments, deposits and other receivables ("**specified non-current assets**"). The geographical location of the Group's revenue is based on the locations of customers. The geographical location of the specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment, exploration and evaluation assets, intangible assets and other non-current assets; and (ii) the locations of the operations of joint ventures, in the case of investments in joint ventures.

| | Revenue from external customers | | Specified non-current assets | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **HK$ million** | HK$ million | **HK$ million** | HK$ million |
| General and commodities refinery and trading – Hong Kong | **10,627.0** | 25,616.9 | **24.2** | 29.3 |
| Upstream: | | | | |
| Canada | **241.3** | 475.8 | **591.1** | 586.5 |
| Argentina | **28.4** | 57.5 | **26.6** | 32.4 |
| | **10,896.7** | 26,150.2 | **641.9** | 648.2 |

### (iv) Information about major customers

Revenue from major customers which individually contributed 10% or more of the total revenue of the Group for the years ended 31 December 2024 and 2023 are disclosed as follows:

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| Customer 1 | **2,418.8** | 2,070.2 |
| Customer 2 | **1,798.9** | 3,718.7 |
| Customer 3 | **1,595.7** | 2,648.0 |
| Customer 4 | **1,307.6** | 2,272.8 |

The above customers are customers of general and commodities refinery and trading segment.

## 5. REVENUE

Revenue of the Group for each of the years ended 31 December 2024 and 2023 wholly represented revenue from contracts with customers.

### (a) Disaggregated revenue information

| Segments | Upstream HK$ million | General and commodities refinery and trading HK$ million | Total HK$ million |
|---|---|---|---|
| **2024** | | | |
| **Type of goods** | | | |
| Refinery and sale of precious metals | **–** | **10,627.0** | **10,627.0** |
| Sale of oil and gas products | **269.7** | **–** | **269.7** |
| Total | **269.7** | **10,627.0** | **10,896.7** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | **269.7** | **10,627.0** | **10,896.7** |
| 2023 | | | |
| **Type of goods** | | | |
| Refinery and sale of precious metals | – | 25,616.9 | 25,616.9 |
| Sale of oil and gas products | 533.3 | – | 533.3 |
| Total | 533.3 | 25,616.9 | 26,150.2 |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 533.3 | 25,616.9 | 26,150.2 |

***Geographical market***

The revenue information by geographical market, based on the locations of the customers, is disclosed in note 4 to the financial statements.

## 5. REVENUE *(Continued)*

**(b)** The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Refinery and sale of precious metals under general and commodities refinery and trading segment | **–*** | 20.1 |

* Amount less than HK$50,000

**(c) Performance obligations**

***Refinery and sale of precious metals***

The performance obligation is satisfied upon delivery of the precious metals and payment in advance is normally required.

***Sale of oil and gas products***

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from date of billing.

The Group has applied the practical expedient in HKFRS 15 to all of its revenue for not disclosing the remaining performance obligations under the Group's existing contracts as the performance obligations are expected to be recognised as revenue with an original expected duration of one year or less.

## 6. OTHER INCOME AND NET GAINS AND LOSSES

| | Notes | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|---|
| Bank interest income | | **20.7** | 25.7 |
| Drilling service income | | **1.9** | 1.1 |
| Loss on derivative financial instruments, net | | **(10.7)** | (0.4) |
| Fair value gain of an investment property | 17 | **111.3** | 116.4 |
| Hyperinflation monetary adjustment | (a) | **22.6** | (1.0) |
| Net foreign exchange losses | | **(8.6)** | (4.5) |
| Rental income | | **12.0** | 18.1 |
| Gain/(loss) on disposal of items of property, plant and equipment, net | | **1.6** | (0.5) |
| Gain on disposal of intangible assets | 19(a) | **6.4** | – |
| Compensation income from a consultant | | **12.5** | – |
| Fire insurance claim received | | **17.8** | – |
| Sale of computational power used for hashing calculations | (b) | **0.4** | 2.4 |
| Others | | **0.6** | 3.8 |
| Total | | **188.5** | 161.1 |

## 6. OTHER INCOME AND NET GAINS AND LOSSES *(Continued)*

Notes:

(a) In May 2018, the Argentine peso ("**ARS**") underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by HKAS 29 *Financial Reporting in Hyperinflationary Economies*, for the activities of the Group's Argentine subsidiaries and branches from 1 January 2018 onwards.

Under HKAS 29, the non-monetary assets and liabilities are stated at historical cost, the equity and the statement of profit or loss of subsidiaries and branches operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index, and monetary items that are already stated at the measuring unit at the end of the reporting period are not restated.

To measure the impact of inflation on the Group's financial position and results, the Group has elected to use the Wholesale Price Index (Indice de Precios Mayoristas) for periods up to 31 December 2016, and the Retail Price Index (Indice de Precios al Consumidor) thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences. Current year hyperinflation monetary adjustment for the change in price index amounting to a gain of HK$22.6 million (2023: a loss of HK$1.0 million) was recognised in profit or loss for the year ended 31 December 2024.

(b) Amount represented income from the sale of computational power used for hashing calculations. The Group has entered into an arrangement with a mining pool and has undertaken the performance obligation of providing computing power used for hashing calculations to the mining pool in exchange for non-cash consideration in the form of cryptocurrency (digital asset), which is accounted for as an intangible asset under HKAS 38, as further explained in the accounting policy "Intangible assets (digital assets)" in note 2.4 to the financial statements. The cryptocurrency earnings are calculated based on a formula which, in turn, is based on the hash-rate contributed by the Group's provided computing power used for hashing calculations allocated to the mining pool, assessed over a 24-hour period, and distributed daily. The cryptocurrency earned is received in full and can be paid in fractions of cryptocurrency.

Revenue from providing cryptocurrency computational power used for hashing calculations is recognised as other income in profit or loss upon delivery of the service over a 24-hour period, which generally coincides with the receipt of cryptocurrency in exchange for the provision of computational power used for hashing calculations and the contract inception date. The Group updates the estimated transaction price of the non-cash consideration received at its fair market value, determined daily based on the quantity of cryptocurrency received multiplied by the quoted market price on the day it was received.

## 7. NET INVESTMENT LOSS

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| Net losses in listed equity securities | | |
| – Fair value loss of listed equity securities, net | **(1.8)** | (21.8) |
| – Dividend income of listed equity securities | **1.5** | 0.6 |
| | **(0.3)** | (21.2) |
| Net gains in listed debt securities | | |
| – Fair value gain of listed debt securities | **0.1** | 0.1 |
| – Interest income of listed debt securities | **0.2** | 0.2 |
| | **0.3** | 0.3 |
| | **–*** | (20.9) |

* Amount less than HK$50,000

## 8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | Notes | 2024 HK$ million | 2023 HK$ million |
|---|---|---|---|
| Cost of inventories sold: | | | |
| Precious metals | | **10,599.5** | 25,561.6 |
| Oil and gas products | | **242.5** | 382.4 |
| | | **10,842.0** | 25,944.0 |
| Processing charges | | **5.5** | 9.4 |
| Depreciation of property, plant and equipment: | | | |
| Owned assets | 16 | **117.2** | 170.9 |
| Right-of-use assets | 16 | **6.9** | 6.9 |
| | | **124.1** | 177.8 |
| Auditor's remuneration | | | |
| Audit services | | **2.7** | 3.8 |
| Non-audit services | | **0.5** | 0.4 |
| | | **3.2** | 4.2 |
| Employee benefit expenses (including directors' remuneration (note 10)): | | | |
| Wages, salaries, benefits in kind and discretionary bonus | | **98.9** | 89.2 |
| Pension scheme contributions (defined contribution schemes)* | | **6.7** | 5.4 |
| | | **105.6** | 94.6 |
| Provision for arbitrations | 28(b) | **4.6** | – |
| Asset impairment (reversal)/loss, net# | 16 | **(67.5)** | 119.9 |
| Loss on derivative financial instruments, net | | **10.7** | 0.4 |
| (Gain)/loss on disposal of items of property, plant and equipment, net | | **(1.6)** | 0.5 |
| Direct operating expenses (including repairs and maintenance) arising from a rental earning investment property | | **14.5** | 17.1 |

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\# Asset impairment reversal, net (2023: asset impairment loss) for the year is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

## 9. FINANCE COSTS

An analysis of finance costs is as follows:

| | **2024** **HK$ million** | 2023 HK$ million |
|---|---|---|
| Imputed interest on asset retirement obligations (note 28) | **28.6** | 54.0 |
| Interest on lease liabilities (note 18(a)(ii)) | **1.3** | 0.6 |
| Interest on deferred payment of carbon taxes | **3.0** | – |
| Total | **32.9** | 54.6 |

## 10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | **Group** | |
|---|---|---|
| | **2024** **HK$ million** | 2023 HK$ million |
| Fees | **1.5** | 1.4 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | **6.0** | 5.8 |
| Discretionary bonuses | **0.7** | 1.3 |
| Subtotal | **6.7** | 7.1 |
| Total | **8.2** | 8.5 |

## 10. DIRECTORS' REMUNERATION *(Continued)*

An analysis of the directors' remuneration, on a named basis, is as follows:

| | Fees HK$ million | Salaries, allowances and benefits in kind HK$ million | Discretionary bonuses HK$ million | Total remuneration HK$ million |
|---|---|---|---|---|
| 2024 | | | | |
| Executive directors: | | | | |
| Mr. CHENG, Kam Chiu Stewart *(Chairman)* | **–** | **2.7** | **0.3** | **3.0** |
| Mr. TANG, John Wing Yan *(Chief Executive Officer)* | **–** | **3.3** | **0.4** | **3.7** |
| Non-executive director: | | | | |
| Mr. LEE, Chi Hin Jacob | **0.5** | **–** | **–** | **0.5** |
| Independent non-executive directors: | | | | |
| Mr. CHIU, Wai On | **0.3** | **–** | **–** | **0.3** |
| Mr. YUNG, Chun Fai Dickie | **0.3** | **–** | **–** | **0.3** |
| Mr. HUANG, Victor | **0.3** | **–** | **–** | **0.3** |
| Ms. LEUNG, Sze Lai *(appointed on 29 August 2024)* | **0.1** | **–** | **–** | **0.1** |
| Total | **1.5** | **6.0** | **0.7** | **8.2** |
| 2023 | | | | |
| Executive directors: | | | | |
| Mr. CHENG, Kam Chiu Stewart *(Chairman)* | – | 2.6 | 0.5 | 3.1 |
| Mr. TANG, John Wing Yan *(Chief Executive Officer)* | – | 3.2 | 0.8 | 4.0 |
| Non-executive director: | | | | |
| Mr. LEE, Chi Hin Jacob | 0.5 | – | – | 0.5 |
| Independent non-executive directors: | | | | |
| Mr. CHIU, Wai On | 0.3 | – | – | 0.3 |
| Mr. YUNG, Chun Fai Dickie | 0.3 | – | – | 0.3 |
| Mr. HUANG, Victor | 0.3 | – | – | 0.3 |
| Total | 1.4 | 5.8 | 1.3 | 8.5 |

## 10. DIRECTORS' REMUNERATION *(Continued)*

Notes:

(a) There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

(b) During the year, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office (2023: Nil).

(c) There were no other emoluments paid or payable to the independent non-executive directors of the Company during the year (2023: Nil).

## 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the three (2023: three) non-director highest paid employees are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **HK$ million** | HK$ million |
| Salaries, allowances and benefits in kind | **4.1** | 3.4 |
| Discretionary bonuses | **0.1** | 0.3 |
| Pension scheme contributions | **0.2** | 0.2 |
| Total | **4.4** | 3.9 |

The remuneration of each of the three non-director highest paid employees for each of the years ended 31 December 2024 and 2023 fell within the band of HK$1,000,001 to HK$1,500,000.

## 12. INCOME TAX

| | **2024** | 2023 |
|---|---|---|
| | **HK$ million** | HK$ million |
| Current – Hong Kong | **–** | – |
| Current – Canada | **–** | – |
| Current – Argentina | **1.4** | 2.6 |
| Deferred (note 29) | **(0.2)** | (11.7) |
| Total | **1.2** | (9.1) |

## 12. INCOME TAX *(Continued)*

Notes:

**(a)** Pursuant to the rules and regulations of Bermuda and the BVI, the Company and its subsidiaries incorporated in Bermuda and the BVI are not subject to any income tax in Bermuda and the BVI for both the current and prior years.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Subsidiaries of the Group in Argentina are subject to Argentina corporate income tax ("**AIT**") at 35% (2023: 35%) and minimum presumed income tax ("**MPIT**"). MPIT is supplementary to AIT and is chargeable at the applicable tax rate of 35% (2023: 35%) on the tax basis of certain assets. The tax liabilities of subsidiaries of the Group in Argentina are the higher of AIT and MPIT.

Subsidiaries of the Group in Canada are subject to Canadian corporate income tax ("**CCIT**") at 38% (2023: 38%) together with the federal abatement of 10% (2023: 10%) and general rate reduction or manufacturing and processing deduction of 13% (2023: 13%), i.e., the net federal tax rate is 15% (2023: 15%). With the provincial and territorial CCITs which range from 8% (Alberta) (2023: 8%) to 12% (British Columbia) (2023: 12%), the aggregate tax rate ranged from 23% to 27% (2023: 23% to 27%).

Subsidiaries of the Group in Mainland China are subject to Corporate Income Tax ("**CIT**") in accordance with the Law of the People's Republic of China ("**PRC**") on Corporate Income Tax (the "**CIT Law**"). Under the CIT Law, the income tax rate applicable to these subsidiaries is 25% (2023: 25%).

**(b)** A reconciliation of the income tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions where the operations of the Group are substantially based to the income tax expense/(credit) at the effective tax rate is as follows:

| | **2024** **HK$ million** | 2023 HK$ million |
|---|---|---|
| Loss before tax | **(86.2)** | (159.6) |
| Income tax credit at the statutory tax rates of the jurisdictions concerned | **(29.1)** | (44.2) |
| Tax effect of non-taxable income | **(16.9)** | (37.2) |
| Tax effect of non-deductible expenses | **13.3** | 48.7 |
| Tax effect of hyperinflation impact | **(4.4)** | (0.2) |
| Tax effect of tax losses and temporary differences not recognised | **38.6** | 23.8 |
| Utilisation of tax loss previously not recognised | **(0.3)** | – |
| Income tax expense/(credit) at the effective tax rate | **1.2** | (9.1) |

**(c)** **Pillar Two assessment**

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred.

In the opinion of the directors, the Pillar Two effective tax rates in all jurisdictions in which it operates are either above 15% or slightly below 15%. Accordingly, the Group does not expect a material exposure to Pillar Two income taxes. The Group will continue to follow Pillar Two legislative developments to evaluate the potential future impact on its financial statements.

## 13. DIVIDEND

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

## 14. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss for the year attributable to shareholders of the Company of HK$87.4 million (2023: HK$150.5 million), and the weighted average number of ordinary shares of 8,741,777,000 (2023: 8,741,777,000) outstanding during the year.

No adjustment has been made to the loss per share amounts presented as the share options of the Company outstanding during each of the years ended 31 December 2024 and 2023 had no diluting effect on the basic loss per share amounts presented.

## 15. EXPLORATION AND EVALUATION ASSETS

| | Exploration rights HK$ million (note) | Exploratory drilling HK$ million (note) | Geological studies HK$ million | Others HK$ million | Total HK$ million |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| At 1 January 2024: | | | | | |
| Cost | **3,233.7** | **24.9** | **118.6** | **31.3** | **3,408.5** |
| Accumulated impairment | **(3,225.3)** | **(24.9)** | **(118.6)** | **(31.3)** | **(3,400.1)** |
| Net carrying amount | **8.4** | **–** | **–** | **–** | **8.4** |
| Net carrying amount: | | | | | |
| At 1 January 2024 | **8.4** | **–** | **–** | **–** | **8.4** |
| Additions | **34.1** | **–** | **–** | **–** | **34.1** |
| Transfer to property, plant and equipment | **(42.1)** | **–** | **–** | **–** | **(42.1)** |
| Exchange realignment | **(0.4)** | **–** | **–** | **–** | **(0.4)** |
| At 31 December 2024 | **–** | **–** | **–** | **–** | **–** |
| At 31 December 2024: | | | | | |
| Cost | **3,225.3** | **24.9** | **118.6** | **31.3** | **3,400.1** |
| Accumulated impairment | **(3,225.3)** | **(24.9)** | **(118.6)** | **(31.3)** | **(3,400.1)** |
| Net carrying amount | **–** | **–** | **–** | **–** | **–** |

## 15. EXPLORATION AND EVALUATION ASSETS *(Continued)*

| | Exploration rights HK$ million (note) | Exploratory drilling HK$ million (note) | Geological studies HK$ million | Others HK$ million | Total HK$ million |
|---|---|---|---|---|---|
| **31 December 2023** | | | | | |
| At 1 January 2023: | | | | | |
| Cost | 3,225.3 | 24.9 | 118.6 | 31.3 | 3,400.1 |
| Accumulated impairment | (3,225.3) | (24.9) | (118.6) | (31.3) | (3,400.1) |
| Net carrying amount | – | – | – | – | – |
| Net carrying amount: | | | | | |
| At 1 January 2023 | – | – | – | – | – |
| Additions | 8.0 | – | – | – | 8.0 |
| Exchange realignment | 0.4 | – | – | – | 0.4 |
| At 31 December 2023 | 8.4 | – | – | – | 8.4 |
| At 31 December 2023: | | | | | |
| Cost | 3,233.7 | 24.9 | 118.6 | 31.3 | 3,408.5 |
| Accumulated impairment | (3,225.3) | (24.9) | (118.6) | (31.3) | (3,400.1) |
| Net carrying amount | 8.4 | – | – | – | 8.4 |

## 15. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Note: The total costs of exploration rights and exploratory drilling amounting to approximately HK$3,225.3 million (2023: HK$3,225.3 million) and HK$24.9 million (2023: HK$24.9 million) as at 31 December 2024 represented the Group's 69.25% (2023: 69.25%) interest in the Tartagal concession and Morillo concession (collectively the "**T&M Concessions**") which are the concessions in the province of Salta in Northern Argentina, through an Union of Temporary Enterprise ("**T&M UTE**"). Exploration permits were granted for oil and developments of hydrocarbons in the T&M Concessions for an initial period of four years starting from 29 December 2006 and additional extensions up to an aggregate of nine years may be obtained. The Group submitted applications to the Secretary of Energy of Province of Salta, Argentina ("**Salta SOE**") for extensions of the exploration permits and obtained the approvals in July 2010, July 2011, December 2013, March 2016 and March 2018, respectively. Pursuant to the approval document issued in March 2018, the exploration permits were extended to 13 September 2019. If successful hydrocarbon discoveries are made, the exploration permits could be converted to exploitation permits for a term of 25 years with a possible extension of 10 years.

The Group submitted its application to the Salta SOE for a further extension of the exploration permits in May 2019, and for entering the second exploratory period in early September 2019.

However, on 17 September 2019, the Salta SOE issued resolutions rejecting both the Group's applications of one-year extension and entering into the second exploratory period in the T&M Concessions ("**Resolutions**"). In late September 2019, the Group submitted its appeal to the Minister of Production in the Province of Salta in order to seek the revocation of the Resolutions. Based on the latest communication with the related authorities in the Province of Salta and a legal opinion obtained from an independent Argentinian legal counsel, the Group believes that there is significant uncertainty in regard to the timing and possibility of a positive appeal result in favour of the Group. The Group recognised full impairment in respect of the exploration and evaluation assets related to T&M Concessions during the year ended 31 December 2019.

There was no significant update on the appeal in respect of the revocation of the Resolutions during the years ended 31 December 2024 and 2023.

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Owned assets | | | | | |
|---|---|---|---|---|---|---|
| | Oil and gas production assets HK$ million | Machinery HK$ million | Others HK$ million (note (a)) | Subtotal HK$ million | Right-of-use assets HK$ million | Total HK$ million |
| **31 December 2024** | | | | | | |
| At 1 January 2024: | | | | | | |
| Cost | **934.3** | **44.7** | **19.4** | **998.4** | **49.7** | **1,048.1** |
| Accumulated depreciation and impairment | **(574.3)** | **(20.0)** | **(6.2)** | **(600.5)** | **(29.6)** | **(630.1)** |
| Net carrying amount | **360.0** | **24.7** | **13.2** | **397.9** | **20.1** | **418.0** |
| Net carrying amount: | | | | | | |
| At 1 January 2024 | **360.0** | **24.7** | **13.2** | **397.9** | **20.1** | **418.0** |
| Additions | **55.9** | **0.4** | **0.1** | **56.4** | **9.4** | **65.8** |
| Transfer from exploration and evaluation assets | **42.1** | **–** | **–** | **42.1** | **–** | **42.1** |
| Disposals | **(0.1)** | **–** | **–** | **(0.1)** | **–** | **(0.1)** |
| Depreciation | **(110.9)** | **(1.0)** | **(5.3)** | **(117.2)** | **(6.9)** | **(124.1)** |
| Impairment reversal, net | **71.8** | **(4.3)** | **–** | **67.5** | **–** | **67.5** |
| Decrease in provision for estimated dismantlement costs (note 28) | **(128.9)** | **–** | **–** | **(128.9)** | **–** | **(128.9)** |
| Lease modification | **–** | **–** | **–** | **–** | **0.4** | **0.4** |
| Hyperinflation adjustments | **29.1** | **0.3** | **0.3** | **29.7** | **–** | **29.7** |
| Exchange realignment | **(29.6)** | **(3.7)** | **–** | **(33.3)** | **(1.1)** | **(34.4)** |
| At 31 December 2024 | **289.4** | **16.4** | **8.3** | **314.1** | **21.9** | **336.0** |
| At 31 December 2024: | | | | | | |
| Cost | **914.2** | **78.0** | **22.1** | **1,014.3** | **57.5** | **1,071.8** |
| Accumulated depreciation and impairment | **(624.8)** | **(61.6)** | **(13.8)** | **(700.2)** | **(35.6)** | **(735.8)** |
| Net carrying amount | **289.4** | **16.4** | **8.3** | **314.1** | **21.9** | **336.0** |

## 16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

| | Owned assets | | | | | |
|---|---|---|---|---|---|---|
| | Oil and gas production assets HK$ million | Machinery HK$ million | Others HK$ million (note (a)) | Subtotal HK$ million | Right-of-use assets HK$ million | Total HK$ million |
| **31 December 2023** | | | | | | |
| At 1 January 2023: | | | | | | |
| Cost | 1,216.4 | 53.2 | 6.3 | 1,275.9 | 48.1 | 1,324.0 |
| Accumulated depreciation and impairment | (308.3) | (26.9) | (4.9) | (340.1) | (22.2) | (362.3) |
| Net carrying amount | 908.1 | 26.3 | 1.4 | 935.8 | 25.9 | 961.7 |
| Net carrying amount: | | | | | | |
| At 1 January 2023 | 908.1 | 26.3 | 1.4 | 935.8 | 25.9 | 961.7 |
| Additions | 45.0 | 8.9 | 14.5 | 68.4 | 1.1 | 69.5 |
| Transfer to investment property (note 17) | (100.7) | – | – | (100.7) | – | (100.7) |
| Disposals | (0.5) | – | – | (0.5) | – | (0.5) |
| Depreciation | (166.3) | (2.0) | (2.6) | (170.9) | (6.9) | (177.8) |
| Impairment | (119.9) | – | – | (119.9) | – | (119.9) |
| Reduction in provision for estimated dismantlement costs | (226.8) | – | – | (226.8) | – | (226.8) |
| Lease modification | – | – | – | – | (0.2) | (0.2) |
| Hyperinflation adjustments | 49.4 | 12.1 | – | 61.5 | – | 61.5 |
| Exchange realignment | (28.3) | (20.6) | (0.1) | (49.0) | 0.2 | (48.8) |
| At 31 December 2023 | 360.0 | 24.7 | 13.2 | 397.9 | 20.1 | 418.0 |
| At 31 December 2023: | | | | | | |
| Cost | 934.3 | 44.7 | 19.4 | 998.4 | 49.7 | 1,048.1 |
| Accumulated depreciation and impairment | (574.3) | (20.0) | (6.2) | (600.5) | (29.6) | (630.1) |
| Net carrying amount | 360.0 | 24.7 | 13.2 | 397.9 | 20.1 | 418.0 |

## 16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

(a) Others mainly represented furniture, fixtures and office equipment, and motor vehicles.

(b) Owing to the potential adverse impact of volatile commodity price of oil and gas on the performance of the upstream business, the Group conducted an impairment assessment for its oil and gas properties, which mainly included "machinery" and "oil and gas production assets" of property, plant and equipment with a total carrying amount of HK$297.9 million (2023: HK$376.0 million) as at 31 December 2024.

The recoverable amounts of the oil and gas properties are determined based on their fair value less costs of disposal or value in use. The calculations used the discounted cash flow model based on financial forecasts prepared by management and covered the expected life of the oil and gas fields, or with reference to recent market transaction prices. The key assumptions used in the discounted cash flow calculations included estimated future commodity prices, estimated future production volume, estimated future production costs, estimated future capital expenditure and discount rates. Estimated future commodity prices are compiled based on forecasted prices. Estimated future production volumes, future production costs, and future capital expenditure are estimated based on the approved production profiles and relevant budgets. The discount rates adopted in the discounted cash flow calculations range from 11.0% to 15.5% (2023: 13.1% to 15.5%).

Based on the assessment:

(i) in respect of the Group's oil and gas properties in Argentina, impairment losses of HK$8.5 million in total were recognised in profit or loss during the year ended 31 December 2024, based on a value-in-use calculation of the assets' recoverable amount;

(ii) in respect of the Group's oil and gas properties located in four areas in Canada, namely Greater Sierra Area, Willesden Green, Wapiti and Horn River, they were considered four separate cash-generating units for impairment assessment in 2023. However, during the year ended 31 December 2024, the Group acquired additional wells located in Montney area located in Alberta of Canada with a strategic plan in developing the existing wells in Greater Sierra Area, Willesden Green and Wapiti and the newly acquired wells into a single portfolio ("**Montney Assets**") which is monitored and managed collectively by the Group. Following the acquisition, the Group has transformed its capital allocation from developing natural gas reserve to natural gas liquid reserve to align with the Group's latest business plan. The Montney Assets also share a common pipeline distribution system, market exposures and marketing arrangement. Accordingly, the Group is in the view that the oil and gas properties held under the Montney Assets shall now be considered as one single cash-generating unit for impairment assessment. Based on management's assessment, a reversal of impairment loss of HK$110.6 million (2023: impairment losses of HK$119.9 million) in total was recognised in profit or loss during the year ended 31 December 2024.

With respect to the oil and gas properties in Horn River area, an impairment loss of HK$34.6 million (2023: Nil) was recognised in profit or loss during the year ended 31 December 2024, as the management considered not economical to continue to operate these assets in light of the facts that (i) the oil and gas properties were seriously damaged in the wildfire in 2024; and (ii) the sole customer in the area has ceased its oil and gas business in the area and terminated the business relationship with the Group.

The recoverable amounts of the oil and gas properties in Canada were determined based on fair value less costs of disposal. The fair values subject to fair value less cost of disposal calculations are within level 3 of the fair value hierarchy.

## 17. INVESTMENT PROPERTY

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Carrying amount as at 1 January | **218.5** | – |
| Transfer from property, plant and equipment (note 16) | **–** | 100.7 |
| Fair value gain on revaluation | **111.3** | 116.4 |
| Exchange realignment | **(23.9)** | 1.4 |
| Carrying amount as at 31 December | **305.9** | 218.5 |

The Group's investment property represents an industrial property in Canada and was revalued on 31 December 2024 at HK$305.9 million, based on a valuation performed by CBRE Limited, an independent professionally qualified valuer. Each year, management decides to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Each year, management has discussions with the valuer on the valuation assumptions and valuation results.

The investment property is leased to third parties under operating leases, further summary details of which are included in note 18(b) to the financial statements.

As at 31 December 2024 and 2023, fair value measurement of the Group's investment property is using significant unobservable inputs (Level 3 of the fair value hierarchy). During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

The valuation of the investment property was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions of similar properties. For the property value based on the direct comparison method, the most significant input into the valuation approach is the unit sale price, taking into account the differences in transaction time, site location, zoning, current infrastructure, development opportunities and size, etc. between the comparables and the property, which ranged from C$4,500 to C$130,000 (2023: C$4,500 to C$140,000) per acre on a saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the investment property by the same magnitude, and vice versa.

## 18. LEASES

### (a) The Group as a lessee

The Group has lease arrangements as a lessee for oil and gas business related surface leases, office buildings and motor vehicles for use in its operations. Leases of surface leases generally have lease terms between 15 to 27 years, office buildings generally have lease terms between 3 and 9 years, while motor vehicles generally have lease terms between 3 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### *(i) Right-of-use assets*

The carrying amount of the Group's right-of-use assets and the movements during the year are disclosed in note 16 to the financial statements.

#### *(ii) Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| Carrying amount as at 1 January | **22.0** | 29.1 |
| New leases | **9.4** | 1.1 |
| Accretion of interest recognised during the year | **1.3** | 0.6 |
| Payments | **(8.3)** | (8.8) |
| Exchange realignment | **(0.5)** | – |
| Carrying amount as at 31 December | **23.9** | 22.0 |
| Portion classified as current liabilities | **(6.4)** | (5.8) |
| Non-current portion | **17.5** | 16.2 |

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

## 18. LEASES *(Continued)*

### (a) The Group as a lessee *(Continued)*

***(iii)*** The amounts recognised in profit or loss in relation to leases are as follows:

| | **2024** **HK$ million** | 2023 HK$ million |
|---|---|---|
| Interest on lease liabilities | **1.3** | 0.6 |
| Depreciation of right-of-use assets | **6.9** | 6.9 |
| Total amount recognised in profit or loss | **8.2** | 7.5 |

The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

### (b) The Group as a lessor

The Group leases its investment property (note 17) consisting of an industrial property in Canada under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$12.0 million (2023: HK$18.1 million), details of which are included in note 6 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

| | **2024** **HK$ million** | 2023 HK$ million |
|---|---|---|
| Within one year | **1.3** | 3.2 |
| After one year but within two years | **–** | 1.3 |
| Total | **1.3** | 4.5 |

## 19. INTANGIBLE ASSETS

| | Digital assets | |
|---|---|---|
| | **2024** | 2023 |
| | **HK$ million** | HK$ million |
| At 1 January: | | |
| Cost and net carrying amount | **2.4** | – |
| Net carrying amount: | | |
| At 1 January | **2.4** | – |
| Additions | **0.4** | 2.4 |
| Disposal (note (a)) | **(2.7)** | – |
| Exchange realignment | **(0.1)** | – |
| At 31 December | **–** | 2.4 |
| At 31 December: | | |
| Cost and net carrying amount | **–** | 2.4 |

Notes:

(a) Intangible assets held by the Group were bitcoins earned by the Group through the sale of computation power used for hashing calculations and are stated at cost less any impairment. During the year ended 31 December 2024, the business of selling computation power used for hashing calculations was terminated and the Group sold all the bitcoins held in open market at a total consideration of US$1.1 million (approximately HK$9.1 million), resulting in a gain on disposal of HK$6.4 million (2023: Nil) which was recognised in profit or loss during the year.

(b) In respect of the year ended 31 December 2023, the Group performed an impairment assessment of the bitcoins held as at that date and determined the recoverable amount based on the fair value less costs of disposal. Pursuant to the results of the impairment assessment, the fair value less costs of disposal of these assets is higher than their then carrying amount with reference to the quoted market price of bitcoins and related disposal transaction costs and hence, no impairment loss against the bitcoins was recognised in the year ended 31 December 2023.

## 20. INVESTMENTS IN JOINT VENTURES

| | **2024** | 2023 |
|---|---|---|
| | **HK$ million** | HK$ million |
| Share of net assets | **–** | 0.9 |

In the opinion of the directors of the Company, joint ventures of the Group are individually not material to the Group.

## 21. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Listed equity investment, at fair value | | |
| Foothills Exploration, Inc. | **–*** | –* |

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

* Amount less than HK$50,000

## 22. INVENTORIES

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Precious metals held for trading and refinery | **167.6** | 89.8 |
| Consumables | **5.6** | 13.0 |
| Oil products | **0.2** | –* |
| Total | **173.4** | 102.8 |

* Amount less than HK$50,000

## 23. TRADE AND OTHER RECEIVABLES

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Trade receivables (note (a)) | **40.2** | 52.7 |
| Deposits (note (b)) | **27.7** | 26.8 |
| Other debtors (note (b)) | **16.4** | 13.4 |
| Due from a joint venture (note (c)) | **–** | 0.6 |
| Value-added tax recoverable | **1.3** | 0.6 |
| Other tax recoverable | **2.4** | 18.4 |
| Other prepayments | **5.8** | 5.1 |
| Total | **93.8** | 117.6 |
| Portion classified as current assets | **(69.4)** | (93.4) |
| Non-current portion | **24.4** | 24.2 |

## 23. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) Trade receivables are due within 30 to 90 days (2023: 30 to 90 days) from the date of billing. The management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not require collateral in respect of its financial assets.

To mitigate credit risk with respect to receivables arising from sale of precious metals, the Group usually requires customers to pay significant amount of advanced payments to the Group before goods are delivered. Hence, the Group considered the credit risk is significantly reduced.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| 0 – 30 days | **32.8** | 29.9 |
| 31 – 60 days | **0.8** | 1.6 |
| 61 – 90 days | **0.8** | 3.9 |
| Over 90 days | **5.8** | 17.3 |
| Total | **40.2** | 52.7 |

To measure the expected credit losses, trade receivables have been assessed on an individual basis. Management has applied the expected credit risk model and estimated the probability of default rate and loss given default rate after considering the current economic environment and the forward-looking economic factors. As the Group only had limited numbers of customers, credit risk of each customer was assessed individually. The directors of the Company are of the opinion that the expected credit loss is not significant as a majority of the balance is due from government bodies and corporate customers with good repayment history and no provision was made as at 31 December 2024 (2023: Nil).

(b) Deposits and other debtors were mainly interest receivables, rental deposits, and refundable deposits placed to third parties. The credit quality of deposits and other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors of the Company are of the opinion that the risk of default by these counterparties is not significant and there was no significant increase in credit risk. The expected credit loss was limited to 12-month expected credit losses. Therefore, credit loss rate of the deposits and other receivables is assessed to be minimal and no provision was made as at 31 December 2024 (2023: Nil).

(c) The amount due from a joint venture is unsecured, interest-free and repayable on demand.

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| **Assets – current** | | |
| Gold future contracts (note (a)) | **0.1** | – |
| Paper precious metals (note (b)) | **0.2** | – |
| Total | **0.3** | – |
| **Liabilities – current** | | |
| Gold future contracts (note (a)) | **–** | 0.6 |
| Paper precious metals (note (b)) | **–** | 0.9 |
| Total | **–** | 1.5 |

Notes:

**(a) Trading derivatives – gold future contracts**

The Group entered into gold future contracts in order to mitigate its exposure to the price risk of certain refinery inventories. These contracts are actively traded in an active market, not designated for hedge purposes and are measured at fair value based on quoted price as at the reporting date, with gain or loss recognised directly in profit or loss within "Other income and net gains and losses".

The notional principal amount of the outstanding gold future contracts was approximately HK$64.6 million (2023: HK$49.5 million) as at 31 December 2024.

**(b) Hedging derivative – paper precious metals (fair value hedge)**

The Group enters into paper precious metal contracts in order to manage its exposure to the price risk of inventories. The paper precious metals contracts are contractual agreements under which the Group sells its underlying precious metal inventories to the counterparty (at date of acquiring such inventories) and is obligated to buy back the said inventories at a pre-determined price by a set date. These paper precious metals contracts, being derivatives, are settled on a net basis between the Group and its counterparty. All these paper precious metal contracts are designated as hedges of the fair values of certain commodities held by the Group. These contracts are measured at fair value based on quoted price as at the reporting date, with gain or loss recognised directly in profit or loss, together with any changes in the fair value of the hedged commodities that are attributable to the hedged risk.

There is an economic relationship between the hedged items and the hedging instruments as the quantities of the paper precious metals match the quantities of the hedged commodities. The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the paper precious metals is identical to that of the hedged risk component. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

## 24. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

**(b) Hedging derivative – paper precious metals (fair value hedge)** *(Continued)*

The impact of the hedging instrument on the consolidated statement of financial position is as follows:

| | Term | Line item in the consolidated statement of financial position | Notional amount HK$ million | Carrying amount HK$ million | Change in fair value used for measuring hedge ineffectiveness for the year HK$ million |
|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | |
| Paper precious metals | 2 months | Derivative financial instruments (assets) | 104.1 | 0.2 | 0.2 |
| **As at 31 December 2023** | | | | | |
| Paper precious metals | 2 months | Derivative financial instruments (liabilities) | 39.3 | (0.9) | (0.9) |

The impact of the hedged item on the consolidated statement of financial position is as follows:

| | Line item in the consolidated statement of financial position | Carrying amount HK$ million | Accumulated fair value adjustments HK$ million | Change in fair value used for measuring hedge ineffectiveness for the year HK$ million |
|---|---|---|---|---|
| **As at 31 December 2024** | | | | |
| Precious metals held for refinery and trading | Inventories | 104.0 | (15.9) | (0.2) |
| **As at 31 December 2023** | | | | |
| Precious metals held for refinery and trading | Inventories | 40.1 | 19.9 | 0.9 |

## 25. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Listed equity securities (note (a)) | **30.7** | 32.5 |
| Listed debt securities (note (a)) | **0.3** | 0.2 |
| Unlisted fund (note (b)) | **–** | 2.8 |
| Total | **31.0** | 35.5 |

Notes:

(a) The above listed equity and debt securities were classified as financial assets at fair value through profit or loss as they were held for trading.

(b) The above unlisted fund was mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

## 26. CASH AND BANK BALANCES

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Time deposits | **252.9** | 208.6 |
| Other cash and bank balances | **233.8** | 588.0 |
| Total | **486.7** | 796.6 |

At the end of the reporting period, cash and bank balances of approximately HK$35.1 million (2023: HK$36.6 million) and HK$1.3 million (2023: HK$0.4 million) are held in Mainland China and Argentine Republic, respectively, and are subject to local exchange control regulations. These local exchange control regulations provide for certain restrictions on exporting capital from Mainland China and Argentine Republic.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

## 27. TRADE AND OTHER PAYABLES

| | 2024 HK$ million | 2023 HK$ million |
|---|---|---|
| Trade payables (note (a)) | **11.6** | 21.2 |
| Other creditors and accrued charges (note (b)) | **127.7** | 123.7 |
| Other tax payables | **3.5** | 3.0 |
| Contract liabilities (note (c)) | **1.2** | –* |
| Total | **144.0** | 147.9 |

* Amount less than HK$50,000

Notes:

(a) The trade payables are non-interest-bearing and are normally settled on 60-day terms.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2024 HK$ million | 2023 HK$ million |
|---|---|---|
| 0 – 30 days | **3.5** | 7.7 |
| 31 – 60 days | **0.6** | 10.8 |
| 61 – 90 days | **–** | 2.5 |
| Over 90 days | **7.5** | 0.2 |
| Total | **11.6** | 21.2 |

(b) Included in other creditors and accrued charges are non-interest bearing deposits of HK$45.0 million (2023: HK$45 million) received from two independent third parties which appointed a subsidiary of the Company as trustee to pursue an acquisition. The potential acquisition had been cancelled and the deposits are therefore repayable to those third parties.

All other payables are expected to be settled within one year or are repayable on demand.

(c) Details of contract liabilities are as follows:

| | 31 December 2024 HK$ million | 31 December 2023 HK$ million | 1 January 2023 HK$ million |
|---|---|---|---|
| *Short-term advances received from customers* | | | |
| Refinery and sale of precious metals under the general and commodities refinery and trading segment | **1.2** | –* | 20.1 |

The increase and decrease in contract liabilities in 2024 and 2023 was mainly due to the increase and decrease in short-term advances received from customers in relation to sale of precious metals at the end of the year.

* Amount less than HK$50,000

## 28. PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS AND OTHER PROVISIONS

Movements of the provisions during the year ended 31 December 2024 are set out as follows:

| | Provisions for asset retirement obligations HK$ million (note (a)) | Other provisions HK$ million (note (b)) | Total HK$ million |
|---|---|---|---|
| At 1 January 2024 | 293.7 | 16.9 | 310.6 |
| Additions | – | 4.6 | 4.6 |
| Settlement of dismantlement costs | (32.7) | – | (32.7) |
| Reduction due to changes in estimates | (128.9) | – | (128.9) |
| Hyperinflation adjustment | 4.8 | – | 4.8 |
| Accretion of interest | 28.6 | – | 28.6 |
| Exchange realignment | (20.5) | –* | (20.5) |
| At 31 December 2024 | **145.0** | **21.5** | **166.5** |
| Portion classified as current liabilities | **(31.6)** | **(21.5)** | **(53.1)** |
| Non-current portion | **113.4** | **–** | **113.4** |

* Amount less than HK$50,000

Notes:

**(a) Provisions for asset retirement obligations**

The carrying amount of the Group's asset retirement obligations mainly represented the provision for estimated dismantlement cost for the upstream business in Argentina and Canada.

In accordance with the relevant rules and regulations and the agreements with the surface owners, the Group is obliged to bear the future costs of plugging and abandoning its oil and gas properties, the removal of equipment and facilities from lease acreage and returning such land to its original condition, and indemnification of surface owners for the damages caused by the exploration activities. These costs reflect the estimated legal and contractual obligations associated with the normal operation of oil and gas properties and are capitalised by increasing the carrying amounts of the related assets. The provisions have been determined by the directors based on their best estimates of the level of expenditure and extent of work required. During the year ended 31 December 2024, the Group recorded a reduction in its provision for asset retirement obligations, primarily due to lower inflation assumptions, extended timelines for future expenditures based on longer reserve lives, and improved clarity on the timing of required work informed by recent restoration efforts. Additionally, an area-based restoration approach was adopted to achieve better economies of scale.

**(b) Other provisions**

Other provisions represented (i) the provision for an arbitration claim from a business partner in Argentina; and (ii) an accrual of legal costs to another business partner in Argentina of HK$4.4 million (2023: Nil), based on an unfavourable arbitration ruling, as further detailed in note 34(a) to the financial statements.

## 29. DEFERRED TAX

Net deferred tax liabilities recognised in the consolidated statement of financial position are as follows.

| | **2024** **HK$ million** | 2023 HK$ million |
|---|---|---|
| Deferred tax assets | **2.0** | 4.0 |
| Deferred tax liabilities | **(29.7)** | (27.7) |
| Total | **(27.7)** | (23.7) |

The components of deferred tax assets and liabilities and their movements during the year are as follows:

| | **Attributable to** | | | | |
|---|---|---|---|---|---|
| | **Provisions for asset retirement obligations HK$ million** | **Property, plant and equipment HK$ million** | **Fair value adjustment HK$ million** | **Others HK$ million** | **Net deferred tax assets/ (liabilities) HK$ million** |
| At 1 January 2023 | 4.3 | (32.2) | (18.1) | (13.8) | (59.8) |
| Deferred tax credited/(charged) to profit or loss during the year (note 12) | 1.0 | 11.7 | (3.0) | 2.0 | 11.7 |
| Hyperinflation adjustments | 2.0 | (14.8) | – | (2.9) | (15.7) |
| Exchange realignment | (3.3) | 25.1 | – | 18.3 | 40.1 |
| At 31 December 2023 and 1 January 2024 | **4.0** | **(10.2)** | **(21.1)** | **3.6** | **(23.7)** |
| Deferred tax credited/(charged) to profit or loss during the year (note 12) | **(5.9)** | **7.1** | **(15.0)** | **14.0** | **0.2** |
| Hyperinflation adjustments | **4.0** | **(9.4)** | **–** | **(4.2)** | **(9.6)** |
| Exchange realignment | **(0.6)** | **1.7** | **2.5** | **1.8** | **5.4** |
| At 31 December 2024 | **1.5** | **(10.8)** | **(33.6)** | **15.2** | **(27.7)** |

Notes:

(a) Deferred tax assets have not been recognised in respect of the following items:

| | **2024** **HK$ million** | 2023 HK$ million |
|---|---|---|
| Tax losses* | **1,151.7** | 1,014.8 |
| Deductible temporary differences | **1,626.2** | 1,836.5 |
| | **2,777.9** | 2,851.3 |

## 29. DEFERRED TAX *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

Deferred tax assets have not been fully recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be fully utilised.

* The Group has tax losses arising from Hong Kong of HK$206.9 million (2023: HK$203.8 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising from Canada of HK$953.5 million (2023: HK$817.8 million) that are available for a maximum of 20 years for offsetting against future taxable profits of the companies in which the losses arose.

(b) There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 30. SHARE CAPITAL

### Shares

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| Authorised:<br>200,000,000,000 ordinary shares of HK$0.01 each | **2,000** | 2,000 |
| Issued and fully paid:<br>8,741,777,000 ordinary shares of HK$0.01 each | **87.4** | 87.4 |

A summary of the movement in the Company's issued capital during the year is as follows:

| | **Number of shares in issue**<br>'000 | **Share capital**<br>HK$ million |
|---|---|---|
| At 1 January 2023 | 8,808,881 | 88.1 |
| Repurchase and cancellation of own shares (note) | (67,104) | (0.7) |
| At 31 December 2023, 1 January 2024 and 31 December 2024 | 8,741,777 | 87.4 |

Note: During the year ended 31 December 2023, the Company repurchased 67,104,000 of its own shares from the market which were subsequently cancelled. The shares were repurchased at prices ranging from HK$0.081 to HK$0.130 per share, with an average price of HK$0.117 per share.

### Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

## 31. SHARE OPTION SCHEME

The Company has implemented a share option scheme ("**Share Option Scheme**") to provide incentives to or to reward the eligible participants thereunder for their contributions to the Group in the past or in the future; and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants include any director (including non-executive director and independent non-executive director) or employee (whether full time or part time). The Share Option Scheme, unless otherwise terminated or amended, will remain in force for 10 years.

The maximum number of shares which may be issued upon exercise of all share options being granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the shares of the Company in issue as at the date of approval of the limit and such limit may be refreshed by the shareholders in a general meeting. In addition, the total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of all share options granted (including both exercised and outstanding options) under the Share Option Scheme to each eligible participants (other than an independent non-executive director or a substantial shareholder of the Company or any of their respective associates) in any 12-month period up to and including the date of the latest grant of share options must not exceed 1% of the shares in issue at such date. Any further grant of share options under the Share Option Scheme in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Under the Share Option Schemes, any grant of share options to a director, the chief executive or substantial shareholders of the Company, or any of their respective associates are subject to approval by the independent non-executive directors. In addition, any share options granted to an independent non-executive director or a substantial Shareholder of the Company, or any of their respective associates, which would result in the shares issued and to be issued upon exercise of all share options already granted or to be granted under the Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, such grant of share options by the board of directors must be approved by shareholders in a general meeting of the Company.

The period within which share options may be exercised under the Share Option Scheme will be determined by the board of directors in its absolute discretion and the exercisable period shall not be more than 10 years from the date of grant of the share options and that the board of directors may at its discretion determine the minimum period for which the share options have to be held before the exercise of the subscription right attaching thereto.

The exercise price of the share options granted under the Share Option Scheme is determinable by the board of directors in its absolute discretion, but in any event shall not be less than the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of such share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of such share options; and (iii) the nominal value of the Company's shares.

The offer of a grant of share options under the Share Option Scheme may be accepted within 21 days from the date of the offer upon payment of a consideration of HK$1 by the grantee.

## 31. SHARE OPTION SCHEME *(Continued)*

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

The following share options were outstanding under the Share Option Scheme during the year:

| | 2024 | | 2023 | | |
|---|---|---|---|---|---|
| | Weighted average exercise price HK$ per share | Number of options '000 | Weighted average exercise price HK$ per share | Number of options '000 | Exercise period |
| At 1 January and 31 December | **0.138** | **80,000** | 0.138 | 80,000 | 22 July 2022 to 22 July 2026 |

Notes:

(a) No share option expense was recognised during the years ended 31 December 2024 and 2023 as the expense was fully amortised in prior years.

(b) No share options were granted, exercised, lapsed or cancelled during the years ended 31 December 2024 and 2023.

(c) At the end of the reporting period, the Company had 80,000,000 share options outstanding under the Share Option Scheme, which represented approximately 0.9% of the Company's shares in issue as at 31 December 2024 (excluding treasury shares, if any). The exercise in full of the outstanding share options would, under present capital structure of the Company, result in the issue of 80,000,000 additional ordinary shares of the Company and additional share capital of HK$800,000 and share premium of HK$10,240,000 (before any issue expenses and transfer from the share option reserve) as at 31 December 2024.

## 32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Nature and purpose of reserves are described as follows:

### (i) Share premium

The application of the share premium account is governed by the Bermuda Companies Act 1981.

### (ii) Contributed surplus

The contributed surplus represented the credit arising from capital reduction of the Company in prior years.

Under Section 54 of the Bermuda Companies Act 1981, contributed surplus is available for distribution as dividends to shareholders subject to the provisions of the Company's bye-laws and provided that immediately following the distribution, the Company is able to pay its liabilities as and when they fall due or the realisable value of the Company's assets would not be less than the aggregate of its liabilities and its issued share capital and share premium account.

## 32. RESERVES *(Continued)*

### (iii) Share-based compensation reserve

The share-based compensation reserve comprises the fair value of unexercised share options granted to eligible participants of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2.4.

### (iv) Capital reserve

The capital reserve represents (i) the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid upon acquisition of additional interests in non-wholly owned subsidiaries during the year ended 31 December 2012 and (ii) the difference between the nominal value of ordinary shares issued by the Company and the aggregate of the share capital and share premiums of subsidiaries acquired through a reorganisation in preparation for the listing of the Company's shares on the Stock Exchange in October 1998.

### (v) Investment revaluation reserve (non-recycling)

The investment revaluation reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income that are held at the end of the reporting period.

### (vi) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, including the translation effect for entities operating in hyperinflationary economy.

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had (i) non-cash additions to right-of-use assets and lease liabilities of HK$9.4 million (2023: HK$1.1 million) and HK$9.4 million (2023: HK$1.1 million), respectively, in respect of lease arrangements for plant and equipment; and (ii) non-cash reduction of HK$128.9 million (2023: HK$226.8 million) in provisions for asset retirement obligations for oil and gas production assets with the corresponding reduction in oil and gas production assets of property, plant and equipment.

### (b) Changes in liabilities arising from financing activities

| | **Lease liabilities** | |
|---|---|---|
| | **2024** | 2023 |
| | **HK$ million** | HK$ million |
| At 1 January | **22.0** | 29.1 |
| Changes from financing cash flows | **(8.3)** | (8.8) |
| New leases | **9.4** | 1.1 |
| Interest expense | **1.3** | 0.6 |
| Foreign exchange movement | **(0.5)** | – |
| At 31 December | **23.9** | 22.0 |

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

### (c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| Within financing activities | **8.3** | 8.8 |

## 34. CONTINGENT LIABILITIES

(a) On 4 June 2021, the Argentina branch office of High Luck Group Limited ("**High Luck**", a wholly owned subsidiary of the Group) was notified of an arbitration initiated by its partner, Pampa Energia S.A (NYSE: PAM) ("**Pampa**") concerning the Los Blancos Concession in Argentina. The claim involved a financial dispute estimated at US$0.2 million (equivalent to approximately HK$1.4 million) arising from differences in interpretation of certain clauses in the Farm-Out Agreement between the parties. In addition to seeking payment for the disputed amounts, Pampa was demanding the restitution of High Luck's 50% participating interest and its operatorship of Los Blancos Concession.

Following the tribunal's dismissal of Pampa's claim on 15 November 2023, Pampa subsequently initiated a second arbitration against High Luck for breach of obligations as the operator of Los Blancos Concession. The alleged breach related to High Luck's decision of not to drill a second development well, since substantial evidence suggested that such drilling would be both economically unviable and detrimental to the existing producing well.

Pampa's claims in the second arbitration were predicated on flawed geological and engineering assessments, which suggested a greater volume of economically recoverable oil in Los Blancos Concession than was realistically present. This miscalculation led to a divergence in opinions regarding the future development of the concession. Regrettably, the erroneous calculations resulted in a mandate for the drilling of four new development wells before an Exploitation Permit could be issued for the concession. Despite High Luck's presenting independent expert evidence that supported its decision not to proceed with the drilling of a second well, the tribunal concluded that High Luck had breached its operational obligations before the Salta Provincial Governing body could review High Luck's technical rationale.

## 34. CONTINGENT LIABILITIES *(Continued)*

(a) *(Continued)*

On 21 August 2024, the arbiter resolved that High Luck was in breach of its obligations as an operator. Consequently, subject to confirmation from the relevant authorities of Salta Province and Pampa, High Luck is to relinquish its role as the operator of Los Blancos Concession to Pampa, while retaining its 50% participating interest in the concession. Additionally, High Luck is obligated to cover Pampa's legal expenses amounting to US$0.6 million (approximately HK$4.4 million), for which such costs have been fully accrued for in the Group's consolidated financial statements for the year ended 31 December 2024.

Since the commencement of commercial oil production at Los Blancos, the well's pressure, volume, temperature, and rate of decline have aligned with the projections of High Luck's independent technical experts, who had provided a more conservative estimate of the oil reserves.

As of 31 December 2024, except for the accrual of the legal costs incurred by Pampa, no other provisions have been recognised regarding the recent arbitration ruling, as the directors of the Company consider that the timing and further economic outflow from the ruling is presently uncertain and dependent on the actions of the relevant authorities of Salta Province and Pampa.

In addition to the above, on 22 December 2022, the Ministry of Mining and Energy of the Province of Salta decided to initiate sanctioning procedure against High Luck and Pampa in their capacity as concessionaire of Los Blancos Concession, for potential breach for non-compliance of the investment plan. On 1 February 2023 and 29 June 2023, the Group's wholly-owned subsidiary filed appeals for reconsideration. To date, the Mining and Energy Secretariat of the Province of Salta has not issued any resolution regarding the type of sanction or amount thereof, or if it has intention subsequently.

(b) Beijing Gas Blue Sky Holdings Limited (stock code: 6828.HK), a company listed on the Stock Exchange, has recently initiated legal proceedings in Mainland China against the Company concerning certain disputed payments in a total sum of HK$45.9 million and Renminbi 64.4 million. The Company has sought advice from its legal advisors and the directors are of the view that the Company did not commit any acts that infringe upon the interests of Beijing Gas Blue Sky Holdings Limited and has a reasonably ground in defending the potential claim. Therefore, no material adverse financial impact on the Group is expected and the Group has not provided for any claim arising from the legal proceeding. The case is ongoing and further announcements will be made by the Company as and when appropriate regarding any material developments related to this litigation.

## 35. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Authorised but not contracted for | | |
| – Plant and machinery | – | 124.9 |
| Contracted for but not provided for | | |
| – Plant and machinery | **0.4** | 8.9 |
| Total | **0.4** | 133.8 |

## 36. RELATED PARTY DISCLOSURES

(a) The Group had the following transactions with related parties during the year:

| | Notes | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|---|
| Rent and management fees paid to an associate of an intermediate holding company of the Company | (i) | **1.7** | 2.3 |
| IT management and support fees paid to an associate of an intermediate holding company of the Company | (ii) | – | 0.2 |

Notes:

(i) The office lease contracts were entered into with an associate of an intermediate holding company of the Company according to the published prices and conditions offered to other lessees of the relevant building. As at 31 December 2024, the aggregated balance of lease liabilities due to the related party in respect of the leased office was HK$5.5 million (2023: HK$1.0 million).

(ii) The IT management and support fees paid to an associate of an intermediate holding company of the Company were made according to the published prices and conditions offered by the related company to its major customers.

(b) Compensation of key management personnel of the Group

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| Short term employee benefits | **8.2** | 8.5 |

Key management personnel of the Company are directors of the Company, further details of their emoluments are included in note 10 to the financial statements.

## 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**At 31 December 2024**

***Financial assets***

| | Financial assets at fair value through profit or loss HK$ million | Financial assets at fair value through other comprehensive income HK$ million | Financial assets at amortised cost HK$ million | Total HK$ million |
|---|---|---|---|---|
| Equity investments | 30.7 | –* | – | 30.7 |
| Debt investments | 0.3 | – | – | 0.3 |
| Derivative financial instruments | 0.3 | – | – | 0.3 |
| Trade and other receivables | – | – | 84.3 | 84.3 |
| Cash and bank balances | – | – | 486.7 | 486.7 |
| Total | 31.3 | –* | 571.0 | 602.3 |

***Financial liabilities***

| | Financial liabilities at fair value through profit or loss HK$ million | Financial liabilities at amortised cost HK$ million | Total HK$ million |
|---|---|---|---|
| Trade and other payables | – | 135.5 | 135.5 |
| Lease liabilities | – | 23.9 | 23.9 |
| Total | – | 159.4 | 159.4 |

* Amount less than HK$50,000

## 37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

### At 31 December 2023

***Financial assets***

| | Financial assets at fair value through profit or loss HK$ million | Financial assets at fair value through other comprehensive income HK$ million | Financial assets at amortised cost HK$ million | Total HK$ million |
|---|---|---|---|---|
| Equity investments | 35.3 | –* | – | 35.3 |
| Debt investments | 0.2 | – | – | 0.2 |
| Trade and other receivables | – | – | 93.5 | 93.5 |
| Cash and bank balances | – | – | 796.6 | 796.6 |
| Total | 35.5 | –* | 890.1 | 925.6 |

***Financial liabilities***

| | Financial liabilities at fair value through profit or loss HK$ million | Financial liabilities at amortised cost HK$ million | Total HK$ million |
|---|---|---|---|
| Trade and other payables | – | 141.3 | 141.3 |
| Derivative financial instruments | 1.5 | – | 1.5 |
| Lease liabilities | – | 22.0 | 22.0 |
| Total | 1.5 | 163.3 | 164.8 |

* Amount less than HK$50,000

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values largely due to the short term maturities of these instruments, and accordingly, no disclosure of the fair values of these financial instruments is made.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value:

**At 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1) HK$ million** | **Significant observable inputs (Level 2) HK$ million** | **Significant unobservable inputs (Level 3) HK$ million** | **Total HK$ million** |
| Equity investment designated at fair value through other comprehensive income | **–** | **–*** | **–** | **–*** |
| Listed equity investments at fair value through profit or loss | **30.7** | **–** | **–** | **30.7** |
| Listed debt investments at fair value through profit or loss | **0.3** | **–** | **–** | **0.3** |
| Derivative financial instruments | **–** | **0.3** | **–** | **0.3** |
| Total | **31.0** | **0.3** | **–** | **31.3** |

At 31 December 2023

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) HK$ million | Significant observable inputs (Level 2) HK$ million | Significant unobservable inputs (Level 3) HK$ million | Total HK$ million |
| Equity investment designated at fair value through other comprehensive income | – | –* | – | –* |
| Listed equity investments at fair value through profit or loss | 32.5 | – | – | 32.5 |
| Listed debt investments at fair value through profit or loss | 0.2 | – | – | 0.2 |
| Unlisted funds at fair value through profit or loss | – | 2.8 | – | 2.8 |
| Total | 32.7 | 2.8 | – | 35.5 |

* Amount less than HK$50,000

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

*(Continued)*

**Liabilities measured at fair value:**

**At 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1) HK$ million** | **Significant observable inputs (Level 2) HK$ million** | **Significant unobservable inputs (Level 3) HK$ million** | **Total HK$ million** |
| Derivative financial instruments | **–** | **–** | **–** | **–** |

At 31 December 2023

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) HK$ million | Significant observable inputs (Level 2) HK$ million | Significant unobservable inputs (Level 3) HK$ million | Total HK$ million |
| Derivative financial instruments | – | 1.5 | – | 1.5 |

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, financial assets at fair value through profit or loss, trade and other payables and lease liabilities, which arise directly from its operations.

The Group also enters into derivative transactions, including principally gold future contracts and paper precious metals. The purpose is to mitigate the financial impact from price fluctuations on inventories of precious metals and gold bullion held by the Group.

The main risks arising from the Group's financial instruments are price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Price risk

The Group is exposed to price changes arising from debt and equity investments classified in the consolidated statement of financial position either as at financial assets at fair value through other comprehensive income or at fair value through profit or loss amounted to HK$1,600 (2023: HK$3,000) and HK$31.0 million (2023: HK$35.5 million), respectively. Most of these investments are listed either on the stock exchanges of Hong Kong or other countries.

Equity investments have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Debt investments are placed with counterparties with sound credit quality. The Group closely monitors the credit quality and financial positions of counterparties and consider appropriate action if the market value of those securities decline by a pre-determined threshold.

At 31 December 2024, it is estimated that an increase/(decrease) of 5% in the price of relevant financial instruments, with all other variables held constant, would have decreased/increased the Group's loss before tax and other comprehensive income by HK$1.5 million (2023: HK$1.8 million) and HK$80 (2023: HK$150), respectively, as a result of the change in fair value of debt and equity investments.

Commodity price risk is the risk that fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices and gold prices are affected by a number of economic, political and military factors which are not within the control by the Group.

The change in prices of precious metals expose the Group to price risk as the Group conducts business activities in precious metals trading and also holds gold investments. As at 31 December 2024, the Group had certain derivative financial assets with a carrying amount of HK$0.3 million (2023: derivative financial liabilities with a carrying amount of HK$1.5 million) for the purpose to mitigate the price risk arising from precious metals price fluctuations. Hence, the Group considered the price risk arising from precious metals price fluctuations is significantly reduced.

The change in commodity prices expose the Group to price risk as the Group conducts gas- and petroleum-related activities in Canada and Argentina. A decrease in such prices could adversely affect the Group's financial position. The Group has not used any derivative instruments to hedge against potential price fluctuations of crude oil. The management will consider appropriate hedging policy when the need arises

### Interest rate risk

As the Group has no significant interest-bearing assets, except for short-term bank deposits and debt investments, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from changes in interest rates because the interest rates of bank deposits and debt investments are not expected to change significantly.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The Group currently does not have a foreign currency hedging policy. However, management closely monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's currency risk is mainly attributable to the exposure to cash and cash equivalents, trade and other receivables, trade and other payables denominated in US$ and C$.

As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchange rate. In this regard, the Group does not expose to significant currency risk arising from US$.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the C$ and HK$ exchange rates, with all other variables held constant, of the Group's profit/loss after tax due to changes in the fair values of the Group's outstanding foreign currency denominated monetary items, trade and other receivables and trade and other payables where the denomination of the receivables and payables is in currencies other than the functional currency of the relevant group entities.

| | **Increase/ (decrease) in HK$ rate** | **Increase/ (decrease) in loss after tax** |
|---|---|---|
| | % | HK$ million |
| 2024 | | |
| If the HK$ weakens against the C$ | (5) | (3.0) |
| If the HK$ strengthens against the C$ | 5 | 3.0 |
| 2023 | | |
| If the HK$ weakens against the C$ | (5) | (15.7) |
| If the HK$ strengthens against the C$ | 5 | 15.7 |

### Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash and bank balances.

The Group expects that there is no significant credit risk associated with cash and bank balances since they are deposited with creditworthy financial institutions without significant credit risk.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Credit risk *(Continued)*

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

At the end of the reporting period, the Group had certain concentrations of credit risk as 20.6% (2023: 0%) and 23.4% (2023: 1.1%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively.

#### *Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

**At 31 December 2024**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1<br>HK$ million | Stage 2<br>HK$ million | Stage 3<br>HK$ million | Simplified approach<br>HK$ million | Total<br>HK$ million |
| Trade receivables* | – | – | – | 40.2 | 40.2 |
| Financial assets included in other receivables | | | | | |
| – Normal** | 44.1 | – | – | – | 44.1 |
| Cash and bank balances | | | | | |
| – Not yet past due | 486.7 | – | – | – | 486.7 |
| | 530.8 | – | – | 40.2 | 571.0 |

At 31 December 2023

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1<br>HK$ million | Stage 2<br>HK$ million | Stage 3<br>HK$ million | Simplified approach<br>HK$ million | Total<br>HK$ million |
| Trade receivables* | – | – | – | 52.7 | 52.7 |
| Financial assets included in other receivables | | | | | |
| – Normal** | 40.8 | – | – | – | 40.8 |
| Cash and bank balances | | | | | |
| – Not yet past due | 796.6 | – | – | – | 796.6 |
| | 837.4 | – | – | 52.7 | 890.1 |

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 23(a) to the consolidated financial statements.

** The credit quality of financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets have a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at date of the statement of financial position of the Group's non-derivative financial liabilities and lease liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of the reporting period) and the earliest date the Group can be required to pay. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

**At 31 December 2024**

| | **Less than 1 year or on demand HK$ million** | **Between 1 to 2 years HK$ million** | **Between 2 to 5 years HK$ million** | **Over 5 years HK$ million** | **Total HK$ million** |
|---|---|---|---|---|---|
| Trade and other payables | **162.7** | **–** | **–** | **–** | **162.7** |
| Lease liabilities | **7.7** | **5.4** | **6.7** | **13.7** | **33.5** |
| Total | **170.4** | **5.4** | **6.7** | **13.7** | **196.2** |

At 31 December 2023

| | Less than 1 year or on demand HK$ million | Between 1 to 2 years HK$ million | Between 2 to 5 years HK$ million | Over 5 years HK$ million | Total HK$ million |
|---|---|---|---|---|---|
| Trade and other payables | 157.9 | – | – | – | 157.9 |
| Lease liabilities | 6.9 | 4.6 | 4.5 | 17.9 | 33.9 |
| Net-settled derivative financial instruments | 1.5 | – | – | – | 1.5 |
| Total | 166.3 | 4.6 | 4.5 | 17.9 | 193.3 |

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, net debt is defined as total debt which includes interest-bearing borrowings. Total equity is the balance as shown in the consolidated statement of financial position.

During the year ended 31 December 2024, the Group's strategy, which was unchanged from 2023, was to maintain the net debt-to-capital ratio at a reasonable level. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The table below analyses the net debt-to-capital ratio as at 31 December 2024 and 2023:

| | **2024**<br>**HK$ million** | 2023<br>HK$ million |
|---|---|---|
| Lease liabilities | **23.9** | 22.0 |
| Total equity | **1,062.4** | 1,192.4 |
| Net debt-to-capital ratio | **2.2%** | 1.8% |

## 40. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current year's presentation.

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Investments in subsidiaries | **–** | – |
| **CURRENT ASSETS** | | |
| Prepayments, deposits and other receivables | **0.7** | 1.9 |
| Due from subsidiaries | **412.0** | 487.0 |
| Financial assets at fair value through profit or loss | **17.4** | 14.5 |
| Cash and bank balances | **201.3** | 159.3 |
| Total current assets | **631.4** | 662.7 |
| **CURRENT LIABILITIES** | | |
| Other payables and accruals | **49.7** | 51.2 |
| **NET CURRENT ASSETS** | **581.7** | 611.5 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | **581.7** | 611.5 |
| Net assets | **581.7** | 611.5 |
| **EQUITY** | | |
| Issued capital | **87.4** | 87.4 |
| Reserves (note) | **494.3** | 524.1 |
| Total equity | **581.7** | 611.5 |

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: A summary of the Company's reserves is as follows:

| | **Share premium** HK$ million | **Contributed surplus** HK$ million | **Share-based compensation reserve** HK$ million | **Capital reserve** HK$ million | **Investment revaluation reserve** HK$ million | **Accumulated losses** HK$ million | **Total** HK$ million |
|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 4,878.4 | 740.9 | 6.0 | 9.6 | (4.7) | (5,167.1) | 463.1 |
| Profit for the year and total comprehensive income for the year | – | – | – | – | – | 68.4 | 68.4 |
| Repurchase and cancellation of own shares | (7.4) | – | – | – | – | – | (7.4) |
| At 31 December 2023 and 1 January 2024 | **4,871.0** | **740.9** | **6.0** | **9.6** | **(4.7)** | **(5,098.7)** | **524.1** |
| Loss for the year and total comprehensive loss for the year | **–** | **–** | **–** | **–** | **–** | **(29.8)** | **(29.8)** |
| At 31 December 2024 | **4,871.0** | **740.9** | **6.0** | **9.6** | **(4.7)** | **(5,128.5)** | **494.3** |

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

# FIVE YEAR FINANCIAL SUMMARY

Set out below is a summary of the results and a statement of the assets, liabilities and net assets of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified as appropriate.

## RESULTS

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **HK$ million** | HK$ million | HK$ million | HK$ million | HK$ million |
| **REVENUE** | **10,896.7** | 26,150.2 | 20,913.2 | 11,167.1 | 5,034.5 |
| **(LOSS)/PROFIT BEFORE TAX** | **(86.2)** | (159.6) | 300.7 | 343.6 | (64.6) |
| **INCOME TAX** | **(1.2)** | 9.1 | (14.8) | (14.2) | (14.9) |
| **(LOSS)/PROFIT FOR THE YEAR** | **(87.4)** | (150.5) | 285.9 | 329.4 | (79.5) |
| **ATTRIBUTABLE TO:** | | | | | |
| Shareholders of the Company | **(87.4)** | (150.5) | 285.9 | 329.4 | (79.5) |
| Non-controlling interests | **–** | – | – | – | – |
| | **(87.4)** | (150.5) | 285.9 | 329.4 | (79.5) |

## ASSETS AND LIABILITIES

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **HK$ million** | HK$ million | HK$ million | HK$ million | HK$ million |
| Non-current assets | **666.3** | 672.4 | 980.2 | 852.8 | 130.6 |
| Current assets | **760.8** | 1,028.3 | 1,185.2 | 883.6 | 890.6 |
| **Total assets** | **1,427.1** | 1,700.7 | 2,165.4 | 1,736.4 | 1,021.2 |
| Current liabilities | **205.2** | 252.8 | 329.8 | 199.5 | 240.8 |
| Non-current liabilities | **159.5** | 255.5 | 514.0 | 435.4 | 21.4 |
| **Total liabilities** | **364.7** | 508.3 | 843.8 | 634.9 | 262.2 |
| **NET ASSETS** | **1,062.4** | 1,192.4 | 1,321.6 | 1,101.5 | 759.0 |

# GLOSSARY

| | |
|---|---|
| "Best Estimate (2C)" | Being the middle scenario in terms of contingent resources estimations, providing a balanced view between optimistic and conservative projections |
| "boe" | Barrels of oil equivalent |
| "Contingent Resources" | Portion of recoverable oil and gas in a reservoir that are not yet classified as reserves because of certain contingencies. These contingencies may be technical, economic, regulatory, or market-related |
| "mmbbl" | Million barrels of oil, a barrel is equivalent to 42 U.S. Gallons or 0.158987 $m^3$ |
| "mmboe" | Million barrels of oil equivalent, a barrel is 42 U.S. gallons or 0.158987 $m^3$ |
| "Proved Reserves" | Proved oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible |
| "Probable Reserves" | Additional reserves that are less certain to be recovered than Proved Reserves but which, together with Proved Reserves, are as likely as not to be recovered |
| "TCF" | Trillion cubic feet, a unit of measurement for natural gas volumes |