中国港能
CHINA HK POWER

CHINA HK POWER SMART ENERGY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 931)

Empowering
INNOVATION
SHARING
Growth

2025
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Kan Che Kin, Billy Albert *(Chairman)*
Mr. Deng Yaobo *(Chief executive officer)*
Mr. Li Kai Yien, Arthur Albert

Non-Executive Directors

Mrs. Kan Kung Chuen Lai
(appointed on 2 December 2024)
Mr. Simon Murray

Independent Non-Executive Directors

Mr. Li Siu Yui
Mr. Lam Lum Lee
Mr. Chow Ching Ning

AUDIT COMMITTEE

Mr. Li Siu Yui *(Chairman)*
Mr. Chow Ching Ning
Mr. Lam Lum Lee

REMUNERATION COMMITTEE

Mr. Li Siu Yui *(Chairman)*
Mr. Chow Ching Ning
Dr. Kan Che Kin, Billy Albert

NOMINATION COMMITTEE

Mr. Li Siu Yui *(Chairman)*
Mr. Chow Ching Ning
Dr. Kan Che Kin, Billy Albert

COMPANY SECRETARY

Mr. Fung Chun Yin

AUTHORISED REPRESENTATIVES

Dr. Kan Che Kin, Billy Albert
Mr. Li Kai Yien, Arthur Albert

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8th Floor, St. John's Building
33 Garden Road
Central, Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office
Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
KY1-1110, Grand Cayman, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Agricultural Development Bank of China Limited
Bank of China Limited
China Construction Bank Corporation Limited
Hang Seng Bank Limited
Hankou Bank Company Limited

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

WEBSITE

https://chinahkpower.todayir.com

STOCK CODE

Hong Kong Stock Exchange: 931

Chairman's Statement

On behalf of the Board of Directors (the "**Board**") of China HK Power Smart Energy Group Limited (the "**Company**" or "**China HK Power Group**") and its subsidiaries (the "**Group**"), I have pleasure in presenting the annual report of the Company for the year ended 31 March 2025 (the "**Current Year**").

Against the backdrop of a global economy continuing its moderate recovery trajectory, the low-carbon transition in the global energy sector has become the predominant theme for national development worldwide. Amidst complex circumstances characterized by mounting external pressures and increasing internal challenges, the Chinese government adhered to the general principle of pursuing progress while ensuring stability. It steadfastly promoted the sustained growth of new quality productive forces domestically and advanced the strategy of high-level opening-up. Consequently, the national economy maintained overall stable operation, achieving new milestones in high-quality development. China HK Power Group actively responded to the national dual carbon strategic goals. Through a series of strategic adjustments and innovative initiatives, while continuing to develop and consolidate its existing natural gas business, the Group launched intelligent energy solutions by integrating technologies such as artificial intelligence ("**AI**"), the Internet of Things ("**IoT**"), and big data analytics. Leveraging advanced AI technology, the Group drove innovation and development in the integrated energy services sector. Its businesses primarily cover energy efficiency management, smart heating operations, and high-efficiency energy-saving equipment manufacturing, providing win-win smart energy supply services to its customers.

In October 2023, the Group introduced a new management team with extensive management experience and market insight. Having previously held long-term positions at leading enterprises in the clean energy sector, this team possesses a broad network of resources and the capability to navigate complex and volatile industry environments. In the year and a half since joining the Group, the new management team has led the Group forward with resilience in a challenging environment, achieving significant progress.

REVIEW

The natural gas business continued its steady development. The newly added pipeline natural gas trading business, commencing from the previous financial year, synergized with the original liquefied natural gas (LNG) business, enhancing the profitability of the established natural gas operations. The Group's natural gas business demonstrated significant improvements across several key indicators. Total natural gas sales volume increased by 58,521 tonnes year-on-year, representing a growth rate of 103.0%. Furthermore, the gross profit of the natural gas business increased by HK$22.6 million year-on-year, a growth rate of 86.5%. The overall gross profit margin for the natural gas business improved from 7.09% in the previous year to 8.40% in Current Year, an increase of 1.32 percentage points.

Beyond expanding the natural gas business, the Group's new management team placed greater emphasis on actively exploring new energy businesses. After more than a year of persistent effort, substantial progress and achievements have been made. The actual heating area of Shaanxi project increased by 0.5 million square meters year-on-year, representing a growth rate of 22.7%. Additionally the Guangdong Dongguan Songshan Lake project and the Hubei Xiangyang Wanda project commenced operations during the Current Year and began generating returns. The Guangdong Zhanjiang project secured land and entered the construction phase. Furthermore, the Group is actively expanding projects in Nanyang Dengzhou City (Henan), Renhuai City (Guizhou), Chishui City (Guizhou), Yixing City (Jiangsu), and other locations, striving to broaden its market reach and further enhance overall competitiveness.

Chairman's Statement

FUTURE PROSPECTS

Regarding the natural gas business, the nation continues to emphasize the green and low-carbon transition. Compared to the global average of approximately 24% share in primary energy consumption, China's natural gas consumption accounted for only 8.5%of primary energy in 2024. Although this represents an increase from the previous year, significant room for growth remains.

In the new energy sector, in January 2025,the National Development and Reform Commission (NDRC) and others issued the Catalog of Products Subject to Energy Efficiency Labeling (17th Batch) (FGHZ [2025] No.45), incorporating tower servers, water-cooled (heat pump) units, and other equipment into energy efficiency labeling management, to be implemented in phases (effective February and December 2025). This promotes the phasing out of inefficient equipment, creating greater growth space for the Group's new energy equipment manufacturing business. Furthermore, the Chinese government's Government Work Report in March 2025 reiterated and expanded upon the requirement to "establish a number of zero-carbon industrial parks and zero-carbon factories," presenting more opportunities for the development of the Group's new energy business. In June 2025, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Improving the Market-Oriented Allocation System of Resources and Environmental Elements, proposing the improvement of trading systems for carbon emission rights, water rights, and pollution discharge rights by 2027. It advocates shifting the carbon market from intensity control to total volume control and exploring paid allocation of quotas. The document also requires establishing a credit system for trading markets, strictly penalizing data fraud and market manipulation, and strengthening financial support (such as green credit, carbon guarantees). This outlines a broad development prospect for the Group's new energy business.

Looking ahead, the Group will remain steadfastly focused on the green and low-carbon transition. It will actively expand the natural gas market and continue to explore and broaden the application of intelligent energy solutions. Through measures spanning energy efficiency management, clean energy integration, smart heating operations, and other diverse areas, the Group aims to provide customers with comprehensive, customized energy services. The goal is to build an open, environmentally friendly, efficient, and synergistic smart integrated energy service ecosystem. This ecosystem will closely connect energy suppliers, consumers, technology providers, and service providers, enabling data sharing, optimized decision-making, and collaborative advancement of the digital transformation within the energy industry. The Group strives to achieve a win-win scenario of economic benefits and social benefits, creating value for its shareholders.

ACKNOWLEDGEMENTS

I sincerely thank the Group's new management team and all employees for their outstanding efforts, which have made tremendous contributions to the Group's strategic transformation and sustainable development. I would also like to express my heartfelt gratitude to our shareholders, partners, and customers for their continuous support and trust throughout the Group's development journey. I am deeply confident that the Group will create long-term, sustainable value for its shareholders in 2025 and beyond.

Kan Che Kin, Billy Albert
Chairman

Hong Kong, 30 June 2025

Management Discussion and Analysis

INDUSTRY OVERVIEW

During the year end 31 March 2025, the international landscape remained complex and volatile. The global economy continued its overall trend of moderate recovery, albeit with somewhat moderated growth momentum. Instability in geopolitical situations and uncertainty in the market environment persisted. Domestic economic development faced pressures, creating uncertainties for corporate operations. Against this macro backdrop, China resolutely advanced its strategies of high-quality development and high-level opening-up. Economic performance exhibited a trend of "overall stability with steady progress," continuing to play the role of a "stabilizing anchor" and "growth engine" for the world economy. China steadfastly continued to advance its "dual carbon" strategy. Despite facing the dual challenges of slowing external demand and global supply chain restructuring, the sustained and steady growth of new quality productive forces accelerated the deep integration process of artificial intelligence ("**AI**") technology across various industries. Particularly in the new energy and advanced manufacturing sectors, the pace of digital-intelligent and green transformation accelerated unprecedentedly, demonstrating remarkable innovation strength and immense industrial upgrading potential.

The new Mainland China Natural Gas Utilization Management Measures, implemented from August 2024, guided the development of China's natural gas industry from policy-driven to market-driven, providing greater development space for natural gas power generation, LNG vehicles/vessels, and natural gas-new energy collaboration. In 2024, China's natural gas consumption maintained growth, with apparent consumption reaching 426.05 billion cubic meters, an increase of 8% compared to the year ended 31 March 2024 (the "**Previous Year**").

At the end of May 2024, the State Council of China issued the 2024-2025 Action Plan for Energy Conservation and Carbon Reduction ([2024] No. 12), requiring strengthened carbon emission management, the implementation of special actions for energy conservation and carbon reduction, and the promotion of key tasks across ten areas encompassing twenty-seven items. These include optimizing energy utilization structures, improving process technologies, implementing energy-saving and carbon-reduction retrofits, and updating energy equipment. The plan aims to achieve annual energy savings of approximately 50 million tonnes of standard coal equivalent and reduce carbon emissions by about 130 million tonnes.

In late July 2024, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development. This document represented the first systematic national-level deployment for comprehensive green transformation, proposing quantitative targets for sectors including energy, such as scaling the energy conservation and environmental protection industry to around RMB 15 trillion by 2030.

In late October 2024, six departments including the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT), the Ministry of Housing and Urban-Rural Development (MOHURD), and the National Energy Administration (NEA) issued the Guiding Opinions on Vigorously Implementing the Renewable Energy Substitution Action (FGNY [2024] No. 1537). The Opinions require national renewable energy consumption to reach over 1.5 billion tonnes of standard coal equivalent by 2030. In the industrial sector, It calls for the coordinated advancement of green and low-carbon transformation in industrial energy use, promoting the integrated development of data centers, supercomputing centers, etc., with heat pumps, energy storage, photovoltaics (PV), etc. It supports the development of green power direct supply and integrated "source-grid-load-storage" projects for new infrastructure, vigorously develops integrated energy services capable of supporting efficient supply-demand coordination, and accelerates the implementation of new business models such as electricity-carbon asset management.

On January 1, 2025, China's first fundamental law in the energy sector, the Energy Law, came into effect. This law aims to promote the high-quality development of the energy industry, ensure national energy security, and lay the legal foundation for achieving the carbon peak and carbon neutrality goals. Among its provisions on energy development and utilization policies, it encourages the development of biomass clean heating based on local conditions.

Management Discussion and Analysis

Benefiting from the nation's firm commitment to environmental protection and the 3060 dual carbon goals, the continuous implementation of systematic green transformation measures, and the powerful impetus injected into high-quality development by new quality productive forces across industries, particularly the increasing demand for green and clean energy, the Group stands to gain. Concurrently, a series of national-level policies promoting innovation in energy businesses, covering energy conservation and carbon reduction, biomass energy, new energy storage, and distributed photovoltaics, have been introduced. Furthermore, the Central Economic Work Conference in 2024 proposed measures to "establish a number of zero-carbon industrial parks and promote the construction of the national carbon market," and the Government Work Report in March 2025 reiterated the measure to "establish a number of zero-carbon industrial parks and zero-carbon factories." These initiatives present more development opportunities and broad prospects for the Group's new energy business.

Looking forward, complex international geopolitical situations and the global economic landscape, particularly the global tariff war initiated by the US in April 2025, exacerbate uncertainties in economic development. However, the Chinese government's resolute actions to advance the dual carbon goals, coupled with favorable energy policies at the national level, will contribute to the healthy development of the domestic natural gas and new energy businesses. In 2025, the Group will actively align with national policies, calmly confront various challenges, persistently reduce costs and enhance efficiency, strictly control risks, improve management effectiveness, and optimize cash flow. Simultaneously, the Group will actively embrace technology, strive for innovation and transformation, vigorously promote the application of new energy solutions incorporating AI intelligent technology, and provide customers with high-quality integrated energy services. By leveraging advanced technology and digital-intelligent management, the Group aims to enhance energy-saving and carbon-reduction outcomes, bolster its development resilience, and contribute more wisdom and strength to the nation's achievement of its dual carbon goals. Concurrently, the Group will actively develop biomass new energy projects and zero-carbon industrial parks.

BUSINESS REVIEW

In the Current Year, under the guidance of the Chinese government's 14th Five-Year Plan and the 3060 dual carbon goals, while continuously and actively developing the natural gas market, the Group consistently adopted a systemic approach to construct its operational management ecosystem within the wave of the energy industry's green transformation. It steadfastly pursued a path of green, low-carbon, and high-quality development. Tailoring its approach to different regions and diverse energy consumption needs and characteristics, the Group aimed for "low-carbon, clean, efficient, and economical" outcomes. It continued to increase resource investment in core business areas of the new energy industry, including smart heating, integrated energy efficiency management, energy-saving and emission-reduction equipment manufacturing, and integrated energy service management for industrial parks. The Group fully utilized digital-intelligent technologies such as the IDH Smart Distributed Heating Platform and the ICE Smart Integrated Energy Solution to implement digital energy intelligent operation management services, thereby enhancing energy-saving and carbon-reduction effects and contributing to the national dual carbon goals.

In the Current Year, in addition to securing new projects in Dongguan (Guangdong), Zhanjiang(Guangdong), Xi'an (Shaanxi), Renhuai (Guizhou), and Xiangyang (Hubei), the Group also actively expanded its project pipeline in Dengzhou City, Nanyang (Henan), Chishui City(Guizhou), Yixing City(Jiangsu), and other locations, striving to broaden its market coverage and further enhance overall competitiveness.

In the Current Year, the Company operated primarily within three business segments: Natural Gas Business, New Energy Business, and Financial Services Business.

NATURAL GAS BUSINESS

Point-to-point Supply of LNG (retail)

The point-to-point supply of LNG (retail) transmits LNG from energy centers to end-users including residential users, industrial and commercial enterprises and automobile drivers by way of gas stations, pipeline networks and dewar bottles to meet their regular energy needs.

As of 31 March 2025, the Company recorded a LNG retail volume of 21,567 tons (2024: 21,610 tons), the income generated from point-to-point supply of LNG (retail) business amounted approximately HK$163,071,000 (2024: HK$138,837,000), contributing 22.9% to the total revenue of the Company for the Current Year.

Wholesale of LNG and PNG (trade)

As of 31 March 2025, the Company recorded an NG trade volume of 82,400 tons (2024: 35,229 tons), with wholesale LNG and PNG (trade) revenue of approximately HK$366,629,000 (2024: HK$174,308,000), contributing 51.4% to our total revenue for the Current Year. Within the Current Year's LNG and PNG trading business, LNG trading recorded a sales volume of 10,218 tons (2024: 19,911 tons), accounting for 12.4% of the total NG trading volume. LNG trading revenue was approximately HK$56,451,000 (2024: HK$94,525,000), representing 15.4% of the total NG trading revenue. PNG trading recorded a sales volume of 72,182 tons (2024: 15,318 tons), accounting for 87.6% of the total NG trading volume. PNG trading revenue was approximately HK$310,178,000 (2024: HK$79,783,000), representing 84.6% of the total NG trading revenue.

Distribution of LNG (logistics)

Equipped with a great number of natural gas transportation trucks and LNG mobile storage containers that are specially made for the distribution of LNG, the delivery fleets of the Company provide road freight transportation services for external clients and for the Group companies. The distribution delivery fleets enable the Company to distribute LNG from upstream suppliers to external customers and energy centers in a safe and fast way at low costs.

As of 31 March 2025, the delivery fleets transmitted a total of 61,295,000 ton-kilometers (2024: 74,995,000 ton-kilometers) among which 78.9% were delivered for external customers, the income generated from distribution of LNG (logistics) business amounted approximately HK$50,275,000 (2024: HK$55,634,000), contributing 7.0% to the total revenue of the Company for the Current Year.

LNG Pipeline Network

The Company undertakes LNG pipeline engineering projects, constructing pressure pipelines, gate stations, and pressure regulating stations to connect the retail and end-user markets. Through comprehensive gas transmission facilities, we aim to expand our downstream user base.

As of 31 March 2025, the Company held 34 (2024: 34) effective LNG township franchise rights granted by the PRC local governments in Hubei, Jiangxi and Anhui provinces, the franchise rights allow the Company to be the sole operator in the franchised zone in the supply of LNG. The Company has received 9,718 (2024: 9,119) applications from household users for LNG pipeline connection in Yangzhai, Changling, Chenxiang, Yudian, Caihe and Haodian in Guangshui City of Hubei province, managed to connect 7,413 (2024: 7,176) household users. Income generated from the supply of LNG to residential users has been included in the point-to-point supply of LNG (retail) income for the Current Year.

Infrastructure Projects

In the Current Year, the Company adhered to the philosophy of focusing primarily on centralized energy development, supplemented by distributed management. The Company strategically invested in key locations such as Hubei Huanggang, Hubei Guangshui, Anhui Lu'an, and Jiangxi Jingdezhen, actively promoting resources around large-scale LNG bases integrated with energy storage and energy management.

As at 31 March 2025, the Company owned two automotive gas refueling stations, which operate in collaboration with a wholly-owned subsidiary of China National Offshore Oil Corporation ("**CNOOC**"). By leveraging the unique advantages of CNOOC's procurement platform, the Company's automotive gas refueling stations effectively reduced LNG procurement costs, thereby promoting sales growth through more competitive pricing. CNOOC, as the sole LNG supplier responsible for the daily operations of the refueling stations, shares the operational performance based on the agreed terms and conditions.

NEW ENERGY BUSINESS

In the Current Year, the Company continued to actively engage in the field of smart heating, comprehensive energy efficiency management, and energy-saving and emission-reduction equipment manufacturing. The Company utilized cutting-edge technologies such as cloud data, the Internet of Things, and AI intelligence. By using unique big data AI algorithm models, efficient energy Building Information Modeling ("**BIM**") architecture, and the Intelligent Distributed Heating ("**IDH**") platform, the Company created an intelligent energy management system. Leveraging these core digital intelligence platforms, the Company provided comprehensive energy management solutions equipped with AI intelligence technology in fields like smart heating management and comprehensive energy efficiency management. These solutions significantly reduced energy consumption and operational costs for customers' energy projects, creating a win-win situation for both the government and users.

During the Current Year, the Company's heating project in Xi'an Shaanxi, used the Intelligent Comprehensive Energy ("**ICE**") solution. The ICE system, with its automatic temperature tracking and balance adjustment functions, intelligently adjusted heat source parameters and household valve openings based on weather forecasts for the next three hours and users' real-time indoor temperatures. This on-demand heating significantly improved energy utilization efficiency while greatly enhancing user satisfaction.

In the Current Year, the Company's new energy business recorded revenue of approximately HK$131,580,000 (2024: HK$83,564,000), accounting for 18.4% (2024: 18.4%) of the Company's total revenue for the year.

Development of New Energy Integrated Solution

As of 31 March 2025, the development and application of comprehensive new energy solutions recorded revenue of approximately HK$81,276,000 (2024: HK$74,812,000). In the field of comprehensive new energy solutions, the smart heating business expanded its service area by approximately 500,000 square meters, recording revenue of approximately HK$74,839,000 (2024: HK$72,757,000). The comprehensive energy efficiency management business recorded revenue of approximately HK$6,437,000 (2024: HK$2,055,000).

Sales and Distribution of New Energy Products

As of 31 March 2025, the sales and distribution of new energy products recorded revenue of approximately HK$50,304,000 (2024: HK$8,752,000).

Financial Services Business

The financial services businesses of the Company including: (i) the provision of finance leasing services typically for LNG vehicles and equipment that has been approved by the Chinese Ministry of Foreign Trade and Economic Cooperation; (ii) the provision of discretionary investment management and fund management services in Hong Kong through an indirect subsidiary of the Company namely China Hong Kong Capital Asset Management Company Limited ("**CHK CAM**"), which is licensed by the SFC to conduct Type 9 (asset management) regulated activities; and (iii) money lending business through an indirect subsidiary holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws) of Hong Kong. Given the unpromising economic outlook, the Company's management has adopted a cautious attitude towards increasing investment in the financial services business.

FINANCIAL REVIEW

Revenue

In the Current Year, the Company recorded the revenue from operations in an amount of approximately HK$713.4 million, compared to that of approximately HK$454.5 million for the previous year, representing a significant increase of 57.0%. This growth was primarily driven by the NG business, with revenue increasing by approximately HK$211.2 million or 57.3%. Additionally, the new energy business contributed approximately HK$131.6 million to the total revenue in the Current Year.

Income from the point-to-point supply of LNG (retail) business was approximately HK$163.1 million for the Current Year, compare to that of approximately HK$138.8 million for the Previous Year, representing a increase of 17.5%.

Income generated from the wholesale of LNG and PNG (trade) business was approximately HK$366.6 million for the Current Year, compared to that of approximately HK$174.3 million for the Previous Year, representing a increase of 110.3%. The increase in trade income was mainly due to rebound in domestic NG consumption and the expansion of distribution channels.

Income generated from the distribution of LNG (logistics) business was approximately HK$50.3 million for the Current Year, compared to that of approximately HK$55.6 million for the Previous Year, representing a slightly decrease of 9.5%. The decrease in logistics income was mainly due to the market competition and decreased in demand from our customers.

Income generated from the sales and distribution of new energy products and the development of new energy integrated solution was approximately HK$50.3 million and 81.3 million for the Current Year, representing a growth of 471.6% and 8.6% compared to that Previous Year respectively.

Income from the financial services business was HK$1.9 million for the Current Year, compare to that of HK$2.1 million for the Previous Year. Financial services income primarily relates to interest income from money lending business.

Gross Profit and Gross Profit Margin

The overall gross profit of the Company for the Current Year was approximately HK$116.6 million compared to gross profit of approximately HK$63.6 million for the Previous Year. The increase of gross profit for Current Year was mainly due to (i) an increase in gross profit from the LNG supply business, driven by favorable LNG procurement prices obtained through the Company's cooperation with CNOOC; (ii) cost-saving measures implemented in the LNG logistics business by restructuring loss-making business units to minimize the impact of direct costs; (iii) a decline in national LNG prices, which reduced the LNG consumption costs in the logistics business; and (iv) significant gross profit contributions from the newly developed new energy business. The gross profit margin was 16.3% in Current Year as compared to gross profit margin of 14.0% for the Previous Year, indicating a favorable improvement as a result of the contribution of the new energy business and cost reduction and operation efficiency improvements in the NG business.

Other Income and Other Gains and Losses, Net

Other income and other gains and losses of the Company mainly comprised loss on disposal of property, plant and equipment, impairment of loan receivable and gain on deregistration of subsidiaries. Other income and other gains and losses amounted to the net losses approximately HK$16.9 million for the Current Year, as compared to the net losses of approximately HK$18.6 million for the Previous Year, the decrease of net losses was mainly due to the combined effect of gain on deregistration of subsidiaries and impairment of loans receivables for the Current Year.

Selling and Distribution Expenses

Selling and distribution expenses of the Company mainly comprised staff costs and marketing expenses incurred by sales department. The selling and distribution expenses amounted approximately HK$24.4 million for the Current Year, representing a increase of 105.0% as compared to approximately HK$11.9 million for the Previous Year.

This increase was mainly driven by two factors: (i) Higher marketing costs from expanding the customer base in the NG business; (ii) Significantly increased marketing expenses from the operations of new energy companies established in the Current Year and the newly acquired Oasetech Limited in the second half of Previous Year.

Administrative Expenses

Administrative expenses of the Company mainly comprised employee and office expenses, legal and professional fees, amortisation on intangible assets, depreciation on right-of-use assets and on property, plant and equipment. Administrative expenses amounted approximately HK$137.8 million for the Current Year, representing a increase of 37.4% as compared with approximately HK$100.3 million for the Previous Year. Significantly increased operating expenses from the operations of new energy companies established in the Current Year and the newly acquired Oasetech Limited in the second half of Previous Year.

Finance Costs

Finance costs of the Company mainly comprised interest on lease liabilities, interest on loans from a shareholder and interest on bank and other borrowings. Finance costs amounted to approximately HK$31.7 million for the Current Year, representing a decrease of 8.6% as compared to approximately HK$34.7 million for the Previous Year, the decrease was primarily attributed to interest savings on loan from a shareholder resulting from capitalisation of loan from a shareholder amounting HK$300 million during the Current Year.

Impairment Assessment, Net

Impairment Losses Under Expected Credit Loss Model, net of reversal

As at 31 March 2025, the Company engaged an independent qualified valuer to determine the expected credit loss of the Company in respect of finance lease receivables, accounts, and other receivables. During the Current Year, an impairment of approximately HK$10.3 million (2024: HK$4.1 million) was recognized.

Impairment Loss on Non-Financial Assets

The impairment test is performed on the Company's NG business segment (the "**CGU**") using cash flow projections approved by the management covering a period of ten years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGU included in the cash flow projections comprising point-to-point supply of LNG (retail) and distribution of LNG (logistics) businesses.

Based on the impairment test, the recoverable amount of the CGU is excess its carrying value, as such, no impairment loss was recognised for the Current Year.

Impairment loss on Goodwill

Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from that business combination. The CGUs are principally engaged in the new energy business.

The impairment test is performed on the Oasetech Limited's new energy business (the "**CGUs**") using cash flow projections approved by the management covering a period of ten years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGUs included in the cash flow projections comprising new energy business operated by Oasetech Limited.

Based on the impairment test, the recoverable amount of the CGUs is excess its carrying value, as such, no impairment loss was recognised for the Current Year.

Income Tax Expense

Income tax expense mainly comprise current income tax and deferred income tax, the PRC subsidiaries of the Company are subject to the Enterprise Income Tax as determined under PRC tax laws and accounting standards.

Income tax expense of the Company for the Current Year amounted to approximately HK$3.9 million as compared to the income tax expense of HK$4.0 million for the Previous Year.

Loss for The Year

As a combined result of the factors discussed above, the Company's net loss for the Current Year was approximately HK$121.9 million as compared to a net loss of approximately HK$146.8 million for the Previous Year.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

Property, Plant and Equipment

As at 31 March 2025, the property, plant and equipment of the Group amounted to approximately HK$447.5 million mainly consisting approximately HK$236.0 million equipment and machinery, approximately HK$54.1 million motor vehicles, approximately HK$80.7 million building and approximately HK$76.7 million construction in progress and other assets.

Loan and Reimbursement Receivables

As at 31 March 2025, the loan and reimbursement receivables of the Company amounted to approximately HK$112.8 million (2024: HK$112.8 million), are due from two borrowers made in the ordinary course of the Company's money lending business some years ago, which are secured by legal charges over the borrowers' assets.

The loan and reimbursement receivables comprise outstanding loan principal amount and accrued interest. Dr. Kan, the substantial shareholder of the Company, has undertaken with the Company that the Company reserves the right to execute a reimbursement receivable on the aforementioned loan principal and interest if the borrowers fail to repay. Senior management of the Company has always been monitoring closely the recovery of the loans under the previous adverse condition.

Accounts and Other Receivables

As at 31 March 2025, the accounts and other receivables of the Company amounted to approximately HK$332.3 million (2024: HK$189.4 million), comprises accounts receivable, value-added tax recoverable, prepayments, deposits and other receivables. The increase in the accounts and other receivables was mainly due to increase in account receivables resulting from newly added new energy business.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2025, the cash and cash equivalents of the Company amounted to approximately HK$37.3 million (2024: HK$43.6 million), mainly denominated in Hong Kong Dollar and Renminbi.

As at 31 March 2025, total interest-bearing bank and other borrowings of the Company amounted to approximately HK$647.4 million (2024: HK$774.0 million), mainly comprises the loans due to a substantial shareholder of the Company and bank borrowings. The interest-bearing bank and other borrowings were mainly used to finance working capital and infrastructure projects of the Company. The maturity profile was spread over a period, with approximately HK$139.2 million repayable within one year and approximately HK$508.2 million repayable after one year.

During the Current Year, the Company financed its operations and investment activities through a combination of operating cashflows and interest-bearing borrowings. As at 31 March 2025, equity attributable to owners of the Company amounted to approximately HK$225.5 million (2024: HK$37.2 million).

GEARING RATIO

The Company monitors capital on the basis of the gearing ratio. Gearing ratio is calculated by dividing the interest-bearing debts by total equity at the year end date and expressed as a percentage, the net debts are defined as interest-bearing borrowings that exclude payables and accruals incurred in the ordinary course of business. As the result of the capitalization of shareholder loans, the gearing ratio as at 31 March 2025 was decreased to 271.6% (2024: 1300.3%).

PLEDGE OF ASSETS

As at 31 March 2025, the Company's land use rights, certain construction in progress and equipment and machinery with an aggregate carrying amount of approximately HK$82.0 million (2024: HK$85.9 million) were pledged to secure certain loans and banking facilities granted to the Company.

CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure adequate return and to uphold the assets of the Company to continue as going concern. The Company actively and regularly reviews and adjust capital structure to cope with changes in economic conditions.

CAPITAL COMMITMENT

As at 31 March 2025, the total capital commitments by the Company amounted to approximately HK$133.1 million (2024: HK$143.6 million), which were mainly contracted commitments in respect of project construction and purchase of machinery and equipment.

CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 31 March 2025 (2024: Nil).

RISK MANAGEMENT AND INTERNAL CONTROL

The Company established a risk management framework during the Current Year to identify risks, set risk appetites, and develop risk response plans. To prevent and identify risks, the Company set up an internal audit department and a safety supervision department during the Current Year, and has commenced risk identification and management work. Management plans to review this framework periodically to determine the effectiveness of the risk management procedures. Management also discusses risk response measures based on the risk issues reported by the internal audit department and the safety supervision department. The Company engaged an external consultant to perform annual review on the assessment of the internal control system and to make recommendations for improving and strengthening the system for the Current Year, no significant area of concern that may affect the financial, operational, compliance, control and risk management of the Company has been identified. The Board considered the Company's internal control system to be effective and adequate.

The Company has various financial assets and financial liabilities arising from business operations, we intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on the business and financial condition. The NG business, new energy business and and financial services business of the Company faces a variety of risks in its operations, including credit risk, liquidity risk, interest rate risk, operational risk, and legal and compliance risk. The Company recognises the importance of effective risk management for identifying and mitigating these risks. The Company manages the risks through comprehensive due diligence on customers, information review and multi-level approval process to the characteristics of its business operations. The Company will continue to monitor and review the operation and performance of the risk management and improve from time to time to adapt to the changes in market conditions and the regulatory environment.

Macroeconomic Fluctuation and Industry Cyclicality Risks

The Company is engaged in the NG industry, the market demand for NG is closely related to the development of the national economy, infrastructure investment and construction and environmental protection policies etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any future adverse changes in the macro environment, market demand and the environment of competition in the future, which will adversely affect the business growth, NG sales or cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

In addition, the Company's results are significantly influenced by factors including changes in industry policies and the market demand and the increase in labor costs. In the future, in case of any adverse change including failure of the Company to effectively predict the change of market demand or grasp industry policies accurately, or flare-ups of the pandemic, the Company will be subject to risks of a slowdown in the growth of the global business market or even fluctuation of results of operations.

The Company is committed to promoting compliance in its diversified development, further building and improving the business arrangements around the nation, thus enriching the revenue structure of main businesses of the Company and maintaining the sustainable competitive advantage of the Company in the complex environment. Meanwhile, the Company has always monitored the regulatory trend in the places where it operates, adjusted its business strategies in a timely manner, thoroughly studied the industry standards in the places where it operates. The Company has continuously improved to ensure that the Company meets the conditions of its business licenses, so as to guarantee the sustainable and healthy development of its business.

Management Discussion and Analysis

Risk of Exchange Rate Fluctuations

The major operating units of the Company is in China and is exposed to foreign exchange risk that comes from future commercial transactions and holding assets and liabilities in Renminbi, as the reports of the Company is in Hong Kong Dollar, a strengthen of the Hong Kong Dollar against Renminbi will have a negative impact on the reported comprehensive income. The Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the reporting currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

The Company manages its foreign exchange risk by regularly reviewing its net exposure to foreign exchange risk, the management of the Company continuously monitors factors that may affect exchange rate fluctuations, including but not limited to changes in the economic environment, policy changes, and geopolitical events and considers taking appropriate hedging measures when necessary.

Shortage In the Supply of NG and Risk of Significant Increase In Prices

The Company's operation process depends on the timely and stable supply of NG, despite stable partnerships with the major supplier for sufficient supply and relatively stable prices, any sudden and significant changes in production and operation of the major supplier, the quality of natural gas supplied or the period of supply failing to meet the Company's requirements, any changes in the business relationship with the Company, or significant fluctuations of the supply prices and failure of the Company to adjust the selling prices proportionally in a timely manner may have adverse impacts on the operation of the Company.

The Company will actively use the price and scale advantage created by centralized purchase channels as well as effective control of supply platforms to reduce purchase costs and the impact of fluctuations in NG prices.

LEGAL PROCEEDINGS

On 9 May 2024, the Company received a "Civil Ruling" dated 25 April 2024 issued by the Tianjin Maritime Court of PRC regarding claims brought by an independent creditor of NG segment. Pursuant to the Civil Ruling, Great Trend Investment Management (Shanghai) Company Limited*, an indirect wholly-owned subsidiary of the Company, was liable to pay the creditor the outstanding balance, along with a penalty charge and overdue interest. The penalty charge was amounting to approximately HK$39,221,000. Both the Company and its wholly-owned subsidiary, China LNG Limited, act as guarantors for the outstanding balance and the penalty charge.

For prudent purposes based on legal advice, a full provision for penalty expenses in the amount of approximately HK$39,221,000 was recognised during the year ended 31 March 2024.

Additionally, the Group will continue to incur overdue interest from 1 April 2024, until the outstanding balance are settled and the remaining LNG bank containers are returned. A full provision for overdue interest in the amount of approximately HK$13,268,000 was recognized during the year end 31 March 2025.

* English company name translated for identification purpose only.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2025, the Company had 518 employees (2024:478). The significant increase in staff numbers was mainly due to the development of our new energy business and the acquisition of Oasetech Limited during the year. Total employee costs (including directors' compensation) were approximately HK$94.6 million (2024: HK$59.7 million), representing a 58.5% increase. This increase occurred because several new energy companies established in the Current Year and the newly acquired Oasetech Limited incurred a full year's employee costs during this Current Year, whereas in the Previous Year, these costs were only accounted from the acquisition date of Oasetech Limited.

Employee compensation aligns with market trends and industry standards and is regularly reviewed based on individual performance. Besides basic salaries, our employees receive benefits including social security contributions, participation in an employee provident fund scheme, and eligibility for our company share option plan.

The emoluments of the Directors and senior management is determined by reference to their performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate and will be subject to review by the remuneration committee and the Board from time to time.

Human resources are the most valuable asset to the Company, we always attaches great importance to the personal development of our employees, we believes the maintaining enthusiasm of employees is the key to continuous success, hence the Company emphasized the importance of talent cultivation and put resources in regular training courses to enhance employees' technical knowledge and safety awareness as well as management skills.

MATERIAL ACQUISITIONS AND DISPOSALS

The Company has no material acquisitions and disposals of subsidiaries, associates or joint ventures during the Current Year.

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

During the year ended 31 March 2023, a total of 20,999,040 shares of the Company (the "**Shares**") were transferred from the name of a borrower and a margin client (the "**Clients**") to the 60.42%-owned subsidiaries of the Company due to the foreclosure of relevant receivables from the money lending business and securities brokerage business in the ordinary course of business. Pursuant to the arrangement between the Clients, a total of 15,920,000 shares were sold during the Current Year, and a total of 5,079,040 shares were sold during the Previous Year, the difference between the sale proceeds and the carrying amount of the shares is recognised in share premium.

As at 31 March 2025, there were no treasury shares held by the company.

PROFIT GUARANTEE IN RESPECT OF THE ACQUISITION OF 100% EQUITY INTEREST OF OASETECH LIMITED

On 2 February 2024, the Company completed the acquisition of 100% equity interests in Oasetech Limited and its subsidiaries (the "**Oasetech**") at the consideration of HK$100 million which was satisfied by the issuance of 232,558,140 ordinary shares at fair value of HK$0.43 per share.

Regarding the aforementioned acquisition, the vendors of Oasetech have guaranteed to the Company that the audited consolidated cumulative net profit after tax of Oasetech (the "**Net Profit**") for the three-year period ending 31 March 2027 shall be no less than RMB31,844,400 (the "**Profit Guarantee**"). The Profit Guarantee does not specify minimum profit targets for individual years within the guaranteed period.

Management Discussion and Analysis

In the event the Profit Guarantee is not fulfilled, the Company shall buy back the calculated number of Company's ordinary shares from the Vendor at the consideration of HK$1, the number of shares will be calculated as follows:

Number of shares= (RMB31,844,400– Net Profit)÷RMB31,844,400 x 232,558,140

For the first year ended 31 March 2025, Oasetech achieved a net profit of RMB2,546,000, representing approximately 8% of the total guaranteed profit amount of RMB31,844,400.

In the opinion of the Directors, the fair value of the contingent receivable arising from potential compensation from the vendor at the end of the Profit Guarantee period is considered minimal because:

- The actual shortfall between the Net Profit and the Profit Guarantee has yet to be ascertained until the release of audited accounts of Oasetech for the financial year ending 31 March 2027;

- Forecasted business growth supported by confirmed new projects which shall start contributing both revenue and profit to Oasetech in financial year ending 31 March 2026 provide reasonable assurance that future profitability will align with original expectations; and

- There are no indicators as at the reporting date that would materially undermine Oasetech's capability to achieve the remaining portion of the guaranteed profit.

Accordingly, no material contingent receivable has been recognized as at 31 March 2025.

Furth announcement(s) will be made by the Company in relation to the Profit Guarantee as and when appropriate.

EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the end of the reporting period and up to the date of this report are set out in the note 39 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Zhanjiang Centralized Energy Supply and Distribution Base

Reference is made to the announcement of the Company date 9 December 2024, Gangneng Smart Energy (Zhanjiang) Co., Ltd. a joint venture of the Group, secured this project in Zhanjiang Port Industrial Zone, with construction starting on 6 December 2024. We plan to invest up to RMB800 million to build a biomass heating energy station with supporting facilities and distribution pipelines. After completion, we will receive unlimited exclusive operating rights to supply industrial steam services to the industrial zone.

The project has two phases: (i) Investment of RMB560 million, annual green steam capacity of 1.3 million tonnes, (ii) Investment of RMB240 million, annual green steam capacity of 1.0 million tonnes.

Dongguan Songshan Lake Scipolis Centralized Energy Station Project

References is made to the announcement of the Company dated 11 July 2024 and 6 August 2024, in relation to, the Company received a notice from the government on 11 July 2024 that the Group has successfully won the bid (the "**Tender**") for a 20-year exclusive franchise for the centralized energy station project in the Songshan Lake Scipolis in Dongguan (the "**Centralized energy station**").

On 6 August 2024, Oasetech Energy, an indirect wholly owned subsidiary of the Company, entered into the Investment and Operation Agreement with Dongguan Huiheng, pursuant to which (i) Oasetech Energy agreed to invest in the Project with an amount of RMB107 million (equivalent to approximately HK$117 million); and responsible for the building of the integrated system including cooling system, steam system, photovoltaic power generation, energy storage and charging piles, Oasetech Energy shall be granted a 20 year exclusive operating right for the Project; Oasetech Energy can enter into energy supply contract with the enterprises located in the Songshan Lake Scipolis and receive revenue calculated based on their actual energy consumption; (ii) Dongguan Huiheng agreed to provide the land for the Project and assist Oasetech Energy to obtain the necessary administrative approvals and filings for construction of the project, including but not limited to the property ownership certificate, the land use planning permit, the construction project planning permit, the construction project building permit and the investment filing certificate. Dongguan Huiheng shall be entitled to share a portion of the operating revenue according to the contract terms, accounting for 5%-20% of the revenue generated from various energy supply; and (iii) after the expiration of the 20 year exclusive operating right, the ownership and management rights of the integrated energy system will be unconditionally transferred to Dongguan Huiheng.

China HK Power Smart Energy's headquarters

References is made to the announcement of the Company dated 7 August 2024, in relation to that the Company has entered into a Strategic Cooperation Framework Agreement (the "**Framework Agreement A**") with the Management Committee of Yixing Economic and Technological Development Zone (the "**Committee**") under the Yixing Municipal Government to jointly establish a limited liability company (the "**Joint Venture Company**").

The Joint Venture Company will set up China HK Power Smart Energy's headquarters production base and R&D center (the "**Project A**") in the Yixing Economic and Technological Development Zone, focusing on the development of green and low-carbon energy transformation and smart energy system construction, with the goal of becoming a leading and globally influential smart low-carbon energy industry base and R&D center in China. The Project A itself will also be constructed as a zero-carbon demonstration project.

Key details of the Framework Agreement are as follows:

The Committee will provide the land approximately 60 mu in size within the Yixing Economic and Technological Development Zone for the Project A site and auction the land at the market price. The Joint Venture Company will proceed to bid the land if the Group consider the land location and price of the land are suitable. The other terms of the Framework Agreement A will only come to effect once the above process is completed.

The registered capital of the Joint Venture Company is RMB120 million. The Group will contribute RMB90 million, and a state-owned enterprise (the **"SOE"**) designated by the Committee will contribute RMB30 million, with a shareholding ratio of 75% for the Group and 25% for the SOE. Both parties will complete the initial investment through paid-in capital.

If the Joint Venture Company requires additional investment in the future, it will be negotiated between the two parties at that time.

The Framework Agreement A establishes the initial terms and conditions for the cooperation between the parties. The specific details regarding the establishment of the Joint Venture Company and the acquisition of land will be outlined in separate agreements – the joint venture agreement and the sale and purchase of state-owned land use right agreement, respectively.

Management Discussion and Analysis

Weiyang District, Xi'an City clean energy municipal centralized cooling/heating project

References is made to the announcement of the Company dated 10 September 2024, in relation to that HK Power Investment (Shenzhen) Co., Limited#, an indirect wholly owned subsidiary of the Company has entered into a Strategic Cooperation Framework Agreement (the "**Framework Agreement B**") with the People's Government of Weiyang District, Xi'an City for an exclusive franchise for clean energy municipal centralized cooling/heating project (the "**Project B**").

The Group will invest in the Project B located in the Weiyang Lake area of Xi'an City with a maximum amount of RMB417 million and responsible for the building of a 182.2MW integrated energy station and a 5 million square meter wastewater source system along with the installation of transmission and distribution pipelines. Upon completion of the construction, the Group will obtain the exclusive franchise for the Project B.

The Framework Agreement B establishes the initial terms and conditions for the cooperation between the parties, with specific details to be separately formalized in an investment service agreement.

The aforesaid agreements does not commit to the purchase requirement which is subject to conditions in the annual supply agreements.

Save as disclosed above, there was no other plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

Biographical of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Kan Che Kin, Billy Albert ("Dr. Kan")

Dr. Kan, aged 73, is an executive Director and the Chairman of the Board of the Company, he is also the controlling shareholder of the Company as defined in the Rules Governing the Listing of Securities in the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Dr. Kan graduated from the University of East Anglia in the United Kingdom with a Bachelor of Science degree and further received a degree of Doctor of Civil Law honoris causa in 2016. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Securities Institute, he is also a reasonable officer under the SFC in Hong Kong. Dr. Kan worked for Deloitte Touche Tohmatsu Limited and KPMG, he has extensive experience in accounting, taxation and corporate finance. Dr. Kan has over 30 years of experience in serving on the board of directors of financial institutions and listed companies in Hong Kong, including Security Pacific Credit Hong Kong Limited (a subsidiary of Security Pacific National Bank, taken over by Bank of America then by China Construction Bank), he was an executive director of Warderly International Holdings Limited (now renamed as Fullshare Holdings Limited, stock code: 607) and resigned on December 2013, he was a director of Interchina Holdings Company Limited (now renamed as EverChina Int'l Holdings Company Limited, stock code: 202) and resigned on September 2000, shares of which are listed on the Stock Exchange of Hong Kong. Ms. Kan Kung Chuen Lai is the spouse of Dr. Kan. Mr. Li Kai Yien, Arthur Albert is a nephew of Dr. Kan.

Mr. Deng Yaobo ("Mr. Deng")

Mr. Deng Yaobo, aged 54, was appointed as an executive Director and the chief executive officer of the Company on 2 October 2023. Mr. Deng graduated from Zhongnan University of Economics and Law in 1993, majoring in industrial economics, with a bachelor's degree in economics. He holds the qualifications of China's registered cost engineer and China's registered asset appraiser.

Mr. Deng was the vice president of China Gas Holdings Limited ("China Gas"), a company listed in Stock Exchange of Hong Kong (stock code: 384). He also served as the chief strategy officer and director of certain subsidiaries of China Gas from May 2002 to September 2023, responsible for the strategic development, corporate management, corporate culture and heating business of China Gas. Mr. Deng has extensive experience in project investment and corporate management.

Mr. Li Kai Yien, Arthur Albert ("Mr. Arthur")

Mr. Arthur, aged 52, was appointed as an executive Director of the Company in October 2007. Mr. Arthur graduated from the University of Southern California with a Bachelor of Science degree in 1995, he is a member of the Association of International Certified Professional Accountants since 2001. Mr. Arthur has more than 20 years of experience in accounting and securities dealing, he is currently a dealer representative of Phillip Securities (HK) Ltd. Mr. Arthur is a nephew of Dr. Kan.

NON-EXECUTIVE DIRECTORS

Mr. Simon Murray ("Mr. Murray")

Mr. Murray, aged 85, was appointed as an independent non-executive Director of the Company on 23 October 2014 and was re-designated as a non-executive Director on 2 April 2015. Mr. Murray holds an Honorary Degree in Law from the University of Bath and has completed the Stanford Executive Program in the United States. Mr. Murray brings with him extensive experience across the finance, transportation, natural resources, infrastructure and power sectors.

Mr. Murray is the founder of General Enterprise Management Services Limited, a private equity fund management company. Currently, Mr. Murray serves as an independent non-executive Director of Spring Asset Management Limited, the manager of Spring Real Estate Investment Trust (stock code: 1426), whose shares of which are listed on the Stock Exchange of Hong Kong.

Having served as an independent non-executive Director of Wing Tai Properties Limited (stock code: 369) for an extended period, Mr. Murray officially retired following the company's Annual General Meeting held on 29 May 2025. Mr. Murray was previously the executive Director of Hutchison Whampoa Limited for 10 years and also served as an independent non-executive Director of Cheung Kong Property Holding Limited (now renamed as CK Asset Holdings Limited, stock code: 1113), which is listed on the Stock Exchange of Hong Kong. In addition, he held the role of the executive chairman of Deutsche Bank AG Asia Pacific.

Biographical of Directors and Senior Management

Mr. Murray was appointed a Commander of The Most Excellent Order of the British Empire (CBE) and a Chevalier de l'Ordre national du Mérite of the French Republic and Chevalier de La Legion d'Honneur.

Mrs. Kan Kung Chuen Lai ("Mrs. Kan")

Mrs. Kan, aged 74, has been a director at BK Capital Limited since 1995, a private company engaged in merchandise trading, properties investment and securities trading, for over 30 year. Mrs. Kan has extensive experience in areas of investment and administration. Ms. Kan is the spouse of Dr. Kan.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Siu Yui ("Mr. Li")

Mr. Li Siu Yui, aged 55, was appointed as an independent non-executive Director of the Company in October 2007. Mr. Li obtained a Master's degree in Business Administration from the University of Wales, he has over 20 years of investment and managing experience. He currently is a responsible officer under the SFC in Hong Kong.

Mr. Li was an independent non-executive director of EJE (Hong Kong) Holdings Limited (formerly known as Jia Meng Holdings Limited) for the period from July 2017 to January 2020, he was an independent non-executive director of Fullshare Holdings Limited (formerly known as Warderly International Holdings Limited (stock code: 607) for the period from June 2008 to December 2013, a company listed in the Stock Exchange of Hong Kong.

Mr. Chow Ching Ning ("Mr. Chow")

Mr. Chow Ching Ning, aged 57, was appointed as an independent non-executive Director of the Company in September 2019. Mr. Chow graduated from the Hong Kong Polytechnic University with a Bachelor (Hons) degree, he is a member of the CFA Institute and a Fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 20 years of investment experience in Mainland China, Israel and South East Asia region.

Mr. Chow currently is a Managing Partner of Radiant Tech Ventures ("**Radiant**"), an asset management company licensed under the SFC Hong Kong. Radiant is one of the first batch of six selected co-investment partners of the HKSAR Government to build up the technology eco-system in Hong Kong, investing mainly in sectors such as fintech, AI and robotics, Web3 and ESG. He is also an independent non-executive director of Shanshan Brand Management Company Limited, a company listed in the Stock Exchange of Hong Kong (stock code: 1749).

Mr. Chow was an independent non-executive director of SinoSun Technology Company Limited, a company listed in Shenzhen Stock Exchange (SZSE stock code: 300333) for the period from April 2017 to May 2020, he also served as a managing director and a member of the investment committee for JAFCO Investment (Asia Pacific) Limited responsible for overall investment decisions in the APAC region except Japan.

Mr. Lam Lum Lee ("Mr. Lam")

Mr. Lam, aged 79, was appointed as an independent non-executive Director of the Company in May 2015. Mr. Lam is currently the chairman of China Information Industry Association, the chairman of China Culture & Education Foundation and the honorary chairman of Hong Kong Critical Components Manufacturers Association. He was a committee member of Hong Kong Vocational Training Council of Electronic and Telecommunication Division, the president of Hong Kong Critical Components Manufacturers Association, the vice chairman of Hong Kong Electronic Technology Association and a director of Hong Kong Optoelectronic Association.

COMPANY SECRETARY

Mr. Fung Chun Yin ("**Mr. Fung**"), was appointed on 8 April 2024 as the company secretary of the Company. Mr. Fung holds a Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants and has extensive experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Fung served in a key financial position in a Hong Kong listed company.

CORPORATE GOVERNANCE PRACTICE

The Board and the management of the Company are committed to upholding a sound corporate governance practices and procedures in the firm belief that high standards of corporate governance provides a framework and solid foundation is essential to improving the efficiency and performance of the Company and to safeguard the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and complies with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company.

CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules as its code of corporate governance. For the Current Year, the Board is of the view that the Company has complied with the applicable code provisions set out in the CG Code as contained in Part 2 of Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the Current Year.

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

Corporate Mission, Values, Vision and Culture

The Group, as an integrated energy service provider primarily engaged in investment, construction, operation, and technical services in the new energy and natural gas business, our vision is to "build a modern energy system, create a green and beautiful energy industry, and become a global leader in smart energy services". the Group's core values are "Compliance and Value Creation, Collective Intelligence, Ecological Advancement, and Win-Win Cooperation", aiming to achieve the mission of "Serving Society and Achieving Together". Under the guidance of the Group's core values and mission, the strategic direction is shaped to achieve sustainable corporate development and create value for shareholders, while contributing to the acceleration of China's effort to build a safe, efficient, green, and low-carbon modern smart energy system and to achieve the dual-carbon goals on schedule.

Corporate Governance Report

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 in performing its corporate governance functions under the CG Code include:

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

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

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

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

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

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, and (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

BOARD OF DIRECTORS

The Board currently comprises eight Directors, with three executive directors, two non-executive director and three independent non-executive directors. The composition of the Board during the year is set out as follows:

Executive Directors

Dr. Kan Che Kin, Billy Albert *(Chairman) (Note)*
Mr. Deng Yaobo *(chief executive officer)*
Mr. Li Kai Yien, Arthur Albert *(Note)*

Non-Executive Directors

Mr. Simon Murray
Mrs. Kan Kung Chuen Lai *(Note) (appointed on 2 December 2024)*

Independent Non-Executive Directors

Mr. Li Siu Yui
Mr. Chow Ching Ning
Mr. Lam Lum Lee

Note: Mr. Li Kai Yien, Arthur Albert is the nephew of Dr. Kan.
Ms. Kan Kung Chuen Lai is the spouse of Dr. Kan.

Each of the current independent non-executive Directors has given an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

THE BOARD

Role and function

The Board is responsible for leadership of the Company and be collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board focuses on formulating the Company's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Company; and setting the Company's values and standards. The Board delegates the day-to-day management, administration and operation of the Company to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Company.

Composition

As at the date of this annual report, the Board currently comprises eight members, consisting of three executive Directors, two non-executive Director and three independent non-executive Directors. The List of Directors is set out in the headed "Board of Directors" of this section. There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 19 to 20 of this annual report.

The Directors have no financial, business, family or other material or relevant relationship with each other save as disclosed.

Pursuant to the rule 13.92 of the Listing Rules, listed issuers are required to adopt a board diversity policy, the Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Company. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Under the revised Rule 13.92 of the Listing Rules, a single gender Board will not be considered by the Stock Exchange to have achieved Board diversity. The appointment of Mrs. Kan as a non-executive Director on 2 December 2024 allows the Company to comply with this new requirement. This diversity policy is reviewed annually by the nomination committee of the Company and where appropriate, revisions will be made with the approval from the Board.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy to monitor the operation and financial performance of the Company. The Company Secretary assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held as at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications.

Corporate Governance Report

During the Current Year, the Board had convened seven regular Board meetings, two general meeting and one extraordinary general meeting, the attendance records of the Directors are set out as follows:

Directors	Number of meetings held and attended during the Current Year Regular Board meetings	General meeting	Extraordinary General meeting
Executive Directors			
Dr. Kan Che Kin, Billy Albert ("**Dr. Kan**") (Chairman)	6/7	2/2	1/1
Mr. Deng Yaobo (Chief executive officer)	7/7	2/2	1/1
Mr. Li Kai Yien, Arthur Albert	6/7	2/2	1/1
Non-Executive Directors			
Mr. Simon Murray	6/7	1/2	0/1
Mrs. Kan Kung Chuen Lai (appointed on 2 December 2024)	0/7	0/2	0/1
Independent Non-Executive Directors			
Mr. Li Siu Yui ("**Mr. Li**")	7/7	2/2	1/1
Mr. Chow Ching Ning ("**Mr. Chow**")	7/7	2/2	1/1
Mr. Lam Lum Lee ("**Mr. Lam**")	7/7	2/2	1/1

Access to Information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Company before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access the Company's senior management to make further enquiries if necessary.

DIRECTORS' INDUCTION AND PROFESSIONAL DEVELOPMENT

On appointment to the Board, each newly appointed Director shall receive a comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and sufficient aware of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Company generally. On an ongoing basis, Directors are encouraged to keep up-to–date on all matters relevant to the Company and to attend briefings, seminars and relevant training courses as appropriate. The Directors are requested to provide the Company with their respective training record pursuant to the requirement of the CG Code on continuous professional development.

During the Current Year, all of the Director have participated in appropriate continuous professional development activities by way of attending training sessions, conferences and seminars and reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Company nor has any relationship with other Directors.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has currently appointed three independent non–executive Directors, one of the three independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Pursuant the code provision B.3.1 of the CG Code as set out in Appendix C1 to the Listing Rules, the Nomination Committee has assessed the independence of independent non-executive Directors during the Current Year.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. No less than one-third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the Articles of the Company.

APPOINTMENTS AND RE-ELECTION OF DIRECTORS

Nomination Policy

The Board has adopted the following policies for the nomination of directors in determining the suitability of a candidate, the Nomination Committee and the Board considers the potential contributions that a candidate can bring to the Board and/or the Company. The Nomination Committee would consider a candidate in terms of qualifications, skills, experience, independence and other factors. The following shows a non-exhaustive list of selection criteria:

- the candidate's reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experience which are relevant to the operations of the Company; and
- the relevant factors set out in the board diversity policy of the Company (as amended from time to time).

Nomination Procedures

The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed Director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria and the board diversity policy of the Company.

In the context of appointment of any proposed candidate to the Board:

- the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of candidates, including referrals from the Directors, shareholders, management, advisers of the Company;

- the Nomination Committee shall identify and ascertain the character, qualification, knowledge and experience of the candidate and perform adequate due diligence in respect of such candidate;

- the Nomination Committee shall make recommendations by submitting the candidate's personal profile to the Board for its consideration; and

- According to the Article 86(3) of the Articles of the Company, any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at such general meeting.

Retirement of Directors

Code Provision B.2.2 stipulates that every director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing Directors of the Company are not appointed for specific terms, but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of the Company at least once every three years.

In accordance with Article 87(1) of the Articles of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Dr. Kan, Mr. Li and Mr. Lam shall retire by rotation at the forthcoming annual general meeting of the Company (the "**2025 AGM**") and they, being eligible, have offer himself for re-election.

Pursuant to Articles 86(2) of the Articles, Mrs. Kan who was appointed as a non-executive Director of the Company with effect from 2 December 2024, shall retire from office and being eligible, have offed himself for re-election at the 2025 AGM.

Pursuant to the code provision B.2.3 of the CG Code as set out in Appendix C1 to the Listing Rules, any further appointment of INED serving more than 9 years should be subject to a separate resolution to be approved by Shareholders. As at the date of the 2025 AGM, Mr. Li and Mr. Lam as the INEDs serving on the Board for more than 9 years. However, they have never held any executive or management position in the Group nor have they throughout such period been under the employment of any member of the Group. The Directors noted the positive contributions of Mr. Li and Mr. Lam to the development of the Company's strategy and policies through independent, constructive and informed contributions supported by their skill, expertise and qualification and from their active participation at meetings. Each of Mr. Li and Mr. Lam had given his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company and the Nomination Committee has assessed and reviewed each of the annual written confirmation of independence of the INEDs based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the INEDs including Mr. Li and Mr. Lam remain independent. Hence, the Board considers that the long services of Mr. Li and Mr. Lam would not affect their exercise of independent judgment and therefore recommends Mr. Li and Mr. Lam to be re-elected as the INEDs at the 2025 AGM.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely Mr. Li (Chairman), Mr. Chow and Mr. Lam, all being independent non-executive Directors, none of them is a partner or former partner in the preceding two years of the existing auditors of the Company, or has or had in the preceding two years any financial interest in the existing auditors. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the Stock Exchange.

The main duties of the Audit Committee include:

- to be primarily responsible for making recommendations and advice to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;

- to review and monitor the external auditors' independence and objectivity and the effectiveness of the internal audit process in accordance with applicable standards;

- to develop and implement policy on engaging an external auditors to supply non-audit services, and to review and monitor the extent of non-audit works undertaken by external auditors;

- to monitor the integrity of financial statements and the annual report and accounts and interim report, and to review significant financial reporting judgments contained in them;

- to discuss the risk management and internal control systems with management of the Company to ensure that the management of the Company has performed its duty to have an effective risk management and internal control systems; and

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

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.

During the Current Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditors. The financial statements for the Current Year and this annual report have been reviewed by the Audit Committee.

Three meetings of the Audit Committee were held during the Current Year. The executive Directors, senior management and/or the external auditors of the Company were invited to join the discussions at the meetings, as the may be issues concerning the financial reporting and internal control were discussed, the attendance of each member is set out as follows:

Name of members of Audit Committee	Number of meetings held and attended during the Current Year
Mr. Li *(Chairman)*	3/3
Mr. Chow	3/3
Mr. Lam	3/3

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises three members, namely Mr. Li (Chairman), Mr. Chow and Dr. Kan. A majority of the members of the Nomination Committee namely Mr. Li and Mr. Chow are independent non-executive Directors. Dr. Kan, the member of the Nomination Committee is also the Chairman of the Board and executive Director of the Company.

The principal responsibilities of the Nomination Committee include:

- to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer; and
- to conform to any requirement, direction, and regulation that may from time to time be contained in the Articles of the Company or imposed by the Listing Rules or applicable law.

Three meetings of the Nomination Committee were held during the Current Year, issues concerning revision of the structure size and composition of the Board and the board diversity policy were discussed, the attendance of each member is set out as follows:

Name of members of Nomination Committee	Number of meetings held and attended during the Current Year
Mr. Li *(Chairman)*	3/3
Mr. Chow	3/3
Dr. Kan	3/3

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Li (Chairman), Mr. Chow and Dr. Kan, A majority of the members of the Remuneration Committee namely Mr. Li and Mr. Chow are independent non-executive Directors. Dr. Kan, the member of the Remuneration Committee is also the Chairman of the Board and executive Director of the Company.

The principal responsibilities of the Remuneration Committee include:

- to consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management below Board level;

- to make recommendations to the Board on the remuneration of independent non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- to conform to any requirement, direction, and regulation that may from time to time be contained in the Articles of the Company or imposed by the Listing Rules or applicable law.

Three meetings of the Remuneration Committee were held during the Current Year, to considers the remuneration of the executive Directors and senior management and made recommendations to the Board taking into consideration industry practices and norms in compensation, in addition to the performance relative to the Company and its subsidiaries and the performance of the individual Directors. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Name of members of Remuneration Committee	Number of meetings held and attended during the Current Year
Mr. Li *(Chairman)*	3/3
Mr. Chow	3/3
Dr. Kan	3/3

The emoluments of the Directors and senior management of the Company are determined by the Remuneration Committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Current Year.

The remuneration of Directors and senior management of the Company during the year falls within the following bands:

Remuneration bands	Number of persons
Nil to HK$1,000,000	8
HK$1,000,001 to HK$4,000,000	3

Directors' emoluments comprise payments (includes share based payments) and other benefits to the Directors in connection with their respective managing affairs in the Company. Further details of the emoluments of the Directors and the five highest paid individuals of the Company during the Current Year are set out in notes 8 and 9 to the consolidated financial statements.

ACCOUNTABILITY AND AUDIT

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the consolidated financial statements of the Company that give a true and fair view of the state of affairs of the Company. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern and the Board has prepared the consolidated financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement issued by McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), the independent auditor of the Company, about their reporting responsibility is set out in the Independent Auditor's Report.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is primarily responsible for the establishment, maintenance and review of the Company's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the Shareholders and the assets of the Company.

The Board, as supported by the Audit committee, reviews the Company's overall risk management and internal control systems on an ongoing basis. At the same time, the Company endeavors to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

a) Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified;

b) The senior management is responsible for overseeing the Company's risk management and internal control activities, attending meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented; and

c) The Board is responsible for reviewing and approving the effectiveness and adequacy of the Company's risk management and internal controls systems.

The risk management framework, coupled with the internal controls of the Company, ensures that the risks associated with different business units are effectively controlled in line with the Company's risk appetite.

The Company established a risk management framework during the Current Year to identify risks, set risk appetites, and develop risk response plans. To prevent and identify risks, the Company set up an internal audit department and a safety supervision department during the Current Year, and has commenced risk identification and management work. Management plans to review this framework periodically to determine the effectiveness of the risk management procedures. Management also discusses risk response measures based on the risk issues reported by the internal audit department and the safety supervision department. The Company engaged an external consultant to perform annual review and to make recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Company has been identified. The Board considered the Company's internal control system to be effective and adequate.

AUDITOR'S INDEPENDENCE AND REMUNERATION—

The Audit Committee of the Company is responsible for considering the appointment and re-election of external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Company. McMillian Woods (Hong Kong) CPA Limited has been re-appointed as the auditor of the Group. The statement of the external auditors of the Group regarding their reporting responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditors' Report on pages 64 to 68 of this annual report.

The remuneration paid or payable to the external auditors of the Company, in respect of audit services and non-audit services for the year ended 31 March 2025 are set out below:

Services rendered	**Fees paid/payable** HK'000
Audit services	1,000
Non-audit services	106
Total	1,106

The Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

COMPANY SECRETARY

Mr. Fung Chun Yin ("**Mr. Fung**") has been appointed on 8 April 2024 as the company secretary of the Company. In compliance with rule 3.29 of the Listing Rules, Mr. Fung has confirmed that he has undertaken no less than 15 hours of relevant professional training during the year. The biographical details of Mr. Fung are set out under the section headed "Biographies of Directors and Senior Management".

The company secretary is responsible for ensuring that Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. The company secretary of the Company reports to the Board through the Chairmen whilst all Directors have access to the advice and services of the company secretary.

DISSEMINATION OF INSIDE INFORMATION

The Company regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Company in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Company's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretary of the Company.

DIVIDEND POLICY

The dividend policy of the Company is to distribute to its Shareholders the funds surplus to the operating needs, current and future business development of the Company as determined by the Board. The Company may declare and pay dividends to the Shareholders subject to the criteria as set out below.

In accordance with the Articles of the Company and subject to the relevant laws of the Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Board determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the relevant laws under the Cayman Islands.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at https://chinahkpower.todayir.com.

Separate resolutions are proposed at the general meetings for such substantially separate issues, including re-election of retiring Directors. The Chairperson of the AGM and the chairman/members of the Board Committee and the external auditor had attend the 2024 AGM to answer questions from the Shareholders. With the assistance of the Company Secretary, the Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

The Company regards communications with its investors as being vital and continues to enhance investor relations. Designated members of the Board and senior management of the Company are given the specific responsibilities to maintain regular contact with institutional investors, potential investors as well as other stakeholders. The Board reviewed the investor engagement and communication activities to date and was satisfied with the effectiveness of the shareholders communication policy in place.

GENERAL MEETING

The general meeting of the Company provides an opportunity for communication between the Shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates are available to answer questions at the Shareholders' meetings. The auditor of the Company is also invited to attend the Company's AGM and is available to assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditors' Report. Separate resolutions are proposed at the AGM on each substantial issue, including the election of the individual Directors.

At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the Chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands in accordance with Article 66 of the Articles of the Company. The Chairman will explain such rights and procedures during the AGM before voting on the resolutions.

SHAREHOLDERS' RIGHTS

Right to Convene an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of the Company, Shareholders can make a requisition to convene an extraordinary general meeting. The procedures for the Shareholders to convene an EGM are as follows:

(1) any one or more Shareholders (the "**Requisitionist**") holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

(2) such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) shall be reimbursed by the Company.

Right to putting forward Proposals at a General Meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Company at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "**Proposal**") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong at the 8th Floor, St. John's Building, 33 Garden Road, Central, Hong Kong in the manner as set out above.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

- at least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.
- at least 14 days' notice in writing if the Proposal requires approval in any other EGM.

Right to Proposing a Person for Election as a Director

Shareholders may by an ordinary resolution elect any individual ("**Candidate**") to be a Director. Candidate for election is proposed by separate resolutions put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of the Company, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedures:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.
2. Obtain a notice signed by the Candidate stating his willingness to be elected.
3. Both notices, completed in accordance with Rules 13.51(2) of the Listing Rules, are to be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.
4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is 7 days before the date of such general meeting.

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by facsimiles to (852) 3691 8282 for the attention of the company secretary of the Company.

Shareholders should direct their shareholdings enquiries to the Company's Hong Kong Branch Share Registrar at the following address:

Tricor Investor Services Limited
Address: 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Tel: (852) 2980 1333 Fax: (852) 2810 8185

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Current Year, there is no change in the Company's constitutional documents.

Directors' Report

The Directors present this annual report and the audited consolidated financial statements of the Company for the year end 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, the principal activities of the subsidiaries of the Company are set out in note 1 to the consolidated financial statements. Save as disclosed, there were no significant changes in the nature of the Company's principal activities during the Current Year.

RESULTS AND DIVIDENDS

The results of the Company for the Current Year are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 69 to 70 of this annual report.

The Board did not recommend the payment of any dividend for the Current Year (2024: nil).

BUSINESS REVIEW

A fair review and the likely future development of the Company's business are set out in the "Chairman's Statement" section from pages 3 to 4 of this report. A discussion and analysis of the Company's performance during the Current Year, important events occurred after the reporting period are set out in the Management Discussion and Analysis from pages 5 to 18 of this report. Description of the principal risks and uncertainties facing the Company are set out in the Corporate Governance Report of this report and notes to the consolidated financial statements respectively.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that employees, customers and business partners are key to its sustainable development. The Company is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staffs, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Company also puts ongoing efforts to provide adequate training and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

The Company understands that it is important to maintain good relationship with customers and provide the products and services in a way that satisfies the needs and requirements of the customers. The Company enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Company can respond proactively. The Company has also established procedures in place for handling customers' complaints to ensure they are dealt with in a prompt and timely manner.

The Company is also dedicated to develop and maintain good and long term relationships with suppliers and contractors to ensure stability of the Company's business.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Company's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. There may be other risks and uncertainties which are not known to the Company or which may not be material now but could turn out to be material in the future.

A substantial portion of the operating assets of the Company is located in the PRC and the Company expects that a material portion of the turnover will continue to be derived from the operations in the PRC. The results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange. The Company cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on the current or future business, results of operation or financial condition of the Company.

Description of the principal risks and uncertainties that the Company is facing are set out in the Management Discussion and Analysis section, the financial risk management of the Company is set out in note 38 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholder(s) to attend and vote at the 2025 AGM to be held on Friday, 22 August 2025, the register of members of the Company will be closed from Monday, 18 August 2025 to Friday, 22 August 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong for registration not later than 4:30 p.m. on Friday, 15 August 2025.

FIVE YEAR SUMMARY

A summary of the published consolidated results and of the assets and liabilities of the Company for each of the five financial years is set out on page 162 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the Company's property, plant and equipment during the Current Year are set out in note 13 to the consolidated financial statements.

ISSUED CAPITAL

Details of share capital of the Company are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year end 31 March 2023, a total of 20,999,040 shares of the Company (the "**Shares**") were transferred from the name of a borrower and a margin client (the "**Clients**") to the 60.42%-owned subsidiaries of the Company due to the foreclosure of relevant receivables from the money lending business and securities brokerage business in the ordinary course of business. Pursuant to the arrangement between the Clients, a total of 15,920,000 shares were sold during the Current Year and a total of 5,079,040 shares were sold during the Previous Year, the difference between the sale proceeds and the carrying amount of the shares is recognised in share premium.

As at 31 March 2025, there were no treasury shares held by the company.

Details of movement in the Company's treasury shares during the Current Year are set out in note 30 to the consolidated financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Current Year.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2025, the Company did not have any reserves available for distribution (2024: HK$Nil). The Company's reserves available for distribution to shareholders represent the aggregate of share premium, special reserve and accumulated losses, calculated in accordance with the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The share premium is available for paying distributions or dividends to shareholders of the Company subject to the provisions of its Articles and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The Articles of the Company provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and retained earnings. Details of the reserves of the Company as at 31 March 2025 are set out in note 40 to the financial statements.

MAJOR CUSTOMER AND SUPPLIER

During the Current Year, sales to the Company's five largest customers accounted for approximately 28.75% of the total revenue and sales to the largest customer included therein amounted to approximately 11.58%.

Purchases from the Company's five largest suppliers accounted for approximately 48.2% of the total purchases for the Current Year and purchases from the largest suppliers included therein amounted to approximately 12.35%.

None of the Directors or any of their respective associate(s) 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 beneficial interest in any of the Company's five largest customers or five largest suppliers.

DIRECTORS

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

Executive Directors:

Dr. Kan Che Kin, Billy Albert *(Chairman)*
Mr. Deng Yaobo *(Chief executive officer)*
Mr. Li Kai Yien, Arthur Albert

Non-Executive Directors:

Mr. Simon Murray
Mrs. Kan Kung Chuen Lai *(appointed on 2 December 2024)*

Independent Non-Executive Directors:

Mr. Li Siu Yui
Mr. Chow Ching Ning
Mr. Lam Lum Lee

Code Provision B.2.2 stipulates that every director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing Directors of the Company are not appointed for specific terms, but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of the Company at least once every three years.

In accordance with Article 87(1) of the Articles of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Dr. Kan, Mr. Li and Mr. Lam shall retire by rotation at the forthcoming annual general meeting of the Company (the "**2025 AGM**") and they, being eligible, have offer himself for re-election.

Pursuant to Articles 86(2) of the Articles, Mrs. Kan who was appointed as a non-executive Director of the Company with effect from 2 December 2024, shall retire from office and being eligible, have offed himself for re-election at the 2025 AGM.

Pursuant to the code provision B.2.3 of the CG Code as set out in Appendix C1 to the Listing Rules, any further appointment of INED serving more than 9 years should be subject to a separate resolution to be approved by Shareholders. As at the date of the 2025 AGM, Mr. Li and Mr. Lam as the INEDs serving on the Board for more than 9 years. However, they have never held any executive or management position in the Group nor have they throughout such period been under the employment of any member of the Group. The Directors noted the positive contributions of Mr. Li and Mr. Lam to the development of the Company's strategy and policies through independent, constructive and informed contributions supported by their skill, expertise and qualification and from their active participation at meetings. Each of Mr. Li and Mr. Lam had given his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company and the Nomination Committee has assessed and reviewed each of the annual written confirmation of independence of the INEDs based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the INEDs including Mr. Li and Mr. Lam remain independent. Hence, the Board considers that the long services of Mr. Li and Mr. Lam would not affect their exercise of independent judgment and therefore recommends Mr. Li and Mr. Lam to be re-elected as the INEDs at the 2025 AGM.

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 19 to 20 of the annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company currently has three independent non-executive Directors, which number meets the minimum requirement of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board.

The Company has received a written confirmation of independence from each of the independent non-executive Directors, and considers them to be independent as required under Rule 3.13 of the Listing Rules.

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 Current Year, other than service contracts with the Directors and other persons engaged in the full-time employment of the Company.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, the Directors, secretary and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in the execution of their duty. The Company has taken out and maintained directors' and officers' liability insurance throughout the Current Year and up to the date of this report, which provides appropriate cover for certain legal actions (if any) brought against its Directors and officers.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Company during the Current Year entered into by the Company in the ordinary and usual course of business and on normal commercial terms are set out in note 35 to the consolidated financial statements. Each of the related party transactions during the Current Year constitutes a connected transaction or continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions disclosed in the paragraph headed "Related Party Transactions" set out in note 35 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor had there been any contract of significance entered into between the Company and a controlling Shareholder of the Company during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 March 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture of the Company

Name of Directors	Capacity nature of interests	Long position/ Short position	Number of Ordinary shares held	Approximate percentage of shareholding *(Note 1)*
Dr. Kan Che Kin, Billy Albert	Beneficial owner and interests in controlled corporation	Long position	4,020,007,558 *(Note 2)*	60.23%
		Short position	1,750,634,193	26.23%
Mrs. Kan Kung Chuen Lai	Interest of spouse	Long position	4,020,007,558 *(Note 2)*	60.23%
		Short position	1,750,634,193	26.23%
Mr. Deng Yaobo	Beneficial owner	Long position	700,000,000 *(Note 3)*	10.49%
Mr. Li Kai Yien	Beneficial owner	Long position	200,000	0.01%
Mr. Simon Murray	Beneficial owner	Long position	5,000,000 *(Note 3)*	0.07%

Notes:

1. Based on 6,674,029,649 shares of the Company in issue as at 31 March 2025.

2. 5,000,000 shares among these 4,020,007,558 shares are held by Ground Up Profits Limited ("**Ground Up**"). Dr. Kan beneficially owns the entire issued share capital of Ground Up, which in turn beneficially owns 60.23% of the shareholding in the Company. Dr. Kan is the chairman, and an executive Director of the Company. Dr. Kan is also a director of Ground Up.

3. These shares represent the option shares, which were beneficially owned by Dr. Kan, were granted by Dr. Kan to Mr. Murray and Mr. Deng upon the exercise in full of the rights pursuant to option deed agreements entered between Dr. Kan and each of Mr. Murray and Mr. Deng. Mr. Deng is the chief executive officer and an executive Director of the Company. Mr. Murray is non-executive Director of the Company. Details of share options held by the Directors are shown in the section "Share Option Scheme" below.

Directors' Interests in ordinary shares of Associated Corporation

Name of Director	Name of associated corporation	Nature of interests	Number of Shares interested	Percentage issued voting share
Dr. Kan Che Kin, Billy Albert	Key Fit Group Limited	Beneficial owner	69,982,878	10.00%

Note: Key Fit Group Limited is a 60.42%-owned subsidiary of the Company, those shares were beneficially owned by Dr. Kan.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2025.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Scheme" and "Directors' and Chief Executive's Interests in the Shares, Underlying Shares and Debentures of the Company and Any Associated Corporation" in this annual report, at no time during the Current Year was the Company or any of its holding companies or subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Current Year and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Company's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme (the "**Share Option Scheme**") was adopted by the Company on 30 August 2019, the purpose of which is to incentivize and reward eligible participants for their contribution to the Company and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which period no further options will be granted under the Share Option Scheme but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto.

Eligible participants under the Share Option Scheme include, among others, employees, Directors, customers, advisors, consultants, suppliers or service providers of the Company, who may be invited by the Directors to take up options as referred to the Share Option Scheme.

Details of the Share Option Scheme are as follows:

(a) The maximum number of ordinary shares issuable upon exercise of the share options (the "**Share Options**") which may be granted under the Share Option Scheme and any other share option scheme of the Company (if any) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of Share Options in excess of this limit is subject to shareholders' approval in a general meeting.

(b) The exercise period of the Share Options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the Share Options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier.

(c) The exercise price of the Share Options is determinable by the Board but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the Company's shares.

Further details in relation to Share Options are set out in note 31 to the consolidated financial statements, details of the movements of the Share Options during the Current Year under the Share Option Scheme are as follows:

		Number of Share Options						
	Date of grant	As at 1 April 2024	Granted during the year	Exercised During the year	Lapsed/ Cancelled during the year	As at 31 March 2025	Vesting and exercise period (Note 1)	Exercise Price HK$
Director								
Dr. Kan Che Kin, Billy Albert	31 December 2019	5,640,000	–	–	–	5,640,000	Option A	0.53
	16 July 2021	100,000,000	–	–	–	100,000,000	Option D	0.50
Employees								
Ms. Yu Ada	21 August 2023	56,000,000	–	–	–	56,000,000	Option H	0.50
Ms. Chan Mui	24 January 2022	1,000,000	–	–	(1,000,000)	–	Option F	0.50
	26 April 2022	3,000,000	–	–	(3,000,000)	–	Option G	0.50
	21 August 2023	4,000,000	–	–	(4,000,000)	–	Option H	0.50
Other 5 employees	31 March 2021	800,000	–	–	(500,000)	300,000	Option C	0.50
	30 September 2021	1,200,000	–	–	–	1,200,000	Option E	0.50
	21 August 2023	8,400,000	–	–	–	8,400,000	Option H	0.50
		180,040,000	–	–	(8,500,000)	171,540,000		

Notes:

1. Vesting and exercise period for above share options granted are as follows:

Option A	From 31 December 2021 to 31 December 2029
Option C	From 31 March 2023 to 31 March 2031
Option D	From 16 July 2023 to 16 July 2031
Option E	From 31 March 2023 to 31 March 2031
Option F	From 24 January 2024 to 24 January 2032
Option G	From 26 April 2024 to 26 April 2032
Option H	From 21 August 2025 to 21 August 2033

2. Subject to the rules of the Share Option Scheme, the Share Options are exercisable in the following manner for a period from the date of the acceptance of the Share Options to 10 years from the date of grant:

Percentage of the Share Options that are vested and exercisable	Period for the exercise of the relevant Share Options
The first 30% (i.e. up to 30% in total)	on the second-year anniversary from the date of grant
Additional 30% (i.e. up to 60% in total)	on the third-year anniversary from the date of grant
Additional 40% (i.e. up to 100% in total)	on the fourth-year anniversary from the date of grant

CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 7 March 2024, the Company and Dr. Kan, a shareholder of the Company, entered into a subscription agreement, pursuant to which, Dr. Kan has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 697,674,419 new ordinary shares at the capitalisation price of HK$0.43 per share for a total consideration of HK$300 million, which shall be satisfied by way of offsetting approximately HK$214 million of the outstanding principal amount of the shareholder loans and approximately HK$86 million of the outstanding interest payable, totally amounting to HK$300 million. Upon Completion, HK$214 million in the outstanding principal amount of the Shareholder's Loans and HK$86 million of the interest payable shall be deemed to have been fully repaid. The remaining balance of the Shareholder's Loans, including any interest accrued under the Shareholder's Loans as at the date of the Subscription Agreement shall be approximately HK$418.17 million.

The details were disclosed in the announcements of the Company dated 7 March 2024, 19 April 2024, 3 May 2024, and the circular dated 27 March 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Current Year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Company are set out in notes 8 and 9 to the consolidated financial statements.

INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Company as at 31 March 2025 are set out in notes 26 and 27 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, throughout the Current Year and as at the date of this annual report, the Company has maintain sufficient public float as prescribed under the Listing Rules.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code as stated in Appendix C1 of the Listing Rules for the Current Year. Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" section contained in the annual report.

ENVIRONMENTAL POLICY

The Company is committed to supporting environmental sustainability and maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilized. The Company strives to become an environmental friendly corporation by saving electricity and encouraging the recycling of office supplies and other materials. Details of the Company's environmental policy and performance are set out in the "Environmental, Social and Governance Report" section contained in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Current Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Company that has a significant impact on the Company.

AUDITOR

The consolidated financial statements of the Company for the Current Year have been audited by McMillan Woods (Hong Kong) CPA Limited, who will retire and, being eligible, offer themselves for re-appointment as auditor of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board
Kan Che Kin, Billy Albert
Chairman

Hong Kong 30 June 2025

Environmental, Social and Governance Report

INTRODUCTION

This Environment, Social and Governance ("**ESG**") Report (the "**ESG Report**") for the year ended 31 March 2025 (the "**Current Year**" or "**2025**") summarises the ESG initiatives, plans and performance of China HK Power Smart Energy Group Limited (the "**Company**") and its subsidiaries (the "**Group**" or "**we**"), specifies comparative data for the year ended 31 March 2024 ("**2024**"), and illustrates its commitment to sustainable development.

As a comprehensive regional natural gas ("**NG**") solutions provider, the Group endeavours to develop retail, trading and transportation businesses that leverage the safety, reliability and cleanliness of NG as an energy source in the People's Republic of China (the "**PRC**"). The Group also engages in the development and production of new energy technology products and integrated solutions in PRC.

The Group recognises that it is responsible for the environmental impact of its operations and is therefore committed to managing its ESG matters effectively and responsibly, in line with its approach to sustainable development. As ESG issues are integral to its core business strategy, the Group believes that ESG management are the key to our continuous success in the future.

ESG GOVERNANCE STRUCTURE

The Group has appointed employees from different departments to form the ESG Taskforce (the "**Taskforce**"), which is responsible for collecting information relevant to its ESG aspects for disclosure in the ESG Report as well as identifying and evaluating its ESG risks and the effectiveness of the internal control mechanism. The Taskforce reports to the Board of Directors (the "**Board**") through meeting at least once annually. The Taskforce also examines and evaluates the Group's ESG performance through relevant key performance indicators ("**KPIs**") in various aspects, such as environment, health and safety, labour standards and product responsibility, with the aim to review progress against the ESG targets set.

The Board sets the general direction of the Group's ESG strategy and ensures the effectiveness of ESG risk management and internal control mechanisms. With the assistance of the Taskforce, the Board evaluates, prioritises and manages material ESG-related issues by conducting regular materiality assessments.

The members of the Board possess the appropriate skills, experience, knowledge and perspectives necessary to oversee the Group's ESG matters. The Board must hold at least one meeting each year to establish the overall ESG approach, oversee and assess the potential risks and impacts of the ESG issues related to the Group's operation, review the Group's performance against the ESG related targets and the materiality of the ESG issues, ensure the effectiveness of the Group's risk management and internal control systems as well as approve disclosures in the ESG Report.

REPORTING SCOPE

The ESG Report covers the Group's NG businesses in the PRC, including the sales and distribution of NG and the provision of liquefied natural gas ("**LNG**") logistics services in terms of ESG performance. The development and production of new energy technology products and integrated solutions business in PRC is also included in the ESG Report. These business segments represent the Group's major sources of revenue and were thus selected as the basis for the ESG Report.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The ESG Report adheres to the reporting principles set out in the ESG Reporting Guide as follows:

Materiality	Key ESG issues are identified through materiality assessment, the processes and results of which are disclosed in the sections headed "Stakeholder Engagement" and "Materiality Assessment" in the ESG Report.
Quantitative	Supplementary notes have been added to the data disclosed in the ESG Report to explain the standards, methods, and sources of conversion factors used in the calculation of emissions and energy consumption.
Consistency	The statistical methodologies applied to the ESG Report are substantially consistent with the previous year (i.e. 2024) for meaningful comparisons. If there are any changes that may affect the comparison with previous reports, the Group will make explanatory notes in the corresponding section hereof.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Reporting on pages 21 to 33 of this annual report.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group from 1 April 2024 to 31 March 2025.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a core element of the Group's sustainability efforts. The Group maintains close communication with stakeholders in order to understand and address their concerns. The Group establishes different communication channels with major stakeholders, regularly reports to stakeholders on its strategic sustainable development plan and sustainability performance, as well as consults different parties for their opinions and needs to ensure that the Group's business practices meet shareholders' expectations.

The Group's communication channels with different stakeholders and stakeholders' expectations and demands are shown as follows:

Stakeholders	Communication channels	Expectations and demands
The Board	• Regular board meetings • Daily communications and reporting • Corporate sustainable development	• Compliant operations • Financial results
Shareholders, institutional and individual investors	• Annual general meeting and notices • Regular corporate publications (including financial statements) • Circulars and announcements • Corporate website	• Compliant operations • Financial results • Corporate sustainable development

Stakeholders	Communication channels	Expectations and demands
Employees	• Training activities • Team building activities • Regular performance assessments • Staff meetings • Daily communications and reporting	• Policy implementation • Compliance with laws and regulations • Tax payment as required by laws • Business ethics • Community participation
Government and regulatory authorities	• Compliance management • Tax reporting • Information disclosures • Written communications	• Regular employee training • Strengthen anti-corruption work • Compliance with laws and regulations
Customers	• Customer activities • Satisfaction questionnaire • Phone calls and face-to-face meetings	• Customer information and privacy protection • Business integrity and ethics
Suppliers	• Meetings • On-site inspections • Regular assessments • Exchange and mutual visits	• Fair competition • Business ethics and reputation • Product quality • Cooperation with mutual benefits
Communities	• Promoting employment • Community activities • Community investments	• Compliant operations • Promoting community development • Environmental protection
Media	• Corporate website • Circulars and announcements	• Compliant operations • Promoting community development • Environmental protection • Business ethics • Health and safety
Non-governmental organisations	• Corporate website • Circulars and announcements	• Promoting community development • Environmental protection • Health and safety

The Group is committed to working with different stakeholders to improve ESG performance, and continuously create greater value for the wider community.

MATERIALITY ASSESSMENT

The Group's management and employees from major functions have participated in the preparation of the ESG Report to assist the Group in identifying relevant ESG issues and assessing the importance of relevant matters relating to its businesses and stakeholders. After the identification of relevant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units, so as to assess their materiality.

The Group confirms that it has established appropriate and effective management policies and internal control systems for ESG issues and that the disclosed contents comply with the requirements in the ESG Reporting Guide. At the same time, the results of the materiality assessment will serve as a reference for the content of the ESG Report, guide the Group in formulating ESG strategies and drive the sustainable development process.

The following table summarises the Group's identified material ESG issues:

Environmental

- Exhaust gas emissions
- Waste management
- Providing alternative energy options
- Climate change
- Greenhouse gas ("**GHG**") emissions
- Energy management
- Prevention of construction pollution
- Sewage treatment
- Water resource management
- Environmental protection activities

Social

- Employment, promotion and dismissal
- Employee care
- Training management
- Supply chain management
- Internal audit system
- Remuneration and benefits
- Safety management system
- Prevention of forced labour
- Customer service and privacy
- Corporate social responsibilities
- Equal opportunities, diversity and anti-discrimination
- Safety training
- Prevention of child labour
- Product safety

CONTACT US

We welcome stakeholders' opinions and suggestions. Please fax your suggestions regarding our ESG performance to (852) 3691 8282.

A. ENVIRONMENTAL

A1 Emissions

As a comprehensive regional NG solutions provider, the Group strives to reduce pollutant emissions by applying safe, reliable and clean NG energy sources. Meanwhile, the Group actively responds to policies and regulations that facilitate structural adjustment of the PRC's energy sector, such as national energy utilisation policies, the 14th Five-Year Plan and the Energy Law. By implementing a stringent environmental protection policy, the Group actively executes its environmental protection responsibilities in various aspects, including engineering design, construction and operations. The Group has been exploring operating models that help reduce energy consumption and enhance energy efficiency, so as to minimise GHG emissions. The Group also recognises the importance of environmental management and views environmental protection as part of its social responsibility commitment.

The Group formulates and strictly executes energy management policies, waste control procedures and hazardous waste management systems, such as the Environmental Protection Management Guidelines and Waste Management Rules. These enable the Group to identify various types of emissions generated by its business and monitor its emissions, so as to ensure compliance with the prevailing national standards, such as the Ambient Air Quality Standard, the Environmental Quality Standard for Surface Water, the Standard of Environmental Noise for Urban Area, etc.

The Group also fully complies with the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Noise Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and other laws and regulations relating to environmental protection. The Group reviews its environmental policies, procedures and systems regularly to ensure they align with the latest applicable laws and regulations. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, or generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

Air Emissions

The Group's air emissions are mainly generated through fuel combustion when transporting NG. As such, the Group established a Vehicle Transportation Safety Management System and related measures to control fuel consumption and reduce air emissions in order to fulfil its environmental responsibilities. The relevant measures are as follows:

- Limit the speed of vehicles to avoid excessive fuel consumption due to high vehicle speeds;
- Refuel vehicles at the Group's designated gas stations to avoid using low-quality LNG and reduce air emissions per unit of gas consumption; and
- Other control measures relating to fuel consumption will be described in the section headed "Energy Management" in aspect A2.

The Group's air emissions performance is summarised as follows:

Types of air emissions	Unit	2025	2024
Sulphur oxides (SO_x)	tonnes	**0.003**	0.004
Nitrogen oxides (NO_x)	tonnes	**15.92**	21.64
Particulate matter	tonnes	**1.53**	2.07

GHG Emissions

The Group's principal GHG emissions are generated from the fuel combustion of vehicles during transportation (Scope 1), stationary combustion of fossil fuels (Scope 1), purchased electricity (Scope 2) and business travel (Scope 3). The Group has adopted environmental protection, energy-saving and fuel consumption control measures to reduce GHG emissions during operations, relevant measures are detailed in the section headed "Energy Management" in aspect A2.

The Group has set a target to reduce its Scope 1 and 2 GHG emissions intensity by the year ending 31 March 2029 ("**2029**"), using 2024 as the baseline year, which was 97.34 tCO_2e/million HKD revenue. The Group will continue to keep track of the KPI and achieve this target through continuously reviewing its fuel consumption control and energy-saving measures in the future.

The Group's GHG emissions performance is summarised as follows:

Types of GHG emissions[1]	Unit	2025	2024
Direct GHG emissions (Scope 1)	tCO_2e	**36,268.07**	40,104.06
– Fuel combustion of vehicles			
– Stationary combustion of fossil fuels			
Energy indirect GHG emissions (Scope 2)	tCO_2e	**3,569.40**	3,924.34
– Purchased electricity			
Other indirect GHG emissions (Scope 3)[2]	tCO_2e	**97.45**	–
– Business travel			
Total GHG emissions (Scope 1 and 2)	tCO_2e	**39,837.47**	44,028.40
Total GHG emission intensity (Scope 1 and 2)[3]	tCO_2e/million HKD revenue	**55.98**	97.34
Total GHG emissions (Scope 1, 2 and 3)	tCO_2e	**39,934.92**	44,028.40
Total GHG emission intensity (Scope 1, 2 and 3)	tCO_2e/million HKD revenue	**56.12**	97.34

Notes:

1. GHG emissions data is presented in tonnes of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors" published by the Ministry of Ecology and Environment of the PRC, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the "Global Warming Potential Values" from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC).

2. The Group has expand its reporting scope to include other indirect emissions (Scope 3) in 2025.

3. As at 31 March 2025, the Group's non-loan financing-related revenue was approximately HK$711.6 million (as at 31 March 2024: approximately HK$452.3 million). The data is also used for calculating other intensity data.

Sewage Treatment

The Group has built its own sewage treatment system to ensure the sewage generated during operations could meet the discharge standards. The sewage was treated and discharged into the municipal sewage network through an underground sewage treatment system, and then discharged to its regional water treatment plant for handling. Therefore, the Group's water consumption is equivalent to sewage discharge. The data on water consumption and relevant water conservation measures are detailed in the section headed "Water Resource Management" in aspect A2.

Waste Management

The Group categorises and sorts waste, consolidates it centrally, and disposes of it appropriately. The specific measures for handling hazardous waste and non-hazardous are as follows.

Hazardous waste

Since the Group strives to minimise and avoid the use of harmful materials during its operations, it did not dispose of significant hazardous waste during its operation. However, a limited amount of lubricant oil, such as engine, brake, automatic transmission and gear lubricants, was generated during the vehicle's maintenance process. To this end, the Group instructs technicians on the appropriate use of lubricant oil to avoid unnecessary leakage. At the same time, hazardous waste generated by the Group was also handled by a qualified third party to reduce pollution as much as possible.

Non-hazardous waste

The principal non-hazardous waste disposed of by the Group includes waste paper, general waste, tyres, waste metal and vehicle parts. The designated responsible person processes waste from the recycling boxes in the office in a timely manner and maintains a hygienic environment around them. Besides, the Group requires all departments and employees that generate solid waste to adopt measures to collect, sort and store waste. Each department must label the containers or designated locations for collecting the solid waste. Sorted recyclable solid waste is stored in a designated place, which is then recycled after a certain amount has accumulated. Non-recyclable production waste and domestic waste are collected and handled by qualified contractors.

In addition to disseminating waste reduction knowledge to employees through promotion boards, internal newsletters and campaigns, the Group has also implemented the following measures in business operations to reduce the generation of non-hazardous waste, thereby reducing its carbon footprint and environmental impact.

- Encourage double-sided printing;
- Post reminders to reduce waste near rubbish bins or recycling bins;
- Support the waste recycling plan and centralise all recyclable materials for collection by qualified recyclers; and
- Collect old tyres within the Group to increase the recycling rate.

The Group also actively participates in waste recycling schemes to reduce waste disposal, in which most of the consumed materials, especially old tyres, are collected and recycled by contractors. These measures not only demonstrate the Group's determination to preserve the environment and its efforts in waste reduction but also increase employees' awareness of waste reduction.

The Group has set a target to reduce its total non-hazardous waste disposal intensity by 2029, using 2024 as the baseline year, which was 0.33 tonnes/million HKD revenue. The Group will continue to keep track of the KPI and achieve this target through continuously reviewing its waste reduction measures in the future.

The Group's non-hazardous waste disposal performance is summarised as follows:

Types of non-hazardous waste	Unit	2025	2024
Paper	tonnes	**2.37**	2.30
General waste	tonnes	**44.00**	85.00
Tyres	tonnes	**8.00**	27.00
Waste metal [4]	tonnes	**13.60**	27.91
Vehicle parts	tonnes	**3.00**	5.00
Total non-hazardous waste	tonnes	**70.97**	147.21
Total non-hazardous waste disposal intensity	tonnes/million HKD revenue	**0.10**	0.33

Note:

4. During the Current Year, the Group recycled approximately 13.60 tonnes of waste metal.

A2. Use of Resources

The Group strives to use resources effectively and requires its employees to reduce unnecessary resource consumption. The Group continuously monitors the environmental impacts of its business operations, promotes green operational concepts and minimises the environmental impacts brought by its operations. The Group attaches great importance to its overall energy consumption. For instance, the Group explains to department heads the standardised use of different energy types and the responsibilities of each department, as well as assigns specialised employees to monitor each department's energy consumption regularly. As stipulated under the Group's Environmental Protection Management Guidelines, incidents of abnormal energy consumption will be immediately investigated, and the corresponding solutions will be identified.

Energy Management

The Group's energy consumption mainly consists of purchased electricity for its daily operations and fuel consumption for transportation. The Group has established equipment energy conservation principles and requires employees to implement a range of energy conservation measures. Relevant measures are as follows:

- Raise employee awareness of energy conservation;
- Switch off computers (host or monitor) when employees are away for extended periods, and switch them to standby or sleep mode during lunch breaks.
- Designate the administrative department to check whether all electronic devices in the office have been properly switched off after office hours, and any individual who fails to comply with the policy may receive a warning or penalty;
- Use office appliances with energy labels;
- Switch off all appliances when not in use;
- Enhance the maintenance of air-conditioning systems;
- Overhaul and maintain vehicles regularly; and
- Require transportation personnel to use designated routes to minimise the distance between destinations.

Meanwhile, the Group's Human Resources Department is responsible for promoting reductions in electricity and fuel usage. To facilitate improvement, the Human Resources Department also regularly reviews the performance of each department. Each department head is responsible for the promotion, monitoring and implementation of electricity saving and fuel usage control measures in their respective departments. Departments with large consumption of electricity and fuels shall monitor the maintenance and overhaul of equipment to ensure efficiency.

The Group has set a target to reduce its total energy consumption intensity by 2029, using 2024 as the baseline year, which was 444.69 MWh/million HKD revenue. The Group will continue to keep track of the KPI and achieve this target through continuously reviewing its energy-saving measures in the future.

The Group's energy consumption performance is summarised as follows:

Types of energy[5]	Unit	2025	2024
Direct energy consumption	MWh	**146,213.49**	194,251.40
• LPG	MWh	**11,089.14**	23,457.12
• Petrol	MWh	**686.04**	797.54
• Diesel	MWh	**499.37**	697.94
• Natural gas	MWh	**133,938.94**	169,298.80
Indirect energy consumption	MWh	**6,651.88**	6,881.18
• Purchased electricity	MWh	**6,651.88**	6,881.18
Total energy consumption	MWh	**152,865.37**	201,132.58
Total energy consumption intensity	MWh/million HKD revenue	**214.82**	444.69

Note:

5. The unit conversion method of energy consumption data is formulated based on the Energy Statistics Manual issued by the International Energy Agency.

Water Resource Management

The Group's use of water resources mainly comprises domestic water. To further save water and utilise water resources efficiently, the Group instills water conservation concepts in its employees. Relevant measures are as follows:

- Check water facilities for leakages or malfunctions, so as to take responsive actions and prevent long-term water leakages;
- Discharge domestic sewage in accordance with relevant government laws and regulations;
- Check water pipes regularly to prevent "water running, seeping, dripping and leaking";
- Review water usage and effectiveness of water saving measures and propose further enhancements; and
- Place water conservation information and reminders near sinks.

The Group has set a target to reduce its total water consumption intensity by 2029, using 2024 as the baseline year, which was 145.74 m^3/million HKD revenue. The Group will continue to keep track of the KPI and achieve this target through continuously reviewing its energy-saving measures in the future.

The Group's water consumption performance is summarised as follows:

Water consumption	Unit	2025	2024
Total water consumption	m^3	**48,184.30**	65,917.0
Total water consumption intensity	m^3/million HKD revenue	**67.71**	145.7

Due to the geographical locations of its operation, the Group does not have any issue in sourcing water that is fit for purpose during the Current Year.

Use of Packaging Materials

The Group's operations involve the use of packaging materials for its products. The Group strives to minimise the use of packaging materials without compromising the protection of products.

The Group's packaging material consumption performance is summarized as follows:

Packaging material consumption	Unit	2025	2024
Air column bag	m	**480.00**	400.00
Body solid foam roller	m	**2,220.00**	1,850.00
Bubble wrap	kg	**240.00**	200.00
Corrugated cardboard	m	**240.00**	200.00
Corrugated packaging box	piece	**426.00**	355.00
Corrugated valve bulk box	piece	**312.00**	260.00
Corrugated valve packaging box	piece	**1,416.00**	1,180.00
E-flute corrugated valve box	piece	**180.00**	150.00
Honeycomb paper	m^2	**483.60**	403.00
Plastic flange protector	piece	**240.00**	200.00
Polyethylene wrapping film	kg	**124.80**	104.00
Shrink film	m^2	**9,954.00**	8,295.00
Transparent tape	piece	**205.20**	171.00
Ziplock bag	piece	**3,480.00**	2,900.00
Zip tie	piece	**660.00**	550.00

A3. The Environment and Natural Resources

The Group is keenly aware of its impact on the environment and natural resources and strives to achieve best practices in regard to environmental protection. In addition to complying with relevant environmental laws and regulations and international standards, the Group has integrated the concept of environmental and natural resource protection into its internal management and routine operations, with the aim of achieving environmental sustainability.

Providing an Alternative Energy Option

Being an energy provider, the Group reckons its crucial role in promoting clean energy, so as to reduce fuel-related emissions and improve the environment. Guided by national energy policies and customer energy needs, the Group incorporates diverse clean and renewable energy sources, including geothermal, air, biomass, solar, and natural gas, tailored to local conditions. Utilising numerous proprietary patents and self-developed core technologies, such as the "IDH Smart Heating" and "ICE Smart Integrated Energy" systems, alongside advanced energy utilisation methods like zonal heat balancing and efficient energy storage, the Group seamlessly integrates load, source, grid, storage, and control. This establishes a cohesive smart integrated energy network that interconnects digital, energy, and material systems, dynamically balancing energy supply and demand while enhancing energy efficiency. During the Current Year, our energy system renovation projects have successfully avoided the consumption of around 1,218,450.00 m^3 of natural gas and 61,622.00 kWh of electricity, which equal 2,673.77 tCO_2e and 33.07 tCO_2e respectively. In the future, the Group will actively seek other energy renovation opportunities to help other companies achieve their energy-related goals.

The Group has encouraged industrial users to upgrade their boilers and large furnaces, encouraged vehicle and vessel users to use natural gas fuel, and provided complementary gas supply services to all user types in the interest of saving energy. Besides, the Group participates in scattered coal management work, which provides several rural areas and small industrial users with natural gas solutions.

Pollution Prevention during Construction

The Group collaborates with local governments to formulate plans for the establishment of gas stations and pipelines, and makes adjustments to these plans from time to time based on actual needs. The Group strives to consolidate as many different functions into each gas station as is practical in order to save land resources. Hydrogeological survey and pipeline routing optimisation are carried out in advance of high-pressure pipeline construction. To minimise environmental disturbance, the Group also conducts geo-hazard and environmental assessments and formulate soil and water conservation resolution before construction starts.

As stipulated in our Environmental Protection Management Guidelines, employees shall test and monitor dust, noise and solid waste at construction sites to control their harmful effects on the local environment. During construction, the Group adopts measures such as cleaning vehicle tyres, centralising disposal of wastewater and mud as well as applying sound absorption and insulation techniques to minimise air, water and noise pollution.

Promotion of Environmental Protection Activities

The Group actively organises activities to promote environmental protection. The Group invites its employees and its customers to support environmental protection through practical actions such as green planting, paperless office operations, and green and low-carbon travel.

A4. Climate Change

Public awareness of climate change has been increasing in recent years. The Group recognises the importance of identifying and mitigating significant climate-related issues. Hence, the Group pays close attention to the potential impacts of climate change on its business and operations and is committed to managing potential climate-related risks that may affect the Group's business activities.

According to the recommendations developed by the Task Force on Climate-related Financial Disclosures, climate-related risks are categorised into two main types, namely physical and transition risks. The Group has incorporated climate change-related risks into its enterprise risk management to identify and mitigate potential risks, as stipulated under the its Hazard Identification, Risk Evaluation and Risk Control Management Guidelines and Management Guidelines for the Identification and Evaluation of Environmental Factors.

Physical Risks

An increase in the frequency and severity of extreme weather events, such as typhoons, storms, heavy rainfall, extreme cold or extreme heat, would create acute and chronic physical risks to the Group's business. Extreme weather events could threaten the safety of our employees, damage our operational sites and disrupt the operations of the power grid, resulting in reduced capacity, decreased productivity and delays, which could negatively affect the Group's revenue.

To minimise potential risks and hazards, the Group has put countermeasures in place, including flexible working arrangements and precautions in the event of extreme weather conditions, as well as purchasing insurance against property loss. The Group's Emergency Management Regulations detail the corresponding contingency plans to avoid damages due to extreme weather events in order to enhance business stability.

Transition Risks

In line with the global vision of carbon neutrality, the Group anticipates there will be regulatory, technological, and market risks, including amendments to national policies and listing rules, the introduction of environmental taxes, the development of new technologies and changes in customer preference. More stringent environmental laws and regulations may expose companies to higher claims and litigation risks, potentially incurring additional compliance costs and affecting the Group's reputation. To this end, the Group continuously monitors any changes in laws or regulations and global trends in climate change to avoid loss due to delayed response.

Besides, the Group has integrated green elements into its business, including the development of the smart integrated energy business. In addition, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing GHG emissions, and has set targets to gradually reduce its energy consumption and GHG emissions in the future. For further details, please refer to the section headed "GHG Emissions".

B. SOCIAL

B1. Employment

The Group follows a people-oriented development path with an emphasis on employee management. The Group has formulated the Employee Handbook and Staff Management System, which covers employment, promotion and dismissal, remuneration and benefits, equal opportunities, and employee diversity, etc. The Group endeavours to create a better working environment for employees, reduces their exposure to labour employment risks and effectively eliminates the use of child and forced labour.

The Group complies with the Labour Law of the PRC, the Labour Contract Law of the PRC, Regulations on Work-related Injury Insurances, as well as other applicable laws and regulations. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

As at 31 March 2025, the Group had a total of 518 employees (as at 31 March 2024: 478). The breakdown of employees according to gender, age group, geographical region and employment type was as follows:

Categories	As at 31 March 2025	As at 31 March 2024
By gender		
Male	**341.0**	338
Female	**177.0**	140
By age group		
Aged under 30	**74.0**	62
Aged 30 to 50	**349.0**	324
Aged above 50	**95.0**	92
By geographical region		
PRC	**504.0**	465
Hong Kong	**14.0**	13
By employment type		
Full-time	**518**	478
Part-time	**–**	–

During the Current Year, the Group's overall employee turnover rate was approximately 63.05%[6] (as at 31 March 2024: 82.31%). The Group's employee turnover rate by gender, age group and geographical region[7] were as follows:

Categories	2025	2024
By gender		
Male	**67.16%**	84.06%
Female	**54.26%**	78.19%
By age group		
Aged under 30	**39.71%**	84.85%
Aged 30 to 50	**64.19%**	87.82%
Aged above 50	**75.94%**	63.58%
By geographical region		
PRC	**64.40%**	84.52%
Hong Kong	**14.81%**	15.38%

Notes:

6. The calculation formula for overall turnover rate is as follows:
   Overall turnover rate = X ÷ Y × 100%
   X = Total number of employees leaving employment during the reporting year
   Y = (Total number of employees at the beginning of the reporting year + Total number of employees at the end of the reporting year) ÷ 2

7. The calculation formula for turnover rate by category is as follows:
   Turnover rate by category = X ÷ Y × 100%
   X = Number of employees in the specified category leaving employment during the reporting year
   Y = (Number of employees in the specified category at the beginning of the reporting year + Number of employees in the specified category at the end of the reporting year) ÷ 2

Employment, Promotion and Dismissal

At the start of employment, each employee enters into a written labour contract with the Group. Employees are required to provide personal information and relevant supporting documents, such as academic certificates, an original copy of proof of identity, proof of contract termination issued by former employers, medical examination certificates, etc. The Human Resources Department will verify and photocopy the original copies. All information and materials provided should be true and valid.

Employees are promoted on the basis of performance, job-specific skills, experience, abilities and attitudes, in addition to their length of service. The Group conducts performance assessments on employees' work performance, behaviour and attitude, with the results serving as the basis for personal and career development, year-end bonuses, basic salary increments, promotions and position adjustments. Performance assessments also facilitate communication between the Group and its employees since employees can communicate with and provide feedback to their direct supervisors in an open and honest manner.

The Human Resources Department is responsible for monitoring and managing the results of performance assessments. The results are categorised as 'Excellent', 'Good', 'Pass' or 'Fail'. Employees who receive a 'Fail' are not entitled to any salary increment or promotion in the next 12 months or a bonus for the assessment period. For underperformed employees, the Group has the right to adjust their position, arrange training for them and establish performance improvement targets. Should the employee still fail the assessment, the Group has the right to terminate their labour contract accordingly.

The Group can unilaterally terminate an employee's labour contract under the following circumstances:

- Proven to be unqualified for employment during the probation period;
- Found in serious violation of labour disciplines or the Group's rules and regulations;
- Engaged in serious gross negligence and malpractice, or caused significant losses to the Group;
- Established labour relations with another employer at the same time, which seriously affects the completion of the Group's work tasks, and refuses to make corrections upon request;
- By means of deception or coercion, or by taking advantage of the Group, to make the Group enter into or amend a labour contract in violation of its true intent, thus rendering the labour contract null and void; or
- Being held criminally liable in accordance with the law.

Remuneration and Benefits

The Group endeavours to create a better working environment for its employees, safeguard their rights and ensure their welfare.

The Group implements a five-day workweek, eight-hour workday arrangement. Its employees enjoy all holidays set by the state and local governments and are entitled to paid leave ranging from five to fifteen days, depending on their length of service. Employees are entitled to five insurances, a housing fund and other benefits mandated by the PRC government. The Group also provides commercial medical and accident insurances to its employees and participates in social insurance and housing funds in accordance with state laws and regulations..

The Group has implemented total budget management for employee remuneration, which forms a linkage mechanism with work performance to effectively motivate its employees. The Group has also established an incentive mechanism to link the remuneration of management staff with corporate performance, forming a remuneration management system that allows promotion and demotion for the responsible personnel.

Employee remuneration includes a basic salary, allowance and other cash income in any other form, such as bonuses. The Group will adjust amounts payable for social insurance, provident fund and income tax from employees' monthly salaries and direct the adjusted amounts on the employees' behalf to the appropriate government authorities. The Group reviews and adjusts employee remuneration according to major factors such as operating conditions, prevailing market rates and individual performance when necessary.

The benefits offered by the Group also include:

- Supplementary business insurance: applicable to full-time employees of the Group, including group personal accident insurance and group hospital and surgical insurance; and
- Medical check-up scheme: applicable to full-time employees who have served more than three months.

Equal Opportunities, Diversity and Anti-discrimination

The Group has made solid progress in human resources development and management over the years. For instance, the Group has promoted standardisation, professionalism, marketisation and globalisation of its talent pool and strengthened its human resources management in order to further enhance the cultivation of talent. The Group's human resources achievement mainly covered the following tasks:

- Implemented a talent strategy to further enhance training, striving to build a team with strong technical skills and a professional work culture; and

- Deepened three systematic reforms. In 2016, based on the "fixed position, fixed schedule, fixed staff" scheme, benchmarking other advanced enterprises in the same industry in the PRC, and taking into consideration the performance assessments of all staff, the Group progressively adopted a dynamic management approach based on the requirements of positions and annual performance appraisal results, in compliance with relevant laws and regulations.

The Group's recruitment and employee development are fair and objective. As long as an individual has relevant qualifications, achievements, skills and experience, they can be employed as an employee or consultant. The same principle of fairness is applied to remuneration and benefits, promotions and transfers, and the employee's future development.

Employee Care

The Group has established relevant systems, strictly enforced national protocols and standards, and educated employees to enhance production safety and occupational health. For instance, the Group has established the Operational Safety Management Guidelines to regulate employees' behaviour. Also, the Group arranges employee training and conducts daily supervision to ensure the effective implementation of the occupational health and safety management system, thereby protecting its employees. The Group maintains employer's liability insurance, cares for its female members, improves working and living environments, offers annual medical check-ups and provides complimentary commercial health insurance and medical support, with the aim of reducing the financial burden of medical treatment costs of its staff members and protecting the rights and interests of its employees. The Group also carries out recreational activities such as birthday parties from time to time.

B2. Health and Safety

The health and safety of employees is of paramount concern to the Group. Each subsidiary has established regulatory systems for production safety and occupational disease prevention and control. Specific departments are assigned to oversee production safety and reduce occupational health hazards.

Following the principle of "placing safety as the top priority, taking precautions as the main task and providing comprehensive treatment", the Group emphasises the importance of enhancing production safety. The Group conducts promotion, education and training on production safety, especially for new employees. The Group continuously manages occupational risks to meet production safety standardisation targets. Large-scale inspections are performed regularly to eliminate potential hazards in a timely manner. The Group also arranges annual medical check-ups for its employees. These measures have enhanced our level of occupational health and safety and working environment management.

The Group fully complies laws and regulations such as the Labour Law of the PRC, the Prevention and Control of Occupational Diseases Law of the PRC and the Fire Protection Law of the PRC. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.

During the Current Year, the Group recorded 0 (2024: 0) lost days due to work injuries. The Group has also recorded no work-related fatalities in each of the past three years, including the Current Year. The Group is dedicated to providing a safe and healthy work environment for the employees.

Safety Management System

To meet market demand and customer expectations, the Group has taken actions to optimise its health, safety and environmental ("**HSE**") management. The Group's Logistics and Trade Department has formulated safety production management systems with reference to the requirements of the Provisions on the Administration of Road Transport of Dangerous Goods and the Measures of Shanghai Municipality of the Safety Administration of Dangerous Chemicals. The Group's natural gas department has established the HSE Management Handbook with reference to multiple recognised standards, such as GB/T 45001-2020/ISO 45001:2018 Occupational health and safety management systems, ISO 9001:2015 Quality management systems, ISO 14001:2015 Environmental management systems and SY/T6276-2014 Petroleum and natural gas industries health, safety and environmental management systems.

All employees must follow the requirements of the Group's HSE management system, conscientiously execute management policies, thoroughly implement the various provisions of the handbook and strive to achieve the Group's HSE objectives and service commitments. Externally, the Group's employees serve as proof of the Group's commitment to HSE, reflecting its commitment to its customers; internally, they serve as paragons to uplift each other.

Safety Training

Realising production safety requires the attention and cooperation of employees. Every employee shall know how to perform their work without causing injury to themselves or others and without being hurt by others. Employees are obligated to abide by the law, obey the instructions of the management and attend training to improve their ability, so as to identify hazards, protect themselves and protect the Group.

The Group's headquarter and its subordinate companies offer regular employee safety training, which provides a solid foundation for improvements to their emergency plan. The training aims to strengthen employees' safety knowledge in the hazardous chemicals industry to prevent accidents. Training has greatly improved the safety awareness of our employees, as well as the identification and rectification of safety management inadequacies in routine operations.

B3. Development and Training

Training Management

The Group regards its employees as the most important asset and resource. Recognising the valuable contribution of its employees facilitates the success of the Group, the Group is committed to inspiring its human capital in pursuit of excellence. This is achieved through the development of a training strategy that focuses on creating value and serving the needs of our customers, our talents and society. In light of this, the Group provides regular training and development programmes for its employees and arranges on-the-job training for new employees. The Group has also established the HSE Training Management Guidelines to stipulate the requirements relating to HSE-related training.

To ensure the effectiveness of the training programmes, the Group has developed relevant policies covering training management and training procedures. A training plan is developed by the management based on the requirements of various departments and employees. Training content is regularly updated to ensure it is relevant to stakeholders' changing needs, such as changes in laws and regulations, market trends, product trends and customer behaviour. The Group encourages and supports its employees to participate in personal and professional training to broaden their horizons and fulfil the Group's development needs. The Group also encourages a culture of sharing knowledge and experience.

During the Current Year, 100%[8] of the Group's employees participated in training, and the average training hours was approximately 31.31 hours[9]. The breakdown of trained employees and average training hours by gender and employee category were as follows:

Categories	Breakdown of trained employees (%)[10]		Average training hours (hours)[11]	
	2025	2024	**2025**	2024
By Gender				
Male	**65.83**	70.71	**32.55**	28.81
Female	**34.17**	29.29	**28.93**	47.89
By Employee Category				
Administrative staff and operating staff	**56.18**	34.52	**16.16**	33.18
LNG truck drivers	**16.02**	22.38	**105.28**	36.08
Technical staff	**6.95**	14.65	**31.22**	32.26
Managerial staff	**13.90**	17.78	**13.68**	34.40
Marketing staff	**6.95**	10.67	**18.58**	37.78

Notes:

8. The percentage of trained employees is calculated by dividing the number of trained employees during the reporting year by the total number of employees at the end of the reporting year (excluding employees left).

9. The average training hours is calculated by dividing the total training hours during the reporting year by the total number of employees at the end of the reporting year (excluding employees left).

10. The breakdown of trained employees by category is calculated by dividing the number of trained employees in the specific category during the reporting year by the total number of trained employees during the reporting year (excluding employees left).

11. The average training hours by category is calculated by dividing the total training hours in the specified category during the reporting year by the number of employees in the specified category at the end of the reporting year (excluding employees left).

B4. Labour Standards

Following its "People-oriented" development philosophy, the Group attaches a high priority to employee management. Hence, the Group has established multiple systems, such as the Employee Handbook and the Staff Management System, to provide a good working environment, reduce labour risks and effectively eliminate child and forced labour.

The Group complies with relevant laws and regulations relating to the prevention of child and forced labour, including the Labour Law of the PRC, the Special Protection Regulations for Juvenile Workers, and Provisions on Prohibition of Child Labour. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.

Prevention of Forced Labour

Employees enjoy all holidays prescribed by the PRC and local governments, as well as paid leave. Depending on the duration of employment, the length of paid leave can vary between five and fifteen days.

The work system of five days a week, eight hours a day ensures employees have adequate rest period. The working hours for full-time employees are no more than eight hours per day, with the average weekly working hours at no more than 40 hours. The salary of a full-time employee is calculated on a monthly basis. For part-time employees (referring to fixed employees with an average of not more than four hours of daily working hours and not more than 24 hours of accumulated weekly working hours), their wages are calculated based on the number of hours worked.

Prevention of Child Labour

The Group fully implements the Provisions on Prohibition of Child Labour and the Special Protection Regulations for Juvenile Workers of the State Council of the PRC and complies with the BSCI standards. During the recruitment process, the Group carries out a rigorous inspection of each candidate's personal information, including age. Candidates can only begin their employment once their identity has been verified. If child labour is inadvertently used, immediate remedial measures, such as investigation and termination of the contract, are required. The Group strictly avoid employees below 16 years of age to work in any part of the operations.

B5. Supply Chain Management

Supplier Management

The Group manages suppliers through strictly implementing a credit approval process and ensuring transparent procurement bidding on all its major suppliers. All supplier selections follow the processes below:

(1) Thorough review of the qualifications, technical standards and production capacity of the nominated supplier, and suppliers who pass this review are included in the list of qualified suppliers.

(2) Select qualified suppliers to purchase materials from the list of qualified suppliers. Tender invitations are sent to more than five qualified suppliers, and preliminary evaluation reviews of the bids are conducted. When the suitable supplier is finalised, a procurement contract will be signed based on the comprehensive evaluation results.

To identify the environmental and social risks along the supply chain, the Group examines whether its major suppliers are in compliance with relevant laws and regulations and other required standards relating to environmental protection, health and safety, labour practice and business ethics. Suppliers' awareness of the above aspects will be considered as well. The Group has established the Contractor HSE Management Guidelines to clarify contractor HSE management processes and requirements. In addition, the Group maintains close communication with suppliers to understand their supply and services, resolves related supply and service issues, and makes corresponding improvement measures. The Group is committed to promoting sustainable and responsible operational practices to suppliers, enhancing their performance and reducing our supply chain risks.

To achieve sustainable development in terms of supply chain management, the Group prioritises procurement of eco-friendly products where possible and economically viable. The Group also prefers local suppliers whenever possible to reduce carbon emissions from transportation and to support the local economy. To facilitate improvements in environmental and social performance, suppliers are encouraged by the Group to consider and manage their environmental and social issues in their operations for priority consideration. The Group also shares sustainable operating practices and disseminates environmental concepts, including the latest knowledge on quality, safety, good employment and environmental practices.

During the Current Year, the Group had a total of 389 (2024: 161) major suppliers, all of which were located in the PRC, and the aforementioned supplier engagement practices have been imposed on all suppliers.

B6. Product Responsibility

The Group attaches great importance to its product quality and corporate reputation. The Group actively safeguards the quality of its products and services with internal control process. Meanwhile, the Group maintains ongoing communication with its customers to ensure that their needs and expectations are understood and met, and it seeks to understand the satisfaction of its customers to make continuous improvements to its services.

The Group actively complies with laws and regulations in relation to consumers' rights, such as the Law of the PRC on the Protection of Consumer Rights and Interests, the Advertisement Law of the PRC and the Patent Law of the PRC. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Customer Service and Privacy

The Group addresses all complaints from its customers, suppliers and partners in accordance with internal procedures and guidelines. The Group conducts relevant investigations to resolve them and takes appropriate follow-up actions to minimise negative impacts. The Group believes complaints are good opportunities to receive feedback from the community and customers so that the needs to improve services and policies can be identified.

In addition, the Group manages customer profiles on a prudent and meticulous basis to prevent the leakage of customer privacy. Customer information and data are treated as part of the Group's resources, and the sales, sharing, or disclosure of which is not permitted regardless of any purpose. Each employee is required to safeguard customer information and data in accordance with corporate regulations.

During the Current Year, the Group did not receive any cases of product or service-related complaints.

Product Safety

The Group attaches great importance to the safety of its business operations and complies with the relevant agreements on the transportation of dangerous goods, such as the "Provisions on the Administration of Road Transport of Dangerous Goods". The Group conducts careful checks on trucks transporting NG prior to departure to ensure they will not result in unnecessary personal and property risks during the transportation process and sales. Before trucks enter the industrial enterprise factories for loading and unloading NG, responsible personnel will inspect the exterior of containers, tanks, packaging containers, trucks and trailers, so as to identify leakage and damage, ensure the integrity of safety equipment and verify the name, specifications and quantity with the waybill. If there are any abnormalities or inconsistencies with the waybill, the loading should be rejected and resumed only after the problems are solved. The Group has also established the Management Guidelines for the Safe Operation of Road Transportation of Dangerous Chemicals in Summer to ensure the highest level of safety and compliance during the transportation of dangerous chemicals.

Besides, the Group has formulated strict requirements for purchasing NG. The Group requests suppliers to provide gas quality reports to ensure that the NG purchased meets the national gas quality standards before sale, thereby protecting customers' safety and guaranteeing the quality of the NG.

Due to the Group's business nature, product recalls for safety and health reasons and the relevant recall procedures are not applicable to the Group.

Advertising, Labelling and Intellectual Property Rights

Due to the Group's business nature, the Group has limited issues regarding intellectual property rights. Besides, the Group only conducts limited publicity campaigns, and therefore the Group's business operations do not involve significant advertising– and labelling-related risks.

B7. Anti-corruption

The Group endeavours to maintain a culture of integrity, transparency and accountability by adhering to stringent anti-corruption practices. The Group arranges different anti-corruption training for employees to prevent corrupt practices and highlight the importance of business ethics. During the Current Year, the Group's 7 Directors and 511 general staff received an average of 2 hours of anti-corruption training.

The Group strictly abides by the Company Law of the PRC, Law of the PRC on Bid Invitation and Bidding, Criminal Law of the PRC, Law of the PRC Against Unfair Competition, the Interim Provisions on Banning Commercial Bribery and other laws and regulations. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. During the Current Year, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

The Group has incorporated the whistle-blowing policy into the Employee Handbook to encourage employees to report any malpractice or misconduct. The policy describes our commitment to whistle-blower protection, our complaint methods and investigation procedures. The Group holds zero tolerance for any behaviour that harms the business ethics.

B8. Community Investment

Corporate Social Responsibility

As part of social responsibility, the Group strives to create a better living environment for citizens to enhance their living quality. The Group has formulated relevant policies, integrated corporate social responsibility considerations into its operations, engaged its stakeholders and implemented responsible corporate governance. The Group's focus area is to achieve the goal of "Tackling Smog, Improving the Environment" through the following measures:

(1) Integrating the concept of environmental protection into its business that aligns with national policy

The Group has responded to the state's environmental protection policy, promoted the effective utilisation of natural gas, gradually deployed LNG utilisation in every province and city for industrial corporate users and refined its supply chain system. Collectively these efforts have formed a healthy clean energy industry, greatly reduced pollutant emissions, fulfilled corporate social responsibilities and earned the Group a sound corporate image. Staying true to its "Tackling Smog, Improving the Environment" concept, the Group has suggested guidelines to promote the development of an environmental protection business of clean energy in the PRC.

(2) Practicing corporate social responsibility through the establishment of public association and communication with stakeholders

The Group has maintained prompt communication with stakeholders, through issuing documents such as the ESG reports and making timely disclosures of important information, thus fulfilling its social responsibilities to stakeholders (including shareholders, employees, users, media and the community) and the natural environment. The above efforts demonstrated the Group's dedication to "Tackling Smog, Improving the Environment".

Independent Auditor's Report

McMillanWoods
Professionalism at the forefront

TO THE MEMBERS OF CHINA HK POWER SMART ENERGY GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China HK Power Smart Energy Group Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 69 to 162, which comprise the consolidated statement of financial position as at 31 March 2025, 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 policies summary.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1(b) to the consolidated financial statements which indicates that the Group incurred a net loss of HK$121,888,000 for the year ended 31 March 2025 and as of that date, the Group had net current liabilities of HK$407,059,000. These conditions, along with other matters as set forth in note 2.1(b) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of receivables under expected credit losses model	
As at 31 March 2025, the gross amounts of LNG finance lease receivables, accounts receivables arising from NG business and new energy business are HK$35,510,000 (note 21), HK$103,302,000 (note 23), and HK$106,830,000 (note 23) respectively. During the year ended 31 March 2025 impairment of HK$957,000, impairment of HK$4,170,000, impairment of HK$5,062,000 were made against LNG finance lease receivables, accounts receivables arising from NG business, and new energy business, respectively by management. Significant judgement and estimation by management are involved in the assessment of impairment by taking into account, historical default rates and credit losses experience, forward-looking information, discount rates and the estimation of future cash flows expected to arise from the settlement of the receivables or realisation of collateral. Both current and future general economic conditions are also taken into consideration by management in the estimation. The accounting policies, accounting judgements and estimates and related disclosures for these receivables are included in notes 2.4, 2.5, 21, 23 and 38 to the consolidated financial statements.	Our audit procedures in relation to impairment of those receivables under expected credit losses model included: • Reviewing management's assessment of the overall policies and procedures and understanding the controls in relation to expected credit losses model for estimating impairment provisions and assessing the appropriateness of the model applied by the management; • Enquiring with management to understand how the management performed the assessment on the estimated provision of ECL of the receivables; • Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer engaged by the Group in assisting the Group on the impairment of receivables; • With the assistance of auditor's expert, assessing the appropriateness of the expected credit losses provisioning methodology; • Examining the aging analysis of the receivables, relevant agreements, court judgement, and notices, as well as information available in the market to assess the appropriateness of the management's basis and assumptions used in assessing the impairment. This is done by corroborating the credit profile of respective debtors with the probability of default rates, loss given default rates and market data; • Challenging the assumptions, including the forward-looking information and the probability weighting, used to determine the expected credit losses; • Checking the subsequent settlements to relevant bank records on a sample basis; and • Assessing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-financial assets of LNG business	
We identified the impairment assessment of non-financial assets of NG business (the "**NG CGU**") as a key audit matter owing to the significance of the carrying amount of the CGU and the significant estimates made by the management in determining the recoverable amounts of the CGU, including the cash flows projections, growth rate and discount rate as disclosed in Note 14 to the consolidated financial statements. During the year, no impairment was made by the management. The accounting policies, accounting judgements and estimates and the related disclosures are included in notes 2.4, 2.5 and 14 to the consolidated financial statements.	Our audit procedures included: • Evaluating management's methodology for impairment assessment of non-financial assets and corroborating the discount rate and growth rate used based on the market information; • Evaluating the discounted cash flows prepared by the management in deriving the recoverable amounts of the CGU for the impairment assessment by checking the mathematical accuracy of discounted cash flow calculation, assessing the reasonableness of the key assumptions adopted by the management in the model with reference to the Group's historical performances and external market data; • Performing sensitivity analysis; and • Assessing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible 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, we report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Wong Ka Bo, Jimmy
Audit Engagement Director
Practising Certificate Number P07560

24/F., Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

30 June 2025

Consolidated Statement of Profit or Loss

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
REVENUE	4	**713,440**	454,491
Cost of sales		**(596,793)**	(390,844)
Gross profit		**116,647**	63,647
Other income and other gains and losses, net	4	**(16,854)**	(18,631)
Selling and distribution expenses		**(24,428)**	(11,934)
Administrative expenses		**(137,793)**	(100,340)
Impairment under expected credit losses model, net	5	**(10,331)**	(4,091)
Finance costs	6	**(31,710)**	(34,695)
Provision of penalty charge on legal proceedings	7	**(13,268)**	(39,221)
Share of results of joint ventures		**(223)**	2,460
LOSS BEFORE TAX	5	**(117,960)**	(142,805)
Income tax expense	10(a)	**(3,928)**	(3,962)
LOSS FOR THE YEAR		**(121,888)**	(146,767)
Loss for the year attributable to:			
Owners of the Company		**(106,014)**	(139,297)
Non-controlling interests		**(15,874)**	(7,470)
		(121,888)	(146,767)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
– Basic		**(HK1.60 cents)**	(HK2.43 cents)
– Diluted		**(HK1.60 cents)**	(HK2.43 cents)

Consolidated Statement of Other Comprehensive Income

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
LOSS FOR THE YEAR	**(121,888)**	(146,767)
OTHER COMPREHENSIVE INCOME AFTER TAX		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations of:		
– subsidiaries	**(16,260)**	(34,945)
– joint ventures	**(1,338)**	(2,625)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(17,598)**	(37,570)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(139,486)**	(184,337)
Total comprehensive income attributable to:		
Owners of the Company	**(124,711)**	(177,353)
Non-controlling interests	**(14,775)**	(6,984)
	(139,486)	(184,337)

Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**447,524**	432,294
Other intangible assets	15	**3,502**	4,625
Right-of-use assets	16	**108,984**	108,039
Goodwill	17	**82,308**	82,308
Interests in joint ventures	18	**81,782**	76,383
Interests in associates	19	**–**	–
Deposits for acquisition of plant and equipment		**136,340**	137,913
Deposits for acquisition of land use rights		**31,331**	31,892
Other assets	13	**283,090**	288,164
Statutory deposits		**93**	100
Total non-current assets		**1,174,954**	1,161,718
CURRENT ASSETS			
Inventories	20	**38,317**	43,927
LNG finance lease receivables	21	**7,743**	8,855
Loan and reimbursement receivables	22	**112,787**	112,787
Accounts and other receivables, prepayments and deposits	23	**332,328**	189,388
Financial assets at fair value through profit or loss		**1**	475
Cash and cash equivalents	24	**37,269**	43,629
Total current assets		**528,445**	399,061
CURRENT LIABILITIES			
Accounts payables	25	**158,449**	135,313
Other payables and accruals	26	**627,740**	566,139
Interest-bearing bank borrowings	27	**139,226**	120,582
Lease liabilities	28	**5,216**	4,847
Tax payable		**4,873**	6,861
Total current liabilities		**935,504**	833,742
NET CURRENT LIABILITIES		**(407,059)**	(434,681)
TOTAL ASSETS LESS CURRENT LIABILITIES		**767,895**	727,037

Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES			
Loans from a shareholder	26	**432,722**	631,307
Interest-bearing bank borrowings	27	**75,480**	22,104
Lease liabilities	28	**12,770**	8,367
Deferred tax liabilities	10(b)	**8,530**	5,735
Total non-current liabilities		**529,502**	667,513
NET ASSETS		**238,393**	59,524
CAPITAL AND RESERVES			
Share capital	29	**133,481**	119,527
Reserves	30	**91,993**	(82,360)
Equity attributable to owners of the Company		**225,474**	37,167
Non-controlling interests		**12,919**	22,357
TOTAL EQUITY		**238,393**	59,524

Approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

Kan Che Kin, Billy Albert
Director

Li Kai Yien, Arthur Albert
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000 (note 30 (iii))	**Share option reserve** HK$'000 (note 30 (iv))	**Special reserve** HK$'000 (note 30 (i))	**Treasury shares** HK$'000 (note 30 (ii))	**Exchange reserve** HK$'000 (note 30 (v))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 31 March 2023 and 1 April 2023	112,876	434,385*	26,533*	(11,408)*	(7,350)*	(66,003)*	(424,281)*	64,752	29,341	94,093
Loss for the year	–	–	–	–	–	–	(139,297)	(139,297)	(7,470)	(146,767)
Other comprehensive income for the year, net of tax:										
Exchange differences arising on translation of:										
Foreign operations of subsidiaries	–	–	–	–	–	(35,431)	–	(35,431)	486	(34,945)
Foreign operations of joint ventures	–	–	–	–	–	(2,625)	–	(2,625)	–	(2,625)
Total comprehensive income for the year	–	–	–	–	–	(38,056)	(139,297)	(177,353)	(6,984)	(184,337)
Share-based payments	–	–	9,168	–	–	–	–	9,168	–	9,168
Allotment of shares	6,651	132,349	–	–	–	–	–	139,000	–	139,000
Cancellation of share options	–	–	(10,280)	–	–	–	10,280	–	–	–
Sale of treasury shares	–	(178)	–	–	1,778	–	–	1,600	–	1,600
At 31 March 2024 and 1 April 2024	119,527	566,556*	25,421*	(11,408)*	(5,572)*	(104,059)*	(553,298)*	37,167	22,357	59,524
Loss for the year	–	–	–	–	–	–	(106,014)	(106,014)	(15,874)	(121,888)
Other comprehensive income for the year, net of tax:										
Exchange differences arising on translation of:										
Foreign operations of subsidiaries	–	–	–	–	–	(17,359)	–	(17,359)	1,099	(16,260)
Foreign operations of joint ventures	–	–	–	–	–	(1,338)	–	(1,338)	–	(1,338)
Total comprehensive income for the year	–	–	–	–	–	(18,697)	(106,014)	(124,711)	(14,775)	(139,486)
Share-based payments	–	–	6,490	–	–	–	–	6,490	–	6,490
Allotment of shares	13,954	286,046	–	–	–	–	–	300,000	–	300,000
Cancellation of share options	–	–	(590)	–	–	–	590	–	–	–
Sale of treasury shares	–	956	–	–	5,572	–	–	6,528	–	6,528
Capital contribution by non-controlling interest to a subsidiary	–	–	–	–	–	–	–	–	8,013	8,013
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	(2,676)	(2,676)
At 31 March 2025	133,481	853,558*	31,321*	(11,408*)	–	(122,756)*	(658,722)*	225,474	12,919	238,393

* These reserve accounts comprise the consolidated reserves of HK$91,993,000 (2024 reserves of deficit: HK$82,360,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax:		**(117,960)**	(142,805)
Adjustments for:			
Loss on disposal of property, plant and equipment	4	**17,900**	14,947
Gain on termination of lease	4	**(357)**	(689)
Net loss from fair value of financial assets at fair value through profit or loss	4	**18**	6
(Gain)/loss on deregistration of subsidiaries	4	**(1,884)**	11,728
Provision of penalty charge on legal proceedings	7	**13,268**	39,221
Bank interest income	4	**(279)**	(519)
Finance costs	6	**31,710**	34,695
Share of results of joint ventures		**223**	(2,460)
Depreciation of property, plant and equipment	5	**40,378**	37,731
Depreciation of right-of-use assets	5	**7,285**	6,913
Amortisation of other intangible assets	5	**1,066**	892
Impairment/(reversal of impairment) of loan receivables	5	**1,885**	(7,363)
Impairment under expected credit losses model, net	5	**10,331**	4,091
Reversal of impairment of margin clients	5	**(538)**	(432)
Share-based payments	31	**6,490**	9,168
Operating profit before working capital changes		**9,536**	5,124
Decrease in statutory deposits		**7**	100
Decrease/(increase) in inventories		**4,874**	(612)
(Increase)/decrease in loan receivables		**(1,885)**	7,363
Decrease in margin client		**538**	432
Increase in accounts and other receivables, prepayments and deposits		**(152,894)**	(114,714)
Increase in value-added tax recoverable		**(9,491)**	–
Increase/(decrease) in accounts and other payables		**98,366**	(11,858)
Cash used in operations		**(50,949)**	(114,165)
PRC enterprise income taxes (paid)/refunded		**(3,766)**	730
Net cash flows used in operating activities		**(54,715)**	(113,435)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**279**	519
Deposits paid for acquisition of property, plant and equipment		**(12,886)**	(279)
Refund of deposits paid for acquisition of land use rights		**–**	12,647
Purchase of property, plant and equipment		**(64,887)**	(51,935)
Purchase of intangible assets		**(16)**	–
Proceeds from disposal of property, plant and equipment		**–**	3,866
Purchase from of land use right		**(153)**	–
Capital contribution to a subsidiary by non-controlling interest		**8,013**	–
Purchase of a joint venture		**(5,346)**	–
Net cash inflow on acquisition of subsidiaries		**–**	3,993
Net cash used in investing activities		**(74,996)**	(31,189)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans from a shareholder	33(a)	**21,151**	211,767
Repayment to a shareholder	33(a)	**(6,600)**	(57,258)
New bank borrowings raised	33(a)	**158,857**	82,478
Repayment of bank borrowings	33(a)	**(83,754)**	(85,029)
Loans from third parties	33(a)	**40,505**	23,094
Repayment of loans from third parties	33(a)	**–**	(20,894)
Capital element of lease liabilities paid	33(a)	**(4,603)**	(4,021)
Interest element of lease liabilities paid	33(a)	**(551)**	(302)
Interest paid on interest-bearing bank borrowings	33(a)	**(9,179)**	(9,988)
Interest paid on loans from third parties	33(a)	**(1,090)**	(426)
Proceeds from disposal of treasury shares		**6,528**	1,600
Proceeds from allotment of shares		**–**	39,000
Net cash generated from financing activities		**121,264**	180,021
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(8,447)**	35,397
Effect of foreign exchange rate changes, net		**2,087**	(23,537)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**43,629**	31,769
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**37,269**	43,629

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. CORPORATE AND GROUP INFORMATION

China HK Power Smart Energy Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1– 1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 8th floor, St. John's Building, 33 Garden Road, Central, Hong Kong.

The Company is an investment holding company, its subsidiaries are principally engaged in (i) the sales and distribution of natural gas ("**NG**") in the People's Republic of China ("**PRC**"), including wholesale of liquefied natural gas ("**LNG**") and pipeline natural gas ("**PNG**") the point-to-point supply of LNG through industrial gasification stations, dewar bottle filling stations and automobile gas stations, the regional gas pipeline networks that provide pipeline natural gas for rural industrial, commercial and civilian, the supplement supply to the national natural gas pipeline networks, and the distribution of LNG (logistic) services; (ii) the development and production of new energy technology products and integrated solutions in PRC, including promotes modern energy system construction based on several proprietary patents and self-developed core platform technologies, such as "IDH Smart Heating" and "ICE Smart Integrated Energy." The advanced energy utilization technologies include household thermal balance, efficient energy storage, and various other solutions. The business distribution encompasses comprehensive smart energy supply for industrial parks (including but not limited to cooling, heating, and steam supply), smart cooling and heating for building complexes, smart heating for northern residential communities, smart management of building energy efficiency, energy storage, industrial power, electricity operation, and carbon trading, among nine major energy service businesses; (iii) the financial services business, including the provision of finance leasing services for LNG vehicles and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation; (iv) Type 9 (asset management) regulated activities with the licences under the Securities and Futures Ordinance ("**SFO**") issued by the Securities and Future Commission ("**SFC**") in Hong Kong; and (v) money lending business through a valid money lenders licence under the Money Lenders Ordinance in Hong Kong.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2025	2024	**2025**	2024	
China LNG Limited ("**CLNG**")	Hong Kong	**HK$40,000,000**	HK$40,000,000	**100%**	100%	Investment holding
Key Fit Group Limited ("**Key Fit Group**")	Hong Kong	**HK$700,000,000**	HK$700,000,000	**60.42%**	60.42%	Investment holding
China Hong Kong Capital Finance Limited	Hong Kong	**HK$14,000,000**	HK$14,000,000	**60.42%**	60.42%	Money lending
China Hong Kong Capital Asset Management Company Limited	Hong Kong	**HK$400,000,000**	HK$400,000,000	**60.42%**	60.42%	Asset management

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital 2025	Issued ordinary/ registered share capital 2024	Percentage of equity attributable to the Company 2025	Percentage of equity attributable to the Company 2024	Principal activities
上海港頣能能源科技有限公司 (China LNG Finance Leasing Co., Ltd.)* (Formerly known as 港能國際融資租賃有限公司)*#	PRC	**United states dollar ("US$") 165,000,000 (Paid up US$97,643,100)**	United states dollar ("US$") 165,000,000 (Paid up US$97,643,100)	**60.42%**	60.42%	Finance leasing services for LNG vehicles and equipment
港宇供應鏈管理(上海)有限公司 (Great Trend Investment Management (Shanghai) Co., Ltd.)*@	PRC	**Renminbi ("RMB") 67,000,000 (Paid up RMB13,055,954)**	Renminbi ("RMB") 67,000,000 (Paid up RMB13,055,954)	**100%**	100%	LNG vehicles services and new energy related business
港強天然氣(上海)有限公司 (Gangqiang Natural Gas (Shanghai) Co., Ltd.)*##	PRC	**RMB100,000,000 (Paid up RMB22,400,000**	RMB100,000,000 (Paid up RMB15,000,000)	**60%**	60%	Development of LNG refueling facilities on floating barges, development of LNG related technologies, operation of LNG refueling stations, trading of gas ignition equipment and utilisation of new energy sources
港能投資(深圳)有限公司 (CLNG Investment (shenzhen) Co., Limited)*#	PRC	**US$100,000,000 (Paid up US$89,891,799)**	US$100,000,000 (Paid up US$88,618,778)	**100%**	100%	Investment holding
上海港弘船舶租賃有限公司 (Shanghai Ganghong Ship Leasing Co., Ltd)* (Formerly known as 上海港宏融資租賃有限公司 (Shanghai Ganghong Finance Leasing Co., Ltd.))*#	PRC	**US$10,000,000 (Paid up US$1,324,793)**	US$10,000,000 (Paid up US$1,324,793)	**100%**	100%	Finance leasing services for LNG vehicles and equipment
山東港能能源有限公司 (CLNG Shandong Energy Co., Ltd.)*#	PRC	**RMB20,000,000 (Paid up RMB20,000,000)**	RMB20,000,000 (Paid up RMB20,000,000)	**100%**	100%	Sales and distribution of LNG
浙江港能天然氣利用有限責任公司 (Zhejiang CLNG Natural Gas., Ltd.)*#	PRC	**RMB50,000,000 (Paid up RMB15,000,000)**	RMB50,000,000 (Paid up RMB15,000,000)	**100%**	100%	Construction and operation of natural gas filling stations and LNG supply
港能天然氣有限責任公司 (CLNG Natural Gas Co., Ltd.)*#	PRC	**RMB600,000,000 (Paid up RMB394,719,503)**	RMB600,000,000 (Paid up RMB394,719,503)	**100%**	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital 2025	2024	Percentage of equity attributable to the Company 2025	2024	Principal activities
陝西港通能源有限公司 (Shaanxi Gangtong Neng Yuan Co., Ltd.)*#	PRC	**RMB30,000,000 (Paid up RMB30,000,000)**	RMB30,000,000 (Paid up RMB30,000,000)	**100%**	100%	Wholesale of ethanol and liquefied petroleum gas and LNG supply and management
河北德眾燃氣貿易有限公司 (Hebei Dezhong Gas Trading Co., Ltd)*#	PRC	**RMB9,590,300 (Paid up RMB8,660,640)**	RMB9,590,300 (Paid up RMB8,660,640)	**100%**	100%	Sales and distribution of LNG
湖北港順天然氣有限公司 (Hubei Gangshun Tian Ran Qi Co., Ltd.)*#	PRC	**RMB50,000,000 (Paid up RMB23,000,000)**	RMB50,000,000 (Paid up RMB23,000,000)	**100%**	100%	Sales and distribution of LNG and provision of LNG logistic services
徐州港能能源有限公司 (CLNG (Xuzhou) Energy Co., Ltd.)*@	PRC	**RMB10,000,000 (Paid up RMB4,900,000)**	RMB10,000,000 (Paid up RMB4,900,000)	**55%**	55%	Sales and distribution of LNG
港宏天然氣無錫有限公司 (Ganghong Natural Gas Wuxi Co. Ltd.)*@	PRC	**RMB30,000,000 (Paid up RMB1,500,000)**	RMB30,000,000 (Paid up RMB1,500,000)	**51%**	51%	Sales and distribution of LNG
港能(天津)貿易有限公司 (CLNG (Tianjin) Trading Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB7,350,000)**	RMB10,000,000 (Paid up RMB7,350,000)	**100%**	100%	Provision on LNG logistic services Sales and distribution of PNG
六安市港能天然氣有限公司 (CLNG (Liu An Shi) Co. Ltd.)*##	PRC	**RMB60,000,000 (Paid up RMB42,995,164)**	RMB60,000,000 (Paid up RMB42,995,164)	**60%**	60%	Sales and distribution of LNG and operation of LNG refilling station
山東奧海天然氣資源技術有限公司 Shandong Aohai Natural Gas Technology Co., Ltd.*@ ("**Shandong Aohai**")	PRC	**RMB10,000,000 (Paid up RMB6,004,920)**	RMB10,000,000 (Paid up RMB6,004,920)	**100%**	100%	Sales and distribution of LNG
河南港運新能源有限公司 (Hanan Gangyun Energy Co., Ltd.)*@	PRC	**RMB10,000,000 (Paid up RMB3,223,000)**	RMB10,000,000 (Paid up RMB3,223,000)	**55%**	55%	Sales and distribution of LNG
港匯天然氣銷售河北有限公司 (Ganghui Natural Gas Trading Hebei Co., Ltd.)*@	PRC	**RMB10,000,000 (Paid up RMB1,250,000)**	RMB10,000,000 (Paid up RMB1,250,000)	**60%**	60%	Sales and distribution of LNG

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital 2025	2024	Percentage of equity attributable to the Company 2025	2024	Principal activities
陝西港能物流有限公司 (CLNG (Shaanxi) Logistic Co., Ltd.)*#	PRC	**RMB129,500,000 (Paid up RMB129,500,000)**	RMB129,500,000 (Paid up RMB129,500,000)	**100%**	100%	Provision of LNG logistic services
青島奥博順拓氣體有限公司 (Qingdao Aobo Shunta Gas Co., Ltd.)*@	PRC	**RMB6,122,400 (Paid up RMB6,122,400)**	RMB6,122,400 (Paid up RMB6,122,400)	**51%**	51%	Sales and distribution of LNG
港能(天津)能源有限公司 (CLNG Tianjin Energy Co. Ltd)*#	PRC	**RMB510,000,000 (Paid up RMB497,978,771)**	RMB510,000,000 (Paid up RMB497,978,771)	**100%**	100%	Investment holding
港縱貿易(珠海)有限公司 (Gangzong Trading (Zhuhai) Co., Ltd.) (Formerly known as 港縱貿易(上海)有限公司)*#	PRC	**RMB1,000,000,000 (Paid up RMB427,000,000)**	RMB1,000,000,000 (Paid up RMB427,000,000)	**100%**	100%	Investment holding and trading of LNG
上海亞東宏華集裝箱運輸有限公司 (Shanghai YaDong Hong Hua Ji Zhuang Xiang Yun Shu Co., Ltd.)*#	PRC	**RMB30,000,000 (Paid up RMB30,000,000)**	RMB30,000,000 (Paid up RMB30,000,000)	**99.9%**	99.9%	Provision of LNG logistic services
河北港盛能源有限公司 (Hebei Gangsheung Energy Co., Ltd.)*#	PRC	**RMB30,000,000 (Paid up RMB12,000,000)**	RMB30,000,000 (Paid up RMB12,000,000)	**100%**	100%	Sales and distribution of LNG
河北港瑞天然氣有限公司 (Hebei Gangrui Natural Gas Co., Ltd.)*@	PRC	**RMB20,000,000 (Paid up RMB18,583,689)**	RMB20,000,000 (Paid up RMB18,583,689)	**80%**	80%	Sales and distribution of LNG
港能天然氣鄄城有限公司 (CLNG Haocheng Natural Gas Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB4,050,000)**	RMB10,000,000 (Paid up RMB4,050,000)	**100%**	100%	Sales and distribution of LNG
港能(湖北)能源有限公司 (CLNG Hubei Energy Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB10,000,000)**	RMB10,000,000 (Paid up RMB10,000,000)	**100%**	100%	Sales and distribution of LNG
湖北鼎環新能源有限公司 (Hubei Dinghuan New Energy Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB1,272,058)**	RMB10,000,000 (Paid up RMB1,272,058)	**100%**	100%	Sales and distribution of LNG

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital 2025	2024	Percentage of equity attributable to the Company 2025	2024	Principal activities
江蘇港易達能源有限公司 (Jiangsu Gangyida Energy Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB2,000,000)**	RMB10,000,000 (Paid up RMB2,000,000)	**100%**	100%	Investment holding
港能(深圳)能源有限公司 (CLNG Shenzhen) Energy Co., Ltd.)*#	PRC	**RMB20,000,000 (Paid up RMB5,000,000)**	RMB20,000,000 (Paid up RMB5,000,000)	**100%**	100%	Investment holding
上海港能能源有限公司 (Shanghai Gangneng Energy Co., Ltd.)*#	PRC	**US$180,000,000 (Paid up US$Nil)**	US$180,000,000 (Paid up US$Nil)	**100%**	100%	Consultancy service on LNG
江陰宏偉運輸有限公司 (Jiang Yin Hongwei Transportation Co., Ltd.)*@	PRC	**RMB34,850,000 (Paid up RMB34,850,000)**	RMB34,850,000 (Paid up RMB34,850,000)	**100%**	100%	Sales and distribution of LNG
湖北錦盛天然氣有限公司 (Hubei Jinsheng Natural Gas Co., Ltd.)*#	PRC	**RMB100,000,000 (Paid up RMB90,000,000)**	RMB100,000,000 (Paid up RMB90,000,000)	**100%**	100%	Sales and distribution of LNG.
港海能源(廣水)有限公司 (Ganghai Energy (Guangshui) Co., Ltd.)*#	PRC	**RMB250,000,000 (Paid up RMB38,845,672)**	RMB250,000,000 (Paid up RMB34,200,000)	**100%**	100%	Sales and distribution of LNG and PNG. construction and operation of natural gas filling stations and development of LNG related technologies
景德鎮港興天然氣有限公司 (Jingdezhen Gangxing Natural Gas Co., Ltd.)*#	PRC	**RMB142,870,000 (Paid up RMB10,000,000)**	RMB142,870,000 (Paid up RMB10,000,000)	**70%**	70%	Sales and distribution of LNG
湖北港誠能源有限公司 (Hubei Gangcheng Energy Co., Ltd)*#	PRC	**RMB50,000,000 (Paid up RMB20,700,000)**	RMB50,000,000 (Paid up RMB20,700,000)	**100%**	100%	Operation of LNG refilling station
寧波港林天然氣利用有限公司 (Ningbo Ganglin Natural Gas Utilization Co., Ltd)*@	PRC	**RMB100,000,000 (Paid up RMB30,000,000)**	RMB100,000,000 (Paid up RMB30,000,000)	**100%**	100%	Sales and distribution of LNG
翺途能源科技(無錫)有限公司 (Oasetech Energy Technology Wuxi Co., Ltd.)*#	PRC	**RMB10,100,000 (Paid up RMB10,100,000)**	RMB10,100,000 (Paid up RMB10,100,000)	**100%**	100%	Equipment manufacturing and technology development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital 2025	2024	Percentage of equity attributable to the Company 2025	2024	Principal activities
翱途貿易(上海)有限公司 (Oasetech Trading Shanghai Co., Ltd.)*#	PRC	**RMB200,000 (Paid up RMB200,000)**	RMB200,000 (Paid up RMB200,000)	**100%**	100%	Equipment sales and technical consulting
陝西合智澤熙新能源科技有限公司 (Shaanxi Hezhi Zexi New Energy Technology Co., Ltd.)*#	PRC	**RMB100,000,000 (Paid up RMB63,285,000)**	RMB100,000,000 (Paid up RMB40,000,000)	**70%**	70%	Research and development of emerging energy technologies
深圳市港通物資供應鏈有限公司 (Shenzhen Gangtong Material Supply Chain Co., Ltd.)*#	PRC	**US$5,000,000 (US$432,827)**	US$5,000,000 (Paid up US$Nil)	**100%**	100%	Finance leasing services
陝西港能智慧能源有限公司 (Shaanxi Gangneng Smart Energy Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB10,000,000)**	RMB10,000,000 (Paid up RMB10,000,000)	**100%**	100%	Thermal production and supply and related equipment manufacturing
湖北港欣物流有限公司 (Hubei Gangxin Logistics Co., Ltd.)*#	PRC	**RMB50,000,000 (Paid up RMB2,500,000)**	–	**100%**	–	Sales and distribution of LNG and provision of LNG logistic service
港能(海南)能源有限公司 (Gangneng (Hainan) Energy Co., Ltd.)*#	PRC	**RMB30,000,000 (Paid up RMB10,500,000)**	–	**100%**	–	Sales and distribution of PNG
港能隆灝(海南)能源有限公司 (Gangneng Longhao (Hainan) Energy Co., Ltd)*#	PRC	**RMB30,000,000 (Paid up RMB11,500,000)**	–	**100%**	–	Sales and distribution of LNG
深圳市港能智慧能源有限公司 (Shenzhen Gangneng Smart Energy Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB Nil)**	–	**100%**	–	Thermal production and supply and related equipment manufacturing
襄陽港能智慧能源有限公司 (Xiangyang Gangneng Smart Energy Co., Ltd.)*#	PRC	**RMB20,000,000 (Paid up RMB Nil)**	–	**100%**	–	Thermal production and supply and related equipment manufacturing
甘肅港能智慧能源科技有限公司 (Gansu Gangneng Zhuoyi Smart Energy Technology Co., Ltd.)*#	PRC	**RMB10,000,000 (Paid up RMB800,000)**	–	**80%**	–	Thermal production and supply and related equipment manufacturing
港能科技投資(深圳)有限公司 (Gangneng Technology Investment (Shenzhen) Co., Ltd.)*#	PRC	**RMB100,000,000 (Paid up RMB Nil)**	–	**100%**	–	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital 2025	2024	Percentage of equity attributable to the Company 2025	2024	Principal activities
深圳市譽欣電科能源管理有限公司 (Shenzhen Yuxin Electric & Energy Management Co., Ltd.)*#	PRC	RMB3,000,000 (Paid up RMB1,900,000)	–	100%	–	Thermal production and research and development of emerging energy technologies
港能科技(無錫)有限公司 (Gangneng Technology (Wuxi) Co., Ltd.)*#	PRC	RMB90,000,000 (Paid up RMB15,880,019)	–	100%	–	Equipment manufacturing and technology development
港能智慧能源(東莞)有限公司 (Gangneng Smart Energy (Dongguan) Co., Ltd.)*@	PRC	RMB30,000,000 (Paid up Nil)	–	100%	–	Thermal production and research and development of emerging energy technologies
港能(陝西)新能源有限公司 (Gangneng (Shaanxi) New Energy Co., Ltd.)*#	PRC	RMB10,000,000 (Paid up Nil)	–	100%	–	Thermal production and research and development of emerging energy technologies
武漢市港能智慧能源科技有限公司 (Wuhan Gangneng Smart Energy Technology Co., Ltd.)*#	PRC	RMB10,000,000 (Paid up Nil)	–	100%	–	Thermal production and research and development of emerging energy technologies
翱途工程技術(無錫)有限公司 (Aotu Engineering Technology (Wuxi) Co., Ltd.)*@	PRC	RMB10,000,000 (Paid up Nil)	–	100%	–	Equipment manufacturing and technology development
港能(無錫)能源科技集團有限公司 (Gangneng (Wuxi) Energy Technology Group Co., Ltd.)*#	PRC	RMB90,000,000 (Paid up RMB15,880,019)	–	100%	–	Equipment manufacturing and technology development
新能港滙(天津)私募基金有限公司 (Xinneng Ganghui (Tianjin) Private Equity Fund Management Co., Ltd.)*#	PRC	RMB10,000,000 (Paid up RMB600,000)	–	80%	0	Fundraising, Investment and Management of Funds

Notes:

1 All of the above subsidiaries, except for CLNG and Key Fit Group, are indirectly held by the Company.

* English company name translated for identification purposes only.

These subsidiaries are wholly foreign-owned enterprises in the PRC.

These subsidiaries are 60% foreign-owned enterprises in the PRC.

@ These subsidiaries are the limited liability companies in the PRC.

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 Company. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. Details of non-wholly owned subsidiaries that have material non-controlling interests are disclosed in note 36 to the consolidated financial statements.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all individual Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited. These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are remeasured at fair value at end of each reporting period, as explained in the accounting policies set out blow. These consolidated financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**"). A subsidiary is an 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).

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 attributable to the ordinary equity holders 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.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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.

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

2.1 BASIS OF PREPARATION *(continued)*

(a) Basis of consolidation *(continued)*

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

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

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

(b) Adoption of the going concern basis

The Group incurred a loss of approximately HK$121,888,000 during the year ended 31 March 2025. As at 31 March 2025, the Group had net current liabilities of HK$407,059,000 and bank and cash balances of approximately HK$37,269,000, while the outstanding bank borrowings amounted to approximately HK$214,706,000, of which approximately HK$139,226,000 were originally due within one year.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors of the Company had adopted the going concern basis in the preparation of these consolidated financial statements of the Group based on the measures including but not limited to the following:

(1) As set out in Note 26(b), Dr. Kan Che Kin, Billy Albert ("Dr. Kan"), being the beneficial owner and controlling shareholder of the Company, has committed to providing continuing financial support to the Group until 30 June 2026;

(2) As set out in Note 35(b), the Company has entered into loan facility agreements with Dr. Kan, which included standby facilities of HK$800,000,000. As at 31 March 2025, the Group had unutilised facilities of approximately HK$344,738,000;

(3) As set out in Note 39, on 17 April 2025, the Company and Dr. Kan entered into a Loan Capitalisation Agreement, pursuant to which a shareholder loan of HK$140,000,000 was capitalised by allotting capitalisation shares to Dr. Kan. Considering this capitalisation, as at the date of the completion of transaction, the unutilised facilities of the loan facility will be increased to approximately HK$484,738,000;

2.1 BASIS OF PREPARATION *(continued)*

(b) Adoption of the going concern basis *(continued)*

(4) The Group is taking measures to tighten controls over various costs and actively enhance its market position in the NG industry by expanding its customer base with the aim to attain profitable and positive cash flow operations in the coming financial year;

(5) The Company commenced the new energy business in the second half of the year during the year ended 31 March 2024 had successfully turned a gross loss during the year ended 31 March 2023 to gross profit during the year ended 31 March 2024. And the contribution from the new energy business continue to grow during the year ended 31 March 2025, the overall gross profit of the Company increased significantly from HK$63.6 million during the year ended 31 March 2024 to HK$116.6 million during the year ended 31 March 2025. The continuous improvement of profitability of the Company is foreseeable in the future under the situation that few new projects will be commenced to contribute revenue and profit in next fiscal year; and

(6) The Group is actively negotiating with several banks in the Mainland China to obtain a new credit line to finance the Group's operations.

After taking into consideration of the above factors and funds expected to be generated internally based on the directors' estimation on the future cash flow, which cover a period of not less than twelve months from 31 March 2025, of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the following:

1) whether the Group is able to generate adequate operating cash inflows by adjusting the operation soonest possible and controlling the operating costs; and

2) whether the Group will be able to obtain financing from the shareholder of remaining unutilised facilities of approximately HK$344,738,000 available to the Group and when needed and whether the conditions for the provision of financing exist throughout the forecast period.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

2.2 NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has adopted the following amendments to HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2024 as mentioned below.

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

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

Impact on application of Amendments to HKAS1 and HKFRS Practise Statement 2 "Disclosure of Accounting Policies"

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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 April 2023 and 1 April 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.

2.2 NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR *(continued)*

Impact on application of Amendments to HKAS1 and HKFRS Practise Statement 2 "Disclosure of Accounting Policies" *(continued)*

(d) 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.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 2.4 to the consolidated financial statements.

2.3 NEW AND AMENDMENTS TO HKFRSs BUT NOT YET EFFECTIVE

The following HKFRSs in issue have not been applied in the preparation of these consolidated financial statements since they were not yet effective for the annual period beginning on 1 April 2024:

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 is in the process of making an assessment of what the impact of these HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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 interests in associates and 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.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost.

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets ("**HKAS 36**") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal disposal of the relevant associate or joint venture.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(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 that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation 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.

Goodwill arising on an acquisition of a business 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 net assets acquired and liabilities assumed as at acquisitions date. 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 the end of each reporting period. For the purpose of impairment testing, goodwill is 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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units) An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit 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

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.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Fair value measurement *(continued)*

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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety,:

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 measured at fair value 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

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of non-financial assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Impairment of non-financial assets *(continued)*

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 the profit or loss in the period in which it arises.

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 parent 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 a joint venture of the other entity (or of a member of a group of which the other entity is a number);
- (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 parent 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 the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, including the right-of-use assets arising from leases of the underlying 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 assets 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 the statement of 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.

Depreciation 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 principal annual rates used for this purpose are as follows:

Furniture and fixtures	20%-33$^1/_3$%
Leasehold improvements	Over the shorter of the lease terms and 25%
Equipment and machinery	5%-33$^1/_3$%
Motor vehicles	10%-25%
Building	3$^1/_3$%-5%
Yacht	20%
Right-of-use assets – Land use rights	Over the lease terms
Right-of-use assets – Properties	Remaining lease term from 1 April 2019
Right-of-use assets – Containers	Over the lease terms

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively 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. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and equipment and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Intangible assets are subsequently stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Leases

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

As a lessee

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

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

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 Revenue from contract with customers to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a LNG finance lease receivable equal to the transfer proceeds within the scope of HKFRS 9.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

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 accounts 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 accounts 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 in accordance with HKFRS 15.

In order for a financial asset 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 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.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows only and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Subsequent measurement

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

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Investments and other financial assets *(continued)*

Financial assets at amortised cost (debt instruments) *(continued)*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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 equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as other income in profit or loss when the right of 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.

Impairment of financial assets

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.

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 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.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Investments and other financial assets *(continued)*

General approach *(continued)*

For receivables from margin clients and cash clients, the Group considers there has been a significant increase in credit risk when clients cannot meet the margin call requirement and uses the loan-to-collateral value ("**LTV**") to make its assessment. However, in certain cases, the Group may also consider a margin client receivable to be in default when there is a margin shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A margin client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 receivables under finance lease arrangements, LNG finance lease receivables and accounts receivables under NG business and new energy business 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

Simplified approach

For receivables under finance lease arrangements, LNG finance lease receivables and accounts receivables under NG business and new energy business 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 established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Derecognition of financial assets

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 expire; 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables as appropriate.

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

The Group's financial liabilities include accounts payables, other payables and accruals, interest-bearing bank borrowings, lease liabilities and loans from a shareholder.

Subsequent measurement

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

Loans and borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate 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 rate amortisation process.

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

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Financial liabilities *(continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

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.

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.

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 the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost, on the first-in, first-out basis, and net realisable value after making due allowance for any obsolete or slow-moving items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Cash and cash equivalents are assessed for ECLs.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Provisions

A provision is recognised when the Group 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 by the Group, provided that a reliable estimate can be made of the amount of the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with by the Group. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non–current assets are recognised as a deduction from the carrying amount of the relevant asset in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised 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.

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

- when the deferred tax liability 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

- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in 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.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Taxation *(continued)*

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

- in respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in 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.

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.

Revenue recognition

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 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 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.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(a) *Sales and distribution of NG*

Revenue from the sale of NG is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of NG.

(b) *Provision of LNG logistic services*

Revenue from the provision of LNG logistic services is recognised over-time when the underlying services have been rendered in accordance with the terms of service agreements.

(c) *Sales and distribution of new energy products*

Revenue from the sale of new energy products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(d) *Heating services*

The performance obligation is satisfied overtime as services are rendered, and revenue is recognised based on the proportion of heating day to the total heating day during the heating period.

Revenue from other sources

LNG finance lease and provision of loan finance services

Income from finance lease and the provision of loan finance services is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of finance lease/loan or a shorter period, when appropriate, to the net carrying amount of the net investment of finance lease/loan.

Other income

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.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract and has an unconditional right to receive consideration.

Employee benefits

Pension schemes

The Group's employer contributions vest fully with the employees when contributed into the Mandatory Provident Fund retirement benefit (the "**MPF Scheme**"), except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain portion of its payroll to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

Short-term employee benefit

Short-term employee benefits are recognised at the undiscounted amount of the benefits to be paid as and when employees rendered the service. All short-term employee benefits are recognised as expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave after deducting any amount already paid.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Employee benefits *(continued)*

Termination benefits

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

Share-based payment arrangements

The Group issues equity-settled share-based payments to directors and certain employees. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Bank balances held on behalf of clients

The Group has classified the clients' monies as bank balances held on behalf of customers under the current assets section of the statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised a corresponding accounts payable to the respective clients on grounds that is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Company is not allowed to use the clients' monies to settle its own obligation.

Foreign currencies

The consolidated financial statements are presented in HK$, which is the Company's presentation 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 rates of exchanges prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the 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.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated under exchange reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified cognised 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. Exchange differences arising are recognised in other comprehensive income.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ 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 HK$ at the weighted average exchange rates for the year.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated 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.

Critical judgements in applying accounting policies

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

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2.1(b) to the consolidated financial statements.

Estimation uncertainty

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

Useful lives and residual values of items of property, plant and equipment

The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Adjustment of depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period, based on changes in circumstances.

The carrying amount of property, plant and equipment as at 31 March 2025 were HK$447,524,000 (2024: HK$432,294,000).

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets

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

Details of the impairment of non-financial assets are disclosed in note 14 to the consolidated financial statements. The carrying amounts of property, plant and equipment, other intangible assets, right-of-use assets, deposits for acquisition of property, plant and equipment and land-use right as at 31 March 2025 were HK$447,524,000, HK$3,502,000, HK$108,984,000, HK$136,340,000 and HK$31,331,000 (2024: HK$432,294,000, HK$4,625,000, HK$108,039,000, HK$137,913,000 and HK$31,892,000) respectively.

Provision for expected credit losses on LNG finance lease receivables and accounts receivables arising from NG business and new energy business

The Group uses a provision matrix to calculate ECLs for LNG finance lease receivables and accounts receivables arising from NG business and new energy business. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on these receivables are disclosed in notes 21 and 23 to the consolidated financial statements respectively.

Impairment assessment of loan receivables, accounts receivables from margin clients and cash clients and other receivables

The Group calculates the ECLs of these receivables by estimating the collateral prices, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. As part of a qualitative assessment of whether a counterparty is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When certain events occur, the Group carefully considers whether the events should result in determining the counterparties as defaulted and therefore assesses whether the classification as stage 3 for ECL calculation is appropriate. Details of loan receivables and accounts receivables from margin clients and cash clients and other receivables are given in notes 22 and 23 to the consolidated financial statements respectively.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of investments in joint ventures and associates

The Group tests whether the investments in joint ventures and associates have suffered any impairment, in accordance with the accounting policy stated in note 2.4 to the consolidated financial statements. The recoverable amount of the investment is the higher of the asset's fair value less costs to sell and value in use. These calculations require the use of estimates. Details are disclosed in notes 18 and 19 to the consolidated financial statements respectively.

3. OPERATING SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of their products and services provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive directors of the Company, the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of performance. Segment results represents the profit earned/loss incurred by each segment without allocation of corporate and other unalloacted expenses, share of results of joint ventures, other income, other gains and losses and finance costs. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

For management purposes, the Group is organised into business units based on their products and services and has three reporting segments as follows:

(a) Sales and distribution of NG including wholesale of LNG and PNG, point-to-point supply of LNG, automobile gas stations, LNG pipeline network and provision of LNG logistic services in the PRC ("**NG business**");

(b) The development and production of new energy technology products and integrated solutions in PRC ("**New energy business**"); and

(c) financial services business, including the provision of finance leasing services for LNG vehicles and equipment in the PRC, the provision of asset management services and money lending business in Hong Kong ("**Financial services**").

Segment assets mainly exclude cash and cash equivalents, and other unallocated assets as these assets are managed on a group basis.

Segment liabilities mainly exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities, and other unallocated liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION *(continued)*

	New energy business		NG business		Financial services		Consolidated	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue (note 4)								
Sales to external customers	**131,580**	83,564	**579,975**	368,779	**1,885**	2,148	**713,440**	454,491
Inter-company sales	**4,019**	–	**98,053**	108,374	**–**	–	**102,072**	108,374
	135,599	83,564	**678,028**	477,153	**1,885**	2,148	**815,512**	562,865
Reconciliation:								
Elimination of inter-company sales							**(102,072)**	(108,374)
Revenue							**713,440**	454,491
Segment results before depreciation and amortisation	**32,834**	30,541	**(24,586)**	(57,420)	**(22,206)**	(11,731)	**(13,958)**	(38,610)
Depreciation and amortisation	**(4,931)**	(621)	**(41,302)**	(42,042)	**(2,496)**	(2,873)	**(48,729)**	(45,536)
Segment results	**27,903**	29,920	**(65,888)**	(99,462)	**(24,702)**	(14,604)	**(62,687)**	(84,146)
Other income and other gains and losses, net							**(16,854)**	(18,631)
Finance costs							**(31,710)**	(34,695)
Share of results of joint ventures	**(6)**	–	**(217)**	2,460	**–**	–	**(223)**	2,460
Corporate and other unallocated expenses, net							**(6,486)**	(7,793)
Loss before tax							**(117,960)**	(142,805)
Assets and liabilities								
Segment assets	**335,887**	181,506	**1,202,503**	1,208,629	**125,773**	125,707	**1,664,163**	1,515,842
Unallocated							**39,236**	44,937
							1,703,399	1,560,779
Segment liabilities	**132,928**	50,163	**821,676**	976,253	**282,294**	319,555	**1,236,898**	1,345,971
Unallocated							**228,108**	155,284
							1,465,006	1,501,255

3. OPERATING SEGMENT INFORMATION *(continued)*

	New energy business		NG business		Financial services		Consolidated	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information								
Share of results of:								
Joint ventures	**6**	–	**217**	2,460	**–**	–	**223**	2,460
Impairment of LNG finance lease receivables	**–**	–	**–**	–	**(957)**	(1,216)	**(957)**	(1,216)
Reversal of impairment of margin clients	**–**	–	**–**	–	**538**	432	**538**	432
(Impairment)/reversal of impairment of loan receivables	**–**	–	**–**	–	**(1,885)**	7,363	**(1,885)**	7,363
(Impairment)/reversal of impairment of accounts receivables arising from NG business	**–**	–	**(4,170)**	3,338	**–**	–	**(4,170)**	3,338
Impairment of accounts receivables arising from new energy business	**(5,062)**	(6,557)	**–**	–	**–**	–	**(5,062)**	(6,557)
(Impairment)/reversal of impairment of other receivables	**–**	–	**(142)**	344	**–**	–	**(142)**	344
Depreciation and amortisation	**(4,931)**	(621)	**(41,302)**	(42,042)	**(2,496)**	(2,873)	**(48,729)**	(45,536)
Loss on disposal of items of property, plant and equipment	**–**	–	**(17,900)**	(14,947)	**–**	–	**(17,900)**	(14,947)
Gain/(loss) on deregistration of a subsidiary	**1,614**	–	**270**	(11,728)	**–**	–	**1,884**	(11,728)
Interests in joint ventures	**6,960**	–	**74,822**	76,383	**–**	–	**81,782**	76,383
Additions to property, plant and equipment	**31,960**	42,692	**31,519**	9,071	**17,066**	172	**80,545**	51,935
Additions to right-of-use assets	**373**	2,710	**15,104**	9,537	**2,464**	–	**17,941**	12,247
Refund of deposits for acquisition of plant and equipment, and land use rights	**–**	–	**–**	(12,368)	**–**	–	**–**	(12,368)

There is depreciation of right-of-use assets of HK$7,285 included in corporate and other unallocated expenses.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2025 HK$'000	2024 HK$'000
Hong Kong	**1,885**	2,148
PRC	**711,555**	452,343
	713,440	454,491

The revenue information is based on the locations of the customers.

(b) Non-current assets

	2025 HK$'000	2024 HK$'000
Hong Kong	**943**	383
PRC	**1,174,011**	1,161,335
	1,174,954	1,161,718

The non-current asset information is based on the locations of the assets.

Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follow:

	2025 HK$'000	2024 HK$'000
NG business segment		
Customer A	**89,975**	41,103

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales and distribution of NG	**529,699**	313,145
Provision of LNG logistic services	**50,276**	55,634
Sales and distribution of new energy products	**50,304**	8,752
Development of new energy integrated solution	**81,276**	74,812
	711,555	452,343
Revenue from other source		
Interest income from loan financing	**1,885**	2,148
	713,440	454,491

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2025	NG related products HK$'000	NG related services HK$'000	New Energy related products HK$'000	New Energy related services HK$'000	Total HK$'000
Timing of revenue recognition					
Goods transferred at a point in time	**529,699**	**–**	**50,304**	**–**	**580,003**
Services transferred over time	**–**	**50,276**	**–**	**81,276**	**131,552**
Total revenue from contracts with customers	**529,699**	**50,276**	**50,304**	**81,276**	**711,555**

For the year ended 31 March 2024	NG related products HK$'000	NG related services HK$'000	New Energy related products HK$'000	New Energy related services HK$'000	Total HK$'000
Timing of revenue recognition					
Goods transferred at a point in time	313,145	–	8,752	–	321,897
Services transferred over time	–	55,634	–	74,812	130,446
Total revenue from contracts with customers	313,145	55,634	8,752	74,812	452,343

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales and distribution of NG

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery.

LNG logistic services

The performance obligation is satisfied over time as services are rendered. Management service contracts are for periods of one year or less, or are billed based on the time incurred.

New Energy Business

Sales and distribution of new energy products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery.

Heating services

The performance obligation is satisfied overtime as services are rendered, and revenue is recognised based on the proportion of heating day to the total heating day during the heating period.

All performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period are part of contracts with an original expected duration of one year or less. Therefore, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, which exempts the transaction prices allocated to such performance obligations from disclosure.

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES *(continued)*

Other income and other gains and losses, net

	2025 HK$'000	2024 HK$'000
Other income		
Bank interest income	**279**	519
Sundry income	**54**	–
Government subsidy#	**898**	1,091
	1,231	1,610
Other gains and losses		
Loss on disposal of items of property, plant and equipment	**(17,900)**	(14,947)
Gain on termination of lease	**357**	689
Loss on disposal of land use right	**–**	–
Loss from changes in fair value of financial assets at fair value through profit or loss	**(18)**	(6)
Gain/(loss) on deregistration of subsidiaries (note 32)	**1,884**	(11,728)
Exchange loss	**(284)**	(2,044)
(Impairment)/Reversal of impairment of loan receivables	**(1,885)**	7,363
Reversal of impairment of margin client receivable	**538**	432
Penalties	**(777)**	–
	(18,085)	(20,241)
	(16,854)	(18,631)

The recognised government grants of approximately HK$898,000 (2024: HK$1,091,000) obtained in the PRC whereas there were no unfulfilled conditions or contingencies.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2025 HK$'000	2024 HK$'000
Cost of inventories recognised as an expense[#]	**500,602**	239,162
Depreciation of property, plant and equipment	**40,378**	37,731
Depreciation of right-of-use assets	**7,285**	6,913
Amortisation of other intangible assets	**1,066**	892
Short-term lease expenses	**4,199**	1,821
Auditor's remuneration		
– audit service	**1,000**	1,050
– non-audit service	**106**	34
Employee benefit expense (excluding directors' remuneration (note 8)):		
Wages and salaries	**62,918**	39,170
Commission	**12,156**	7,790
Pension scheme contributions[##]	**8,783**	2,145
Share-based payments	**3,148**	2,877
	87,005	51,982
Impairment/(reversal of impairment) of loan receivables	**1,885**	(7,363)
Reversal of impairment of margin clients	**(538)**	(432)
Impairment under expected credit losses model:		
Impairment of accounts/(reversal of impairment) receivables arising from NG business	**4,170**	(3,338)
Impairment of accounts receivables arising from new energy business	**5,062**	6,557
Impairment of LNG finance lease receivables	**957**	1,216
Impairment/(reversal of impairment) of other receivables	**142**	(344)
	10,331	4,091

[#] This balance is included in "Cost of sales" in the consolidated statement of profit or loss.

[##] According to the relevant laws and regulations in the PRC, the PRC subsidiaries within the Group are required to contribute a certain percentage of the payrolls of their employees to the retirement benefits scheme to fund the retirement benefits of their employees. The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, contribution of which is matched by employees. The maximum monthly amount of contribution is limited to HK$1,500 per employee. During the years ended 31 March 2025 and 2024, the Group had no forfeited contributions under the MPF Scheme and PRC retirement benefits scheme which may be used by the Group to reduce existing level of contributions as described in paragraph 26(2) Appendix 16 of the Listing Rules. No forfeited contributions were also available at 31 March 2025 and 2024 for the Group to reduce contribution payables in future years, if applicable.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK$'000	2024 HK$'000
Interest expense on loans from a shareholder	**21,510**	24,392
Interest expense on interest-bearing bank borrowings	**9,179**	9,500
Interest expense on loans from third parties	**470**	504
Interest expense on lease liabilities	**551**	299
	31,710	34,695

7. PROVISION OF PENALTY CHARGE ON LEGAL PROCEEDINGS

On 9 May 2024, the Company received a "Civil Ruling" dated 25 April 2024 issued by the Tianjin Maritime Court of PRC (the "**Court**") regarding claims brought by an independent creditor of NG segment. Pursuant to the Civil Ruling, Great Trend Investment Management (Shanghai) Company Limited*, an indirect wholly-owned subsidiary of the Company, was liable to pay the creditor the outstanding balance, along with a penalty charge and overdue interest. The penalty expenses was amounting to approximately HK$39,221,000. Both the Company and its wholly-owned subsidiary, China LNG Limited, act as guarantors for the outstanding balance and the penalty charge.

For prudent purposes based on legal advice, a full provision for penalty expenses in the amount of approximately HK$39,221,000 was recognised during the year ended 31 March 2024.

Additionally, the Group will continue to incur overdue interest from 1 April 2024, until the outstanding balance are settled and the remaining LNG bank containers are returned. A full provision for overdue interest in the amount of approximately HK$13,268,000 was recognised during the year ended 31 March 2025.

* English company name translated for identification purpose only.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, 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:

	2025 HK$'000	2024 HK$'000
Fees:		
Executive directors	**20**	20
Non-executive directors	**50**	206
Independent non-executive directors	**150**	150
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	**3,918**	964
Pension scheme contributions	**78**	39
Share-based payments	**3,342**	6,291
	7,558	7,670

8. DIRECTORS' REMUNERATION *(continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payments HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2025					
Executive directors:					
Dr. Kan	10	–	3,342	–	3,352
Mr. Deng Yaobo	–	3,918	–	78	3,996
Mr. Li Kai Yien, Arthur Albert	10	–	–	–	10
	20	3,918	3,342	78	7,358
Non-executive directors:					
Mr. Simon Murray	50	–	–	–	50
Ms. Kan Kung Chuen Lai (appointed on 2 December 2024)	–	–	–	–	–
	50	–	–	–	50
Independent non-executive directors:					
Mr. Li Siu Yui	50	–	–	–	50
Mr. Lam Lum Lee	50	–	–	–	50
Mr. Chow Ching Ning	50	–	–	–	50
	150	–	–	–	150
	220	3,918	3,342	78	7,558

Dr. Kan is also the chairman of the Company.

Mr. Deng Yaobo is also the chief executive officer of the Company.

8. DIRECTORS' REMUNERATION *(continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payments HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2024					
Executive directors:					
Dr. Kan	10	–	6,291	–	6,301
Mr. Deng Yaobo (appointed on 2 October 2023)	–	964	–	39	1,003
Mr. Li Kai Yien, Arthur Albert	10	–	–	–	10
	20	964	6,291	39	7,314
Non-executive directors:					
Mr. Simon Murray	50	–	–	–	50
Mr. Lam, Lee G (resigned on 8 February 2024)	65	–	–	–	65
Mr. Xiao Cong (resigned on 3 December 2023)	91	–	–	–	91
	206	–	–	–	206
Independent non-executive directors:					
Mr. Li Siu Yui	50	–	–	–	50
Mr. Lam Lum Lee	50	–	–	–	50
Mr. Chow Ching Ning	50	–	–	–	50
	150	–	–	–	150
	376	964	6,291	39	7,670

There was no arrangement under which a director waived or agreed to waive any remuneration, and no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: two directors). Details of the remuneration for the year of the remaining three (2024: three) non-director highest paid employees are as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowances and benefits in kind	**3,096**	2,045
Pension scheme contributions	**153**	72
Share-based payments	**2,687**	1,923
	5,936	4,040

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Numbers of employees	
	2025	2024
Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
	3	3

10. INCOME TAX EXPENSE

(a) Income tax expense comprises:

	2025	2024
	HK$'000	HK$'000
Current income tax		
– The PRC Enterprise Income Tax	**(1,133)**	(27)
Deferred taxation	**(2,795)**	(3,935)
Total tax expense	**(3,928)**	(3,962)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for both years.

Under the Law of The PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of The PRC subsidiaries of NG business is 25% for both years.

The PRC subsidiaries of new energy business are recognised as New and Technology Enterprise which are entitled to a preferential PRC Enterprise Income Tax rate of 15%.

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense is as follows:

	2025	2024
	HK$'000	HK$'000
Loss before tax	**(117,960)**	(142,805)
Tax at the statutory rates	**(19,069)**	(34,733)
Income not subject to tax	**(311)**	(691)
Expenses not deductible for tax	**1,738**	2,096
Temporary difference not recognised	**216**	1,107
Share of results of joint ventures which is non-deductible	**56**	–
Utilisation of tax losses not previously recognised	**(5,824)**	(379)
Deductible temporary differences	**–**	(13)
Tax losses not recognised	**27,122**	36,575
Tax expense	**3,928**	3,962

10. INCOME TAX EXPENSE *(continued)*

(a) Income tax expense comprises: (continued)

There is no share of tax attributable to associates for both years. The share of tax credit attributable to joint ventures amounting to HK$729,000 (2024: tax credit of HK$641,000) is included in "Share of results of joint ventures" in the consolidated statement of profit or loss.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

(b) Deferred tax liabilities of HK$1,579,000 (2024: HK$1,697,000) represents fair value adjustment arising from acquisition of subsidiaries.

Deferred tax liabilities of HK$6,951,000 (2024: HK$4,038,000) represents timing differences in depreciation policies arising from PRC subsidiaries.

The Group has estimated tax losses arising in Hong Kong of HK$574,050,000 (2024: HK$562,114,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has estimated tax losses arising in Mainland China of HK$826,460,000 (2024: HK$773,233,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

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

At 31 March 2025 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries, joint ventures and associates established in Mainland China. In the opinion of the directors, the Company has the ability to control the timing of distribution and it is not probable that the distribution of these subsidiaries and joint ventures will be made in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$54,345,000 at 31 March 2025 (2024: HK$38,590,000).

11. DIVIDENDS

No dividends was proposed or paid for ordinary shareholders of the Company during the years ended 31 March 2025 and 2024, nor has any dividend been propose since the end of the reporting period.

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 6,612,863,673 (2024: 5,731,832,419) in issue during the year.

The diluted loss per share for the years ended 31 March 2025 and 2024 is equal to the basic loss per share.

The computation of diluted loss per share does not assume to exercise of the outstanding share options since the assumed conversion would result in decrease in loss per share for the years ended 31 March 2025 and 2024.

The calculations of basic and diluted loss per share is based on:

	2025	2024
	HK$'000	HK$'000
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**(106,014)**	(139,297)

	Number of shares	
	2025	2024
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**6,612,863,673**	5,731,832,419

13. PROPERTY, PLANT AND EQUIPMENT/OTHER ASSETS

	Furniture and fixtures	Leasehold improvements	Equipment and machinery	Motor vehicles	Building	Yacht	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:								
1 April 2023	10,968	5,139	305,050	195,622	104,090	9,100	68,737	698,706
Additions	1,940	–	41,536	4	420	–	8,035	51,935
Acquisition of subsidiaries	309	–	2,071	777	–	–	–	3,157
Deregistration of a subsidiary	–	–	–	–	–	–	(11,133)	(11,133)
Transfer	–	–	–	–	–	–	12,370	12,370
Disposals	(664)	–	–	(28,988)	–	–	(7,547)	(37,199)
Exchange realignment	(338)	(114)	(10,366)	(6,719)	(3,578)	–	(2,358)	(23,473)
At 31 March 2024 and 1 April 2024	12,215	5,025	338,291	160,696	100,932	9,100	68,104	694,363
Additions	**4,076**	**-**	**13,042**	**7,113**	**919**	**-**	**55,395**	**80,545**
Transfer	**-**	**-**	**32,951**	**-**	**-**	**-**	**(20,924)**	**12,027**
Disposals	**(778)**	**-**	**(12,748)**	**(14,934)**	**-**	**-**	**(12,967)**	**(41,427)**
Exchange realignment	**(220)**	**(56)**	**(6,208)**	**(2,725)**	**(1,782)**	**-**	**(1,366)**	**(12,357)**
At 31 March 2025	**15,293**	**4,969**	**365,328**	**150,150**	**100,069**	**9,100**	**88,242**	**733,151**

13. PROPERTY, PLANT AND EQUIPMENT/OTHER ASSETS *(continued)*

	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Equipment and machinery HK$'000	Motor vehicles HK$'000	Building HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation:								
At 1 April 2023	9,804	5,139	76,823	99,079	6,173	9,100	–	206,118
Provided for the year	731	–	18,040	14,581	4,379	–	–	37,731
Disposals	(40)	–	–	(18,346)	–	–	–	(18,386)
Exchange realignment	(299)	(114)	(2,588)	(3,325)	(199)	–	–	(6,525)
At 31 March 2024 and 1 April 2024	10,196	5,025	92,275	91,989	10,353	9,100	–	218,938
Provided for the year	**1,138**	**–**	**19,844**	**14,815**	**4,581**	**–**	**–**	**40,378**
Disposals	**(637)**	**–**	**(2,447)**	**(9,165)**	**–**	**–**	**–**	**(12,249)**
Exchange realignment	**(162)**	**(56)**	**(1,758)**	**(1,615)**	**(219)**	**–**	**–**	**(3,810)**
At 31 March 2025	**10,535**	**4,969**	**107,914**	**96,024**	**14,715**	**9,100**	**–**	**243,257**
Impairment loss:								
At 1 April 2023	70	–	22,567	–	4,934	–	17,096	44,667
Exchange realignment	(2)	–	(776)	–	(170)	–	(588)	(1,536)
At 31 March 2024 and 1 April 2024	68	–	21,791	–	4,764	–	16,508	43,131
Exchange realignment	**(2)**	**–**	**(385)**	**–**	**(83)**	**–**	**(291)**	**(761)**
At 31 March 2025	**66**	**–**	**21,406**	**–**	**4,681**	**–**	**16,217**	**42,370**
Carrying values:								
At 31 March 2025	**4,692**	**–**	**236,008**	**54,126**	**80,673**	**–**	**72,025**	**447,524**
At 31 March 2024	1,951	–	224,225	68,707	85,815	–	51,596	432,294

13. PROPERTY, PLANT AND EQUIPMENT/OTHER ASSETS *(continued)*

Other assets of HK$283,090,000 (2024: HK$288,164,000) represented the right to acquire LNG tank containers pursuant to a sale and purchase agreement dated 29 June 2018 entered into between Gangzong Trade (Shanghai) Co., Ltd, a wholly-owned subsidiary of the Company and CIMC Enric Energy Equipment (Suzhou) Co., Ltd., a wholly-owned subsidiary of CIMC Enric Holdings Limited. Details of the acquisition were disclosed in a circular of the Company dated 24 August 2018. Liability of the same balance is recognised and included in other payables and accruals (Note 26).

As at 31 March 2025, property, plant and equipment with the carrying amounts of approximately HK$15,224,000 (2024: HK$16,102,000) were pledged to banks to secure banking facilities granted to the Group (Note 27).

14. IMPAIRMENT TESTING ON NON-FINANCIAL ASSETS

For the purposes of impairment testing, property, plant and equipment, other intangible assets, right-of-use assets and deposits for acquisition of property, plant and equipment and land use rights that generate cash flows together are included in the CGU of the Sales and distribution of NG and provision of LNG logistic services segment ("NG Business CGU").

The recoverable amount of the unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and discount rate of 18% (2024: 19%). Cash flows beyond the 5-year period are extrapolated using a steady 2.5% (2024: 2.5%) growth rate.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

As at 31 March 2025, the recoverable amount of the NG business CGU amounted to HK$504 million (2024: HK$557 million) exceeded its carrying amounts, and thus there is no impairment in respect of non-financial assets included in the NG Business CGU has been recognised during the year ended 31 March 2025 (2024: Nil).

Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

15. OTHER INTANGIBLE ASSETS

	Technology development and design HK$'000	Road transpiration operation permits of dangerous goods HK$'000	Total HK$'000
Cost:			
At 1 April 2023	–	8,873	8,873
Acquisition of subsidiaries	1,531	–	1,531
Exchange realignment	–	(305)	(305)
At 31 March 2024 and 1 April 2024	1,531	8,568	10,099
Additions	16	–	16
Exchange realignment	(28)	(151)	(179)
At 31 March 2025	**1,519**	**8,417**	**9,936**
Accumulated amortisation:			
At 1 April 2023	–	4,436	4,436
Charge for the year	38	854	892
Exchange realignment	–	(139)	(139)
At 31 March 2024 and 1 April 2024	38	5,151	5,189
Charge for the year	217	849	1,066
Exchange realignment	(2)	(98)	(100)
At 31 March 2025	**253**	**5,902**	**6,155**
Impairment:			
At 1 April 2023	–	306	306
Exchange realignment	–	(21)	(21)
At 31 March 2024 and 1 April 2024	–	285	285
Exchange realignment	–	(6)	(6)
At 31 March 2025	**–**	**279**	**279**
Carrying values:			
At 31 March 2025	**1,266**	**2,236**	**3,502**
At 31 March 2024	1,493	3,132	4,625

16. RIGHT-OF-USE ASSETS

	Land use rights HK$'000	Properties HK$'000	Containers HK$'000	Total HK$'000
Cost:				
At 1 April 2023	108,649	12,215	78,557	199,421
New leases	–	12,247	–	12,247
Acquisition of subsidiaries	–	2,617	–	2,617
Write-off on termination	–	(9,370)	–	(9,370)
Exchange realignment	(3,736)	(325)	–	(4,061)
At 31 March 2024 and 1 April 2024	104,913	17,384	78,557	200,854
New leases	153	17,788	–	17,941
Disposal	–	(2,482)	–	(2,482)
Write-off on termination	–	(9,576)	–	(9,576)
Exchange realignment	(1,849)	(306)	(4,037)	(6,192)
At 31 March 2025	**103,217**	**22,808**	**74,520**	**200,545**
Accumulated depreciation:				
At 1 April 2023	8,563	6,364	77,525	92,452
Charge for the year	2,385	4,528	–	6,913
Write-off on termination	–	(7,097)	–	(7,097)
Exchange realignment	(287)	(198)	–	(485)
At 31 March 2024 and 1 April 2024	10,661	3,597	77,525	91,783
Charge for the year	2,369	4,916	–	7,285
Written back on disposal	–	(2,482)	–	(2,482)
Write-off on termination	–	(1,775)	–	(1,775)
Exchange realignment	(207)	(38)	(3,961)	(4,206)
At 31 March 2025	**12,823**	**4,218**	**73,564**	**90,605**
Impairment:				
At 1 April 2023	–	–	1,032	1,032
Exchange realignment	–	–	–	–
At 31 March 2024 and 1 April 2024	–	–	1,032	1,032
Exchange realignment	–	–	(76)	(76)
At 31 March 2025	**–**	**–**	**956**	**956**
Net book value:				
At 31 March 2025	**90,394**	**18,590**	**–**	**108,984**
At 31 March 2024	94,252	13,787	–	108,039

16. RIGHT-OF-USE ASSETS *(continued)*

The Group has entered into lease agreements to obtain the right to use properties as its offices, warehouses and staff quarters, and right to use containers as its storage equipment and as a result incurred lease liabilities (Note 28). The leases typically run for an initial period of 2 to 10 years. Certain leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

In addition to the above, the Group has right-of-use assets related to land use rights of which the Group is the registered owner. The related lands are located in the PRC and the lease terms are ranging from 40 to 50 years.

As at 31 March 2025, land use rights with the carrying amount of approximately HK$66,756,000 (2024: HK$69,829,000) were pledged to banks to secure banking facilities granted to the Group (Note 27).

Lease liabilities of HK$17,986,000 (2024: HK$13,214,000) are recognised with related right-of-use assets of HK$18,590,000 (2024: HK$13,787,000) as at 31 March 2025.

17. GOODWILL

Impairment testing of goodwill

Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from that business combination. The CGUs are principally engaged in the new energy business.

The recoverable amount of the CGUs has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a ten-year period, with average growth rate of 5.0%, approved by the Group's senior management. The pre-tax discount rate applied to the cash flow projections is 15%. The growth rate is based on the relevant industry long term growth rate in the jurisdiction in which the cash-generating unit operates.

Assumptions were used in the value-in-use calculation of the CGUs for the year ended 31 March 2025. The following describe each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Forecasted growth rates — The forecasted growth rates are based on the historical operating results, expected market development as well as industry forecasts.

- Discount rate — the discount rate is based on the estimation of the required rate of returns that reflects the current market assessment of the time value of money, general market risk and specific risks relating to the new energy business.

Based on the result of the impairment testing of goodwill, at 31 March 2025, the recoverable amount of the CGUs is higher than its carrying amount by approximately HK$48,620,000. Accordingly, no impairment is recognised for the year ended 31 March 2025.

Sensitivity of Key assumptions

The management identified the following key assumptions in which a material change on an individual basis would cause any or additional impairment loss at 31 March 2025.

17. GOODWILL *(continued)*

Sensitivity of Key assumptions *(continued)*

Material changes that individually cause additional impairment loss on the goodwill allocated to the CGUs:

CGUs	Change	2025 HK$'000
Forecasted growth rates	Decrease 1%	**5,218**
Discount rate	Increase 1%	**4,803**

The management considered that any reasonably possible change in the key assumptions used in the value-in-use calculation on CGUs would not cause an impairment loss at 31 March 2025.

18. INTERESTS IN JOINT VENTURES

	2025 HK$'000	2024 HK$'000
Share of net assets	**81,782**	76,383

Particulars of the Group's principal held joint venture are as follows:

Name	Particulars of registered capital	Place of establishment and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
港海能源(珠海)有限公司 (Formerly known as 港海能源(上海)有限公司)	Registered capital of RMB 25,500,000 (2024: RMB 25,500,000)	PRC	51 (2024: 51)	(Note)	51 (2024: 51)	Sales and distribution of LNG
石家莊盛冉燃氣貿易有限公司	Registered capital of RMB 80,000,000 (2024: RMB 80,000,000)	PRC	50 (2024: 50)	50 (2024: 50)	50 (2024: 50)	Trading of natural gas and transportation
湛能智慧能源(湛江)有限公司	Registered capital of RMB 100,000,000 (2024: N/A)	PRC	51 (2024: N/A)	(Note)	51 (2024: N/A)	Providing of centralized heat and electricity supply distribution

18. INTERESTS IN JOINT VENTURES *(continued)*

Note: The joint venture is jointly controlled by the Group and other shareholder by virtue of contractual arrangements among shareholders which require simple majority of directors' approval for major business decisions. The Group and the other shareholder each can appoint 2 directors out of total 5 directors of this joint venture, whereas the remaining 1 director is jointly appointed by both the Group and the other shareholder. Therefore, it is classified as a joint venture of the Group.

The joint ventures are accounted for using the equity method.

(a) The following table illustrates the summarised financial information in respect of 港海能源(珠海)有限公司 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 **HK$'000**	2024 HK$'000
Cash and cash equivalents	**39,975**	41,841
Other current assets	**11**	–
Current assets	**39,986**	41,841
Non-current assets	**3,545**	3,221
Current liabilities	**255**	503
Net assets	**43,276**	44,559
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**51%**	51%
Group's share of net assets of the joint venture	**22,071**	22,725
Carrying amount of the investment	**22,420**	23,230
Revenue	**–**	104,778
Interest income	**4**	554
Operating expenses	**(1,194)**	(105,949)
Income tax credit	**399**	1,257
(Loss)/profit for the year	**(791)**	640
Total comprehensive income for the year	**(791)**	640

18. INTERESTS IN JOINT VENTURES *(continued)*

(b) The following table illustrates the summarised financial information in respect of 石家莊盛冉燃氣貿易有限公司 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 **HK$'000**	2024 HK$'000
Cash and cash equivalents	**65,027**	40,755
Other current assets	**45,424**	45,583
Current assets	**110,451**	86,338
Non-current assets	**36,639**	45,020
Current liabilities	**23,961**	13,676
Non-current liabilities	**16,930**	9,957
Net assets	**106,199**	107,725
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the joint venture	**53,099**	53,863
Carrying amount of the investment	**52,402**	53,153
Revenue	**304,374**	413,491
Other income	**6**	85
Operating expenses	**(305,061)**	(409,308)
Income tax credit	**1,052**	–
Profit for the year	**371**	4,268
Total comprehensive income for the year	**371**	4,268

18. INTERESTS IN JOINT VENTURES *(continued)*

(c) The following table illustrates the summarised financial information in respect of 港能智慧能源(湛江)有限公司 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 **HK$'000**	2024 HK$'000
Cash and cash equivalents	**117**	–
Other current assets	**20,320**	–
Current assets	**20,437**	–
Non-current assets	**45,041**	–
Current liabilities	**–**	–
Non-current liabilities	**51,820**	–
Net assets	**13,658**	–
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**51%**	–
Group's share of net assets of the joint venture	**6,965**	–
Carrying amount of the investment	**6,960**	–
Other income	**151**	–
Operating expenses	**(162)**	–
Loss for the year	**(11)**	–
Total comprehensive income for the year	**(11)**	–

19. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Cost of investment in associates	**4,826**	4,826
Share of post-acquisition losses and other comprehensive loss	**(4,355)**	(4,299)
Provision for impairment	**(463)**	(488)
Exchange realignment	**(8)**	(39)
	–	–

The movements for impairment of interest in associates are as follows:

	2025 HK$'000	2024 HK$'000
At beginning for the year	**488**	488
Exchange realignment	**(25)**	–
At end of the year	**463**	488

Particulars of associates are as follows:

Name	Place of incorporation/ establishment and business	Issued/ paid up share capital	Percentage of ownership interest attributable to the Group		Principal activities
			2025	2024	
CNOOC (Shanghai) Traffic New Energy Co., Ltd.	PRC	RMB9,000,000/ RMB9,000,000	**40%**	40%	Sales and distribution of LNG diesel and oil product
Anhui Jugang Energy Co., Ltd.	PRC	RMB5,000,000/ RMB5,000,000	**30.25%**	30.25%	Sales and distribution of LNG diesel and oil product

The Group's shareholdings in the associates are held through subsidiaries of the Company.

20. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw material	**24,259**	24,607
Finish goods	**14,058**	19,320
	38,317	43,927

21. LNG FINANCE LEASE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Gross receivables	**35,510**	36,145
Less: Allowance for credit losses	**(27,767)**	(27,290)
	7,743	8,855

The Group entered into finance lease contracts pursuant to which the Group purchased new vehicles or equipment from third party manufacturers or distributors of its choice or of the lessees' choice and leased the assets to the lessees with lease periods of 2 years (2024: periods of 2 years) from the date of inception. The ownership of the leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and interest accrued under the finance lease contracts. The lessees obtain control of the assets after entering into the contracts. As at 31 March 2025, the gross receivables under finance lease contracts was approximately HK$24,150,000 (2024: HK$24,582,000).

The Group entered into finance lease arrangements pursuant to which the lessees sold their vehicles to the Group and leased back the assets with lease periods ranging from 2 years to 3 years (2024: 2 years to 3 years) from the date of inception. The ownership of leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and interest accrued under the finance lease arrangements. The lessees retain control of the assets before and after entering into the arrangements. These finance lease arrangements do not constitute leases for accounting purposes. As at 31 March 2025, the gross receivables under finance lease arrangements was approximately HK$11,360,000 (2024: HK$11,563,000)

21. LNG FINANCE LEASE RECEIVABLES *(continued)*

At 31 March 2025 and 2024, the effective interest rates applicable to the finance lease was approximately 0% per annum.

Set out below is the information about the maturity profile and credit risk exposure on the Group's LNG finance lease receivables using a provision matrix:

As at 31 March 2025

	Past due	
	Over 1 year	**Total**
Expected credit losses rate	**78.2%**	
Gross carrying amount (HK$'000)	**35,510**	**35,510**
Expected credit losses (HK$'000)	**27,767**	**27,767**

As at 31 March 2024

	Past due	
	Over 1 year	Total
Expected credit losses rate	75.5%	
Gross carrying amount (HK$'000)	36,145	36,145
Expected credit losses (HK$'000)	27,290	27,290

The movements in the loss allowance for impairment of LNG finance lease receivables are as follows:

	2025	2024
	HK$'000	HK$'000
At beginning of the year	**27,290**	26,999
Provision for impairment	**957**	1,216
Exchange realignment	**(480)**	(925)
At end of the year	**27,767**	27,290

The receivables are secured by the leased vehicles and equipment. The Group has obtained guarantees provided by the shareholders of the lessees and other independent third parties for certain finance lease contracts. The Group has also obtained security deposits for certain finance lease contracts and these security deposits were interest– free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

22. LOAN AND REIMBURSEMENT RECEIVABLES

	2025 HK$'000	2024 HK$'000
Loan receivables	**136,953**	135,068
Less: Allowance for credit losses	**(136,953)**	(135,068)
	–	–
Reimbursement receivables	**112,787**	112,787
	112,787	112,787

Loan receivables relate to 2 (2024: 2) customers in money lending business. The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. Loan receivables are charged at the interest rates at fixed rates of 1% to 4.6% (2024: 1% to 4.6%) per annum. The loan receivables are secured.

The movements in the loss allowance for impairment of loan receivables are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**135,068**	142,431
Impairment	**1,885**	2,147
Reversal of impairment	**–**	(9,510)
At end of the year	**136,953**	135,068

The Group holds collateral or other credit enhancement over its loan and reimbursement receivables balance of HK$136,953,000 (2024: HK$135,068,000).

Included in the loan receivables are loans of HK$112,787,000 (2024: HK$112,787,000) to a former non-controlling shareholder of Key Fit Group Limited, a 60.42%-owned subsidiary of the Company, the loans are collateralised with shares of Key Fit Group Limited and the Company. Dr. Kan provided personal undertaking to purchase the aforementioned loans as at 31 March 2025 and 2024, should the loans are not recovered in full by the Group and accordingly the Group recognises reimbursement receivable of HK$112,787,000 (2024: HK$112,787,000) as it is virtually certain that Dr. Kan will reimburse the Group for the loss that the Group might incur if the borrower fails to pay when due.

Lifetime probability of default rate of 100% (2024: 100%) and loss given default rate of 0% (2024: 0%) are applied in the calculation of impairment on the reimbursement receivables.

The remaining loans of HK$24,166,000 (2024: HK$22,281,000) are collateralised with shares of the Company as at year ended 31 March 2025. At 31 March 2025, an impairment of HK$24,166,000 (2024: HK$22,281,000) was made. Lifetime probability of default rate of 100% and loss given default rate of 100% are applied in the impairment calculation.

23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Notes	**2025** **HK$'000**	2024 HK$'000
Accounts receivables arising from securities brokerage business	(a)		
Cash clients		**317**	317
Less: Allowance for credit losses		**(317)**	(317)
		–	–
Margin clients		**2,817**	3,355
Less: Allowance for credit losses		**(2,817)**	(3,355)
		–	–
Accounts receivables arising from NG business	(b)	**103,302**	55,111
Less: Allowance for credit losses		**(28,032)**	(24,321)
		75,270	30,790
Accounts receivables arising from new energy business	(b)	**106,830**	59,132
Less: Allowance for credit losses		**(14,793)**	(9,944)
		92,037	49,188
Total accounts receivables		**167,307**	79,978
Deposits and other receivables	(c)	**64,203**	48,843
Less: Allowance for credit losses		**(9,038)**	(9,056)
		55,165	39,787
Loans to third parties	(d)	**1,906**	1,940
Total other receivables		**57,071**	41,727
Prepayments		**85,584**	54,504
Value-added tax recoverable		**22,366**	13,179
		332,328	189,388

Notes:

(a) The settlement terms of the accounts receivables from cash clients arising from the business of dealing in securities are two days after the trade date.

At 31 March 2025 and 2024, the accounts receivables from margin clients were repayable on demand, interest-bearing at 9.25% (2024: 9.25%) per annum.

No detailed aging analysis is disclosed as in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of the securities dealing business.

23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(continued)*

Notes: (continued)

(a) (continued)

Analysis of changes in the corresponding ECL allowance is as follows:

	31 March 2025			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Total HK$'000**
At 31 March 2025	**–**	**–**	**3,134**	**3,134**
Arising from:				
Cash clients	**–**	**–**	**317**	**317**
Margin clients	**–**	**–**	**2,811**	**2,811**
ECL rate	**–**	**–**	**100%**	**N/A**

	31 March 2024			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 31 March 2024	–	–	3,672	3,672
Arising from:				
Cash clients	–	–	317	317
Margin clients	–	–	3,355	3,355
ECL rate	–	–	100%	N/A

During the year 31 March 2025 and 2024, no accounts receivables arising from cash clients and margin clients changed the classification among stage 1, 2 and 3, or changes in risk parameters.

(b) The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 30 to 90 days. The aging analysis of accounts receivables arising from NG business and new energy business presented based on the invoice date and net of loss allowance is as follows:

NG business

	2025 HK$'000	2024 HK$'000
Within 3 months	**51,602**	22,450
4 to 6 months	**3,167**	4,135
7 to 9 months	**2,060**	1,585
10 to 12 months	**2,136**	10
Over 12 months	**16,305**	2,610
	75,270	30,790

23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(continued)*

Notes: (continued)

(b) (continued)

New energy business

	2025 HK$'000	2024 HK$'000
Within 3 months	**58,183**	33,541
4 to 6 months	**19,935**	14,378
7 to 9 months	**2,862**	357
10 to 12 months	**5,702**	152
Over 12 months	**5,355**	760
	92,037	49,188

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivables are written off if past due for more than one year and are not subject to enforcement activity.

The movements in the loss allowance for impairment of accounts receivables arising from NG business are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**24,321**	28,655
Impairment/(reversal of impairment) for the year	**4,170**	(3,338)
Exchange realignment	**(459)**	(996)
At end of the year	**28,032**	24,321

The movements in the loss allowance for impairment of accounts receivables arising from New Energy Business are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**9,944**	–
Acquisition	**–**	3,357
Impairment for the year	**5,062**	6,557
Exchange realignment	**(213)**	30
At end of the year	**14,793**	9,944

Set out below is the information about the credit risk exposure on the Group's accounts receivables arising from NG business and new energy business using a provision matrix:

NG business

As at 31 March 2025

		Past due				
	Current	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months or above	Total
Expected credit losses rate	**4.18%**	**4.18%**	**27.39%**	**39.98%**	**58.98%**	
Gross carrying amount (HK$'000)	**53,851**	**3,305**	**2,837**	**3,559**	**39,750**	**103,302**
Expected credit losses (HK$'000)	**2,249**	**138**	**777**	**1,423**	**23,445**	**28,032**

23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(continued)*

Notes: (continued)

(b) (continued)

As at 31 March 2024

	Current	Past due: Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months or above	Total
Expected credit losses rate	5.41%	5.92%	18.51%	76.74%	89.56%	
Gross carrying amount (HK$'000)	23,734	4,395	1,945	43	24,994	55,111
Expected credit losses (HK$'000)	1,284	260	360	33	22,384	24,321

New energy business

As at 31 March 2025

	Current	**Within 3 months**	**4 to 6 months**	**7 to 9 months**	**10 to 12 months or above**	**Total**
Expected credit losses rate	**3.93%**	**3.93%**	**22.81%**	**30.35%**	**60.69%**	
Gross carrying amount (HK$'000)	**60,563**	**20,750**	**3,708**	**8,187**	**13,622**	**106,830**
Expected credit losses (HK$'000)	**2,380**	**815**	**846**	**2,485**	**8,267**	**14,793**

As at 31 March 2024

	Current	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months or above	Total
Expected credit losses rate	5.41%	5.93%	18.68%	77.65%	89.55%	
Gross carrying amount (HK$'000)	35,458	15,284	439	680	7,271	59,132
Expected credit losses (HK$'000)	1,917	906	82	528	6,511	9,944

(c) The balance mainly represents rental deposits and deposits with suppliers. Expected credit losses are estimated using a credit rating on debtors based on the Group's historical credit loss experience, adjusted for (a) information that is specific to particular debtors and (b) forward-looking information based on the current and forecast general economic conditions available to the Group without undue cost or effort at the reporting date. Expected credit loss is recognised in profit or loss with the corresponding adjustment to the carrying amount of other receivables through a loss allowance account. The expected credit loss of other receivables for the year is approximately HK$9,038,000 (2024: HK$9,056,000).

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

	12-month ECL HK$	Lifetime ECL – credit impaired HK$	Total HK$
At 1 April 2024	24	9,032	9,056
Decrease during the year, net	–	(18)	(18)
At 31 March 2025	24	9,014	9,038

	12-month ECL HK$	**Lifetime ECL – credit impaired HK$**	**Total HK$**
At 1 April 2023	**24**	**9,935**	**9,959**
Decrease during the year, net	**–**	**(903)**	**(903)**
At 31 March 2024	**24**	**9,032**	**9,056**

(d) The loans were unsecured, interest-bearing at 8% (2024: 8%) per annum and repayable on demand.

24. CASH AND CASH EQUIVALENTS

	2025 **HK$'000**	2024 HK$'000
Cash and bank balances	**37,267**	43,569
Cash on hand	**2**	60
	37,269	43,629

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$32,616,000 (2024: HK$38,900,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

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 are deposited with creditworthy banks with no recent history of default.

25. ACCOUNTS PAYABLES

	Note	**2025** **HK$'000**	2024 HK$'000
Accounts payables arising from NG business and New Energy business	(a)	**158,449**	135,313

Note:

(a) An aging analysis of the accounts payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 **HK$'000**	2024 HK$'000
Within 3 months	**31,106**	19,010
4 to 6 months	**37,403**	26,012
Over 6 months	**89,940**	90,291
	158,449	135,313

The accounts payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

26. OTHER PAYABLES AND ACCRUALS

	Notes	**2025** **HK$'000**	2024 HK$'000
Accruals and other payables		**241,004**	172,825
Contract liabilities	(a)	**20,508**	17,801
Loans from a shareholder	(b)	**432,722**	631,307
Interest payable on loans from a shareholder	(b)	**22,540**	87,349
Loan from third parties	(c)	**40,505**	–
Amount due to a joint venture	(d)	**20,092**	–
Payable for the right to acquire property, plant and equipment	13	**283,091**	288,164
		1,060,462	1,197,446
Non-current portion of loans from a shareholder		**(432,722)**	(631,307)
Current portion		**627,740**	566,139

Notes:

(a) Contract liabilities represented short-term advances received before sales and distribution of NG business and new energy business to customers. Movements in contract liabilities are as follows:

	2025 **HK$'000**	2024 HK$'000
At the beginning of year	**17,801**	16,981
Increase in contract liabilities as a result of consideration received from customers during the year	**201,014**	333,114
Decrease in contract liabilities as a result of recognising revenue during the year which was included in the contract liabilities at the beginning of the year	**(193,672)**	(335,170)
Exchange realignment	**(4,635)**	2,876
At the end of year	**20,508**	17,801

(b) As at 31 March 2024, the total principal amount of loans from a shareholder, Dr. Kan, amounted to approximately HK$631,307,000 and total interest payables to a shareholder, Dr. Kan, amounted to approximately HK$87,349,000. These loans from Dr. Kan bore interest rates ranging from 5% to 8% per annum and are unsecured and repayable on demand, and Dr. Kan agreed not to demand repayment of these loans until 30 June 2026.

On 7 March 2024, the Company and Dr. Kan entered into a subscription agreement, pursuant to which, Dr. Kan has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 697,674,419 shares at the capitalisation price of HK$0.43 per share for a total consideration of HK$300 million, which shall be satisfied by way of offsetting approximately HK$214 million of the outstanding principal amount of the shareholder loans and approximately HK$86 million of the outstanding interest payable, totally amounting to HK$300million. The Company's allotment of shares for the capitalisation of the loan was approved by independent shareholders at an extraordinary general meeting held on 19 April 2025.

As at 31 March 2025, the total principal amount of the loans from a shareholder amounted to approximately HK$432,722,000 and interest payables amounted to approximately HK$22,540,000. These loans are unsecured, interest bearing at 5% per annum and repayable on demand, and Dr. Kan agreed not to demand repayment of these loans until 30 June 2027.

(c) Loan from third parties bore interest at 5% per annum, unsecured and repayable on demand.

(d) Amount due to a joint ventures is interest free, unsecured and repayable on demand.

27. INTEREST-BEARING BANK BORROWINGS

The Group's bank borrowings are repayable as follows:

	2025 HK$'000	2024 HK$'000
Within one year	**139,226**	120,582
In the second to fifth year inclusive	**71,752**	14,648
After five years	**3,728**	7,456
Less: Amount due for settlement	**214,706**	142,686
within 12 months (shown under current liabilities)	**(139,226)**	(120,582)
Amount due for settlement after 12 months	**75,480**	22,104

	31 March 2025		
	Interest rate (%) p.a.	**Maturity**	**HK$000**
Bank Loan (a), secured	4.20%	December 2025	**10,836**
Bank Loan (b), secured	3.46%	January 2026	**5,418**
Bank Loan (c), secured	4.30%	February 2028	**10,836**
Bank Loan (d), secured	4.80%	January 2026	**5,310**
Bank Loan (e), secured	3.65%	April 2025	**1,625**
Bank Loan (f), secured	3.50%	July 2025	**5,418**
Bank Loan (g), secured	3.55%	August 2025	**10,836**
Bank Loan (h), secured	3.80%	November 2025	**10,825**
Bank Loan (i), secured	5.50%	January 2026	**3,251**
Bank Loan (j), secured	5.45%	November 2025	**3,603**
Bank Loan (k), secured	3.15%	December 2025	**2,167**
Bank Loan (l), secured	3.15%	December 2025	**2,167**
Bank Loan (m), secured	3.55%	December 2025	**1,084**
Bank Loan (n), secured	3.55%	October 2026	**10,619**
Bank Loan (o), secured	Loan prime rate*plus1.2%	December 2027	**2,167**
Bank Loan (p), secured	Loan prime rate*plus1.2%	December 2027	**10,836**
Bank Loan (q), secured	Loan prime rate*plus1%	January 2031	**21,715**
Bank Loan (r), secured	3.85%	September 2025	**10,836**
Bank Loan (s), secured	Loan prime rate*plus0.65%	December 2027	**10,836**
Bank Loan (t), secured	5.23%	January 2026	**3,251**
Bank Loan (u), secured	4.50%	January 2028	**5,418**
Bank Loan (v), secured	3.90%	August 2026	**9,752**
Bank Loan (w), secured	4.00%	February 2031	**1,828**
Bank Loan (x), secured	3.90%	August 2026	**1,084**
Bank Loan (y), secured	3.45%	October 2025	**5,418**
Bank Loan (z), secured	3.15%	January 2026	**5,418**
Bank Loan (aa), secured	4.50%	September 2025	**9,752**
Bank Loan (ab), secured	3.90%	September 2025	**21,672**
Bank Loan (ac), secured	2.60%	December 2025	**10,728**
			214,706

27. INTEREST-BEARING BANK BORROWINGS *(continued)*

	31 March 2024		
	Interest rate (%) p.a.	Maturity	HK$000
Bank Loan (a), secured	Loan prime rate* plus 2.15%	December 2024	3,309
Bank Loan (b), secured	Loan prime rate* plus 2.15%	December 2024	11,030
Bank Loan (c), secured	4.30%	February 2025	5,515
Bank Loan (d), secured	6.00%	December 2024	11,030
Bank Loan (e), secured	5.65%	December 2024	3,309
Bank Loan (f), secured	Loan prime rate* plus 0.3%	September 2024	5,515
Bank Loan (g), secured	Loan prime rate* plus 1%	January 2031	25,767
Bank Loan (h), secured	Loan prime rate*	January 2025	11,030
Bank Loan (i), secured	5.5%	November 2024	4,412
Bank Loan (j), secured	4.2%	January 2025	5,515
Bank Loan (k), secured	Loan prime rate* plus 1.05%	November 2024	11,030
Bank Loan (l), secured	4.5%	October 2026	11,030
Bank Loan (m), secured	3.15%	January 2025	5,515
Bank Loan (n), secured	Loan prime rate* plus 0.85%	June 2024	9,928
Bank Loan (o), secured	3.05%	July 2025	3,309
Bank Loan (p), secured	3.05%	January 2025	4,412
Bank Loan (q), secured	Loan prime rate*	November 2024	11,030
			142,686

* The loan prime rate is based on the best loan rate quotations of commercial banks in Mainland China, which is authorised and published by the National Interbank Funding Centre on each business day.

At 31 March 2025, the bank borrowings are supported by corporate guarantee provided by certain of the Company's wholly-owned subsidiaries, personal guarantee provided by certain non-controlling shareholders of subsidiaries, and land use rights with carrying amount of approximately HK$66,756,000 (2024: approximately HK$69,829,000), and property, plant and equipment with carrying amount of approximately HK$15,224,000 (2024: approximately HK$16,102,000).

At 31 March 2025 and 2024, the Group's bank borrowings are denominated in RMB.

At 31 March 2025, the Group has available undrawn borrowing facilities of approximately RMB18,758,000, equivalent to HK$20,326,000 (2024: RMB3,000,000, equivalent to HK$3,309,000).

28. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	Minimum lease payments		Present value of minimum lease payments	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**5,823**	3,864	**5,216**	4,847
More than one year	**13,770**	10,665	**12,770**	8,367
Total minimum finance lease payments	**19,593**	14,529	**17,986**	13,214
Future finance charges	**(1,607)**	(1,315)		
Present value of lease obligations	**17,986**	13,214		

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 5.63% (2024: from 3.65% to 5.63%).

29. SHARE CAPITAL

	2025	2024
	HK$'000	HK$'000
Authorised:		
20,000,000,000 (2024: 20,000,000,000) ordinary shares of HK$0.02 each		
Issued and fully paid:		
6,674,029,649 (2024: 5,976,355,230) ordinary shares	**133,481**	119,527

29. SHARE CAPITAL *(continued)*

A summary of movements in the Company's share capital is as follows:

	Note	Number of shares in issue	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 April 2023		5,643,797,090	112,876	434,385	547,261
Issue of subscription shares under general mandate	(i)	100,000,000	2,000	37,000	39,000
Issue of initial consideration shares under general mandate	(ii)	232,558,140	4,651	95,349	100,000
Sale of treasury shares	(iii)	–	–	(178)	(178)
At 31 March 2024 and 1 April 2024		5,976,355,230	119,527	566,556	686,083
Issue of capitalisation shares under specific mandate	(iv)	697,674,419	13,954	286,046	300,000
Sale of treasury shares	(v)	–	–	956	956
At 31 March 2025		6,674,029,649	133,481	853,558	987,039

Notes:

(i) On 29 September 2023, the Company issued 100,000,000 ordinary shares at a subscription price of HK$0.39 per share to certain subscribers.

(ii) On 2 February 2024, the Company allotted 232,558,140 ordinary shares at a issue price of HK$0.43 per share for the acquisition of entire equity interest of Oasetech Limited.

(iii) 5,079,040 treasury shares were sold during 31 March 2024, the difference between the sale proceeds and the carrying amount of the treasury shares was recognised in share premium.

(iv) On 7 March 2024, the Company and Dr. Kan, a shareholder of the Company, entered into a subscription agreement, pursuant to which, Dr. Kan has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 697,674,419 shares at the capitalisation price of HK$0.43 per share for a total consideration of HK$300 million, which shall be satisfied by way of offsetting approximately HK$214 million of the outstanding principal amount of the shareholder loans payable to Dr. Kan and approximately HK$86 million of the outstanding of interest payable to Dr. Kan, totally amounting to HK$300 million (note 26(b)).

The completion of the subscription took place on 3 May 2024.

(v) 15,920,000 treasury shares were sold during the year, the difference between the sale proceeds and the carrying amount of the treasury shares was recognised in share premium.

30. RESERVES

Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

Nature and purpose of reserve

(i) Special reserve

The special reserve of the Group represents (i) the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition under the group reorganisation; and (ii) the difference between the consideration paid for acquisition of additional interests in subsidiaries and the net carrying amounts of the acquired portion.

(ii) Treasury shares

Treasury shares arose from the foreclosure of the Company's own shares, which were used as collateral by a borrower of loan receivables and by a margin client for securities trading. The foreclosure occurred due to the default of the relevant receivables. The shares have been taken into possession by the Group. The treasury shares is dealt with in accordance with the accounting policies set out in note 2.4 to the consolidated financial statements and details of treasury shares is referred to page 35 of the annual report under the heading of "PURCHASE, REDEMPTION OF SALE OF LISTED SECURITIES OF THE COMPANY".

(iii) Share premium

The application of the share premium account is governed by the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The share premium account of the Company is distributable to the owners of the Company in the form of fully paid bonus shares

(iv) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.4 to the consolidated financial statements.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.4 to the consolidated financial statements.

31. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 30 August 2019 so as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any full-time employees, directors, consultants or advisors of the Group, or any substantial shareholders of the Group, or any distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution or potential contribution to the development and growth of the Group.

31. SHARE OPTION SCHEME *(continued)*

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme in any 12-month period up to and including the date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who or whose associate is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million, such grant must be approved by the Company's shareholders in general meeting.

The offer of a grant of share options might be accepted in writing within 21 days inclusive of the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 21 days from the date of the offer).

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on the date of share options grant and expiring on the business day immediately preceding the 10th anniversary thereof, subject to early termination provisions contained in the Scheme.

The maximum number of shares of the Company which may be issued upon exercise of all options that may be granted under the existing Scheme limit is 564,379,709 shares (representing approximately 10% of the issued share capital of the Company as at the date of approval of the Scheme).

There is no performance target which must be achieved before any of the options can be exercised.

31. SHARE OPTION SCHEME *(continued)*

(a) The Company adopted the Share Option Scheme on 30 August 2019. During the year ended 31 March 2025, no Share Options (2024: 70 million) were granted. As at 31 March 2025, 171.54 million Share Options remained outstanding. Information regarding options granted to, among others, other employee participants by category as at 31 March 2025 and 2024 is provided in the table below:

				Number of share options					
	Date of granted	Exercise period	Exercise price in HK$ per share	Outstanding as at 31 March 2023 and 1 April 2023	Granted during the year	Cancelled during the year	Outstanding as at 31 March 2024 and 1 April 2024	Cancelled during the year	Outstanding as at 31 March 2025
Director	31 December 2019	31 December 2021 to 31 December 2029	0.53	1,692,000	–	–	1,692,000	–	1,692,000
		31 December 2022 to 31 December 2029	0.53	1,692,000	–	–	1,692,000	–	1,692,000
		31 December 2023 to 31 December 2029	0.53	2,256,000	–	–	2,256,000	–	2,256,000
Director	16 July 2021	16 July 2023 to 16 July 2031	0.5	30,000,000	–	–	30,000,000	–	30,000,000
		16 July 2024 to 16 July 2031	0.5	30,000,000	–	–	30,000,000	–	30,000,000
		16 July 2025 to 16 July 2031	0.5	40,000,000	–	–	40,000,000	–	40,000,000
Director Subtotal				105,640,000	–	–	105,640,000	–	105,640,000
Employees	31 December 2019	31 December 2021 to 31 December 2029	0.53	6,000,000	–	(6,000,000)	–	–	–
		31 December 2022 to 31 December 2029	0.53	6,000,000	–	(6,000,000)	–	–	–
		31 December 2023 to 31 December 2029	0.53	8,000,000	–	(8,000,000)	–	–	–
Employees	31 March 2021	31 March 2023 to 31 March 2031	0.5	7,215,000	–	(6,975,000)	240,000	(150,000)	90,000
		31 March 2024 to 31 March 2031	0.5	7,215,000	–	(6,975,000)	240,000	(150,000)	90,000
		31 March 2025 to 31 March 2031	0.5	9,620,000	–	(9,300,000)	320,000	(200,000)	120,000
Employees	30 September 2021	31 March 2023 to 31 March 2031	0.5	360,000	–	–	360,000	–	360,000
		31 March 2024 to 31 March 2031	0.5	360,000	–	–	360,000	–	360,000
		31 March 2025 to 31 March 2031	0.5	480,000	–	–	480,000	–	480,000

31. SHARE OPTION SCHEME *(continued)*

	Date of granted	Exercise period	Exercise price in HK$ per share	Number of share options: Outstanding as at 31 March 2023 and 1 April 2023	Granted during the year	Cancelled during the year	Outstanding as at 31 March 2024 and 1 April 2024	Cancelled during the year	Outstanding as at 31 March 2025
Employee	24 January 2022	24 January 2024 to 24 January 2032	0.5	300,000	–	–	300,000	(300,000)	–
		24 January 2025 to 24 January 2032	0.5	300,000	–	–	300,000	(300,000)	–
		24 January 2026 to 24 January 2032	0.5	400,000	–	–	400,000	(400,000)	–
Employee	26 April 2022	26 April 2024 to 26 April 2032	0.5	900,000	–	–	900,000	(900,000)	–
		26 April 2025 to 26 April 2032	0.5	900,000	–	–	900,000	(900,000)	–
		26 April 2026 to 26 April 2032	0.5	1,200,000	–	–	1,200,000	(1,200,000)	–
Employee	21 August 2023	21 August 2025 to 21 August 2033	0.5	–	21,000,000	(480,000)	20,520,000	(1,200,000)	19,320,000
		21 August 2026 to 21 August 2033	0.5	–	21,000,000	(480,000)	20,520,000	(1,200,000)	19,320,000
		21 August 2027 to 21 August 2033	0.5	–	28,000,000	(640,000)	27,360,000	(1,600,000)	25,760,000
Employee subtotal				49,250,000	70,000,000	(44,850,000)	74,400,000	(8,500,000)	65,900,000
Total				154,890,000	70,000,000	(44,850,000)	180,040,000	(8,500,000)	171,540,000

As at 1 April 2024 and 31 March 2025, the number of options available for grant under the 2019 Scheme was 310,839,709 and 310,839,709 respectively. The total number of shares available for issue under the 2019 Scheme was 482,379,709 (2024: 482,679,709), representing approximately 7.23% (2024: 7.23%) of the 6,674,029,649 ordinary shares in issue as of the date of the 2025 annual report (and of the 6,674,029,649 ordinary shares in issue as of the date of the 2024 annual report).

As at the year ended 31 March 2025, the number of shares that may be issued in respect of options granted during the year under the 2019 Scheme was 66,660,000 and this divided by the weighted average number of shares of the Company in issue for the year ended 31 March 2025 being approximately 6,612,863,673 is 1.01%.

The share options are vested as: (a) first 30% on the two-year anniversary from the date of grant; (b) next 30% on the three-year anniversary from the date of grant; and (c) remaining 40% on the four-year anniversary from the date of grant.

31. SHARE OPTION SCHEME *(continued)*

(b) The number and weighted average of exercise prices of share options are as follows:

	2025 Weighted average of exercise price HK$	**2025** Number of options	2024 Weighted average of exercise price HK$	2024 Number of options
Outstanding at the beginning of year	**0.501**	**180,040,000**	0.505	154,890,000
Granted during the year	**–**	**–**	0.500	70,000,000
Cancelled during the year	**0.500**	**(8,500,000)**	0.514	(44,850,000)
Outstanding at the end of year	**0.501**	**171,540,000**	0.501	180,040,000

There were 8,500,000 (2024: 44,850,000) share options cancelled during the year ended 31 March 2025.

The share options outstanding at 31 March 2025 had a weighted average exercise price of HK$0.501 (2024: HK$0.501) and a weighted average remaining contractual life of 7.04 years (2024: 8.04 years).

(c) Fair value of share options granted

Fair value of share options granted during the years ended 31 March 2025 and 2024 was as follows:

2025

Grantees	Position	Date of grant	Number of share of the Company to be issued upon exercise of the options granted to such grantee in full	Fair value of the options granted (in HK$'000)
Director				
Dr. Kan	Chairman, Executive Director and Substantial shareholder of the Company	31 December 2019	5,640,000	1,902
		16 July 2021	100,000,000	24,915
Employees				
Yu Ada	Vice President	21 August 2023	56,000,000	7,857
Chan Mui (note 2)	Chief Financial Officer	24 January 2022	1,000,000	176
		26 April 2022	3,000,000	308
		21 August 2023	4,000,000	561
Employees (note 3)		31 March 2021	800,000	211
		30 September 2021	1,200,000	226
		21 August 2023	8,400,000	1,178

31. SHARE OPTION SCHEME *(continued)*

(c) Fair value of share options granted *(continued)*

2024

Grantees	Position	Date of grant	Number of share of the Company to be issued upon exercise of the options granted to such grantee in full	Fair value of the options granted (in HK$'000)
Director				
Dr. Kan	Chairman, Executive Director and Substantial shareholder of the Company	31 December 2019	5,640,000	1,902
		16 July 2021	100,000,000	24,915
Employees				
Yu Ada	Vice President	21 August 2023	56,000,000	7,857
Wang Guoliang (note 1)	Deputy General Manager	31 December 2019	20,000,000	5,973
		31 March 2021	20,000,000	5,270
Chan Mui	Chief Financial Officer	24 January 2022	1,000,000	176
		26 April 2022	3,000,000	308
		21 August 2023	4,000,000	561
Employees (note 3)		31 March 2021	4,050,000	856
		30 September 2021	1,200,000	226
		21 August 2023	10,000,000	1,403

Note 1: Mr. Wang Guoliang terminated his employment with the Group on 31 May 2023 and 40,000,000 share options granted to Mr. Wang at fair value amounted to HK$11,243,000 were cancelled on 31 May 2023.

Note 2: Ms. Chan Mui terminated her employment with the Group on 8 April 2024 and 8,000,000 share options granted to Ms. Chan Mui at fair value amounted to HK$1,045,000 were cancelled on 8 April 2024.

Note 3: Certain employees terminated their employments with the Group during the year. There were 500,000 (2024: 44,850,000) share options at fair value amounted to HK$131,000 (2024: HK$1,081,000) cancelled during the year ended 31 March 2025.

31. SHARE OPTION SCHEME *(continued)*

(c) Fair value of share options granted *(continued)*

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Binomial Option Pricing Model.

	21 August 2023	26 April 2022	24 January 2022	30 September 2021	16 July 2021	31 March 2021	31 December 2019
The closing price of the Company's share immediately before the date of grant (HK$)	**0.31**	0.23	0.37	0.36	0.425	0.48	0.53
Share price of the Company at the date of grant (HK$)	**0.31**	0.23	0.37	0.35	0.425	0.47	0.53
Exercise price (HK$)	**0.5**	0.50	0.50	0.50	0.50	0.50	0.53
Expected volatility (%)	**57.909**	66.918	68.123	68.377	68.202	68.849	69.113
Expected dividend yield (%)	**0**	0	0	0	0	0	0
Risk-free interest rate (%)	**4.041**	2.610	1.556	1.156	0.946	1.1323	1.706

The expected volatility is based on the historical volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

32. DISPOSAL OF SUBSIDIARIES

Deregistration of subsidiaries during the years ended 31 March 2025 and 2024

Deregistration of subsidiaries during the years ended 31 March:

	2025 HK$'000	2024 HK$'000
Total assets (excluded cash and cash equivalents) (Note)	**67,175**	11,763
Total liabilities	**(69,045)**	–
Gain/(loss) on deregistration of subsidiaries	**1,884**	(11,728)
Exchange realignment	**(14)**	(35)
	–	–

Notes:There is no impact on cash flow in respect of the deregistration of subsidiaries.

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

31 March 2025	**Loans from a shareholder HK$'000**	**Interest-bearing bank borrowings HK$'000**	**Other payables and accruals HK$'000**	**Lease liabilities HK$'000**
At 1 April 2024	**631,307**	**142,686**	**566,139**	**13,214**
Changes from financing activities				
– Capital element of lease liabilities paid	**–**	**–**	**–**	**(4,603)**
– Interest element of lease liabilities paid	**–**	**–**	**–**	**(551)**
– Loan from a shareholder	**21,151**	**–**	**–**	**–**
– Repayment to a shareholder	**(6,600)**	**–**	**–**	**–**
– Loan from third parties	**–**	**–**	**40,505**	**–**
– Interest paid on interest-bearing bank borrowings	**–**	**(9,179)**	**–**	**–**
– Interest paid on loans from third parties	**–**	**–**	**(1,090)**	**–**
– New bank loans	**–**	**158,857**	**–**	**–**
– Repayment of bank loan	**–**	**(83,754)**	**–**	**–**
Interest expenses	**–**	**9,179**	**21,980**	**551**
Changes classified as operating cash flows	**–**	**–**	**87,092**	**–**
New lease	**–**	**–**	**–**	**17,788**
Termination of lease	**–**	**–**	**–**	**(8,158)**
Net off with current assets	**–**	**–**	**(456)**	**–**
Net of with Share capital and Shares premium	**(214,081)**	**–**	**(85,919)**	**–**
Foreign exchange movement	**945**	**(3,083)**	**(511)**	**(255)**
At 31 March 2025	**432,722**	**214,706**	**627,740**	**17,986**

31 March 2024	Loans from a shareholder HK$'000	Interest-bearing bank borrowings HK$'000	Other payables and accruals HK$'000	Lease liabilities HK$'000
At 1 April 2023	476,430	115,007	506,898	5,921
Changes from financing activities				
– Capital element of lease liabilities paid	–	–	–	(4,021)
– Interest element of lease liabilities paid	–	–	–	(302)
– Loan from a shareholder	211,767	–	–	–
– Repayment to a shareholder	(57,258)	–	–	–
– Loan from third parties	–	–	23,094	–
– Repayment to loans from third parties	–	–	(20,894)	–
– Interest paid on interest-bearing bank borrowings	–	(9,988)	–	–
– Interest paid on loans from third parties	–	–	(426)	–
– New bank loans	–	82,478	–	–
– Repayment of bank loan	–	(85,029)	–	–
Interest expenses	–	9,501	24,896	299
Changes classified as operating cash flows	–	–	30,722	–
New lease	–	–	–	12,247
Termination of lease	–	–	–	(2,962)
Acquisition of subsidiaries	–	34,194	6,900	2,159
Net off with current assets	–	–	12,239	–
Foreign exchange movement	368	(3,477)	(17,290)	(127)
At 31 March 2024	631,307	142,686	566,139	13,214

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Major non-cash transactions

Additions to right-of-use assets during the year of HK$17,788,000 (2024: HK$12,247,000) were financed by leases liabilities.

Additions to property, plant and equipment during the year of HK$15,658,000 (2024: HK$ nil) were transferred within the subsidiaries in the Group.

Repayment of loan from a shareholder and interest payable on loan from a shareholder during the year of HK$214,081,000 and HK$85,919,000 were settled by allotment of 697,674,419 capitalisation Shares amounting to HK$300,000,000.

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025	2024
	HK$'000	HK$'000
Contracted but not provided for: Property, plant and equipment	**133,069**	143,599

35. RELATED PARTY TRANSACTIONS

(a) Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with its related parties during the year.

	2025	2024
	HK$'000	HK$'000
Provision of LNG logistic service to joint ventures (Note 1)	**17,593**	12,128
Purchase from joint ventures (Note 1)	**(120)**	(100,972)
Interest expense on loans from an executive director and the substantial shareholder (Note 2)	**(21,510)**	(24,932)

Notes:

(1) The joint ventures are港海能源(珠海)有限公司and石家莊盛冉燃氣貿易有限公司.

(2) Dr. Kan is an executive director and the chairman of the Company. As such, Dr. Kan is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Thus, the transactions constitute connected transactions for the Company under the Listing Rules.

(b) The Company entered into loan facility agreements with Dr. Kan in relation to the provision of standby facilities of HK$800,000,000 (2024: HK$800,000,000) to the Company by Dr. Kan. At 31 March 2025, this facility had been utilised to the extent of HK$455,634,000 (2024: HK$718,656,000).

35. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2025 **HK$'000**	2024 HK$'000
Short-term benefits	**2,026**	1,900
Share-based payments	**3,342**	6,571
	5,368	8,471

Further details of director's emoluments are included in note 8 to the consolidated financial statements.

(d) Outstanding balances with related parties

(i) Details of the Group's loans from a shareholder, Dr. Kan, are included in note 26(b) to the consolidated financial statements.

(ii) Certain properties under right-of-use assets are guaranteed by the substantial shareholder, Dr. Kan.

(iii) Detail of the amount due to a joint venture, is included in note 26(d) to the consolidated financial statements.

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Key Fit Group Limited and its subsidiaries	**39.58%**	39.58%

	2025 **HK$'000**	2024 HK$'000
Loss for the year allocated to non-controlling interests:		
Key Fit Group Limited and its subsidiaries	**(8,099)**	(8,495)
Accumulated balances of non-controlling interests at the reporting date:		
Key Fit Group Limited and its subsidiaries	**16,993**	25,092

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Year ended 31 March 2025	**Key Fit Group Limited and its subsidiaries HK$'000**
Revenue	**1,885**
Total other income and expense, net	**(22,348)**
Loss for the year	**(20,463)**
Total comprehensive income for the year	**(32,845)**
Current assets	**496,625**
Non-current assets	**943**
Current liabilities	**(283,231)**
Net cash flows from operating activities	**(348)**
Net cash flows from financing activities	**–**
Net decrease in cash and cash equivalents	**348**

Year ended 31 March 2024	Key Fit Group Limited and its subsidiaries HK$'000
Revenue	2,148
Total other income and expense, net	(17,681)
Loss for the year	(15,533)
Total comprehensive income for the year	38,960
Current assets	560,136
Non-current assets	383
Current liabilities	(319,864)
Net cash flows from operating activities	(4,912)
Net cash flows from financing activities	8,537
Net decrease in cash and cash equivalents	3,625

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:

Financial assets

	2025 HK$'000	2024 HK$'000
Financial assets at fair value through profit or loss:		
Equity instruments	**1**	475
Financial assets measured at amortised cost:		
LNG finance lease receivables	**7,743**	8,855
Loan receivables	**112,787**	112,787
Accounts receivables	**167,307**	79,978
Financial assets included in deposits and other receivables	**57,071**	41,727
Cash and cash equivalents	**37,269**	43,629
	382,178	287,451

Financial liabilities

	2025 HK$'000	2024 HK$'000
Financial liabilities at amortised cost:		
Accounts payables	**158,449**	135,313
Financial liabilities included in other payables and accruals	**1,039,954**	1,179,645
Interest-bearing bank borrowings	**214,706**	142,686
Lease liabilities	**17,986**	13,214
	1,431,095	1,470,858

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include cash and cash equivalents, financial assets included in receivables under finance lease arrangements and LNG finance lease receivables, loan receivables, accounts and other receivables, financial assets at fair value through profit or loss, loans from third parties, accounts and other payables, interest-bearing bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes to these consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Credit risk

The Group's principal financial assets are cash and cash equivalents, receivables under finance lease arrangements, LNG finance lease receivables, loan receivables, accounts and other receivables and loans to third parties.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure as at 31 March 2025

The table below shows 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 March 2025. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
LNG finance lease receivables *	–	–	–	35,510	35,510
Reimbursement receivables **	–	–	112,787	–	112,787
Accounts receivables arising from securities brokerage business**					
– LTV at 100% or above	–	–	2,817	–	2,817
– Cash client	–	–	317	–	317
Accounts receivables arising from NG business and new energy business*	–	–	–	210,132	210,132
Financial assets included in deposits and other receivables **	–	–	64,203	–	64,203
Loans to third parties **	1,906	–	–	–	1,906
Cash and cash equivalents **	37,269	–	–	–	37,269
	39,175	–	180,124	245,642	464,941

* For receivables under LNG finance lease arrangements, LNG finance lease receivables and accounts receivables arising from NG business and new energy business to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in the respective notes to the consolidated financial statements.

** The credit quality is considered to be "normal/stage 1" when they are not past due or the LTV is below 100% and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. It will become "doubtful/stage 2" if there have been significant increases in credit risk since initial recognition through internal or external sources of information and "default/stage 3" if there is indication that the receivables is credit-impaired.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure as at 31 March 2024

The table below shows 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 March 2024. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
LNG finance lease receivables *	–	–	–	36,145	36,145
Reimbursement receivables **	–	–	112,787	–	112,787
Accounts receivables arising from securities brokerage business**					
– LTV at 100% or above	–	–	3,355	–	3,355
– Cash client	–	–	317	–	317
Accounts receivables arising from NG business and new energy business*	–	–	–	114,243	114,243
Financial assets included in deposits and other receivables **	–	–	48,843	–	48,843
Loans to third parties **	1,940	–	–	–	1,940
Cash and cash equivalents **	43,629	–	–	–	43,629
	45,569	–	165,302	150,388	361,259

* For receivables under LNG finance lease arrangements, LNG finance lease receivables and accounts receivables arising from NG business to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in the respective notes to the financial statements.

** The credit quality is considered to be "normal/stage 1" when they are not past due or the LTV is below 100% and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. It will become "doubtful/stage 2" if there have been significant increases in credit risk since initial recognition through internal or external sources of information and "default/stage 3" if there is indication that the receivables is credit-impaired.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its interest-bearing bank and other borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors the Group's interest rate exposure and considers entering into interest rate swaps to reduce its exposure to interest rate fluctuations should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity (before any impact on tax).

	Increase in interest rate	Increase in loss before tax HK$'000	Decrease in equity* HK$'000
31 March 2025			
Interest-bearing bank borrowings	100 basis points	**1,427**	**–**
31 March 2024			
Interest-bearing bank borrowings	100 basis points	1,390	–

* Excluding retained profits

Foreign exchange risk

The Group operates mainly in Hong Kong and Mainland China with most of its transactions settled in HK$ and RMB. Certain of the Group's monetary assets and liabilities are denominated in US$. The Group is exposed to foreign exchange risk arising from the exposure of RMB and US$ against HK$. The Group considered the impact on equity from the change in US$ exchange rate was minimal at the end of the reporting period since HK$ is pegged to US$. In the current year, all of the Group's bank and other borrowings are denominated in RMB.

Management monitors the Group's currency exposure on an ongoing basis and considers entering into forward currency contracts when the need arises.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign exchange risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate %	Decrease in loss before tax HK$'000
31 March 2025		
If HK$ weakens against RMB	**5**	**(1,631)**
31 March 2024		
If HK$ weakens against RMB	5	(1,955)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

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:

	31 March 2025			
	On demand and less than 12 months HK$'000	**1 to 5 years HK$'000**	**After 5 years HK$'000**	**Total HK$'000**
Accounts payables	**158,449**	**–**	**–**	**158,449**
Financial liabilities included in other payables and accruals	**607,232**	**432,722**	**–**	**1,039,954**
Interest-bearing bank borrowings	**145,675**	**78,711**	**3,871**	**228,257**
Lease liabilities	**5,823**	**13,770**	**–**	**19,593**
	917,179	**525,203**	**3,871**	**1,446,253**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

	31 March 2024			
	On demand and less than 12 months HK$'000	1 to 5 years HK$'000	After 5 years HK$'000	Total HK$'000
Accounts payables	135,313	–	–	135,313
Financial liabilities included in other payables and accruals	548,338	631,307	–	1,179,645
Interest-bearing bank borrowings	114,448	29,713	7,939	152,100
Lease liabilities	3,864	10,665	–	14,529
	801,963	671,685	7,939	1,481,587

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

The Group monitors capital using a gearing ratio, which is total debts divided by the total equity of the Group. Total debts include loans from a shareholder and interest-bearing bank borrowings. Capital includes total equity of the Group. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK$'000	2024 HK$'000
Loans from a shareholder	**432,722**	631,307
Interest-bearing bank borrowings	**214,706**	142,686
Total debts	**647,428**	773,993
Total equity	**238,393**	59,524
Gearing ratio	**271.6%**	1,300.3%

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Fair value measurement

Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2025 HK$'000
Financial assets				
Financial assets at FVTPL				
Listed equity securities	**1**	**–**	**–**	**1**

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2024 HK$'000
Financial assets				
Financial assets at FVTPL				
Listed equity securities	475	–	–	475

39. EVENT AFTER REPORTING PERIOD

On 17 April 2025, the Company and Dr. Kan entered into a Loan Capitalisation Agreement, pursuant to which the parties conditionally agreed that Dr. Kan shall subscribe for, and the Company shall allot and issue, a total of 717,948,718 Capitalisation Shares at the Capitalisation Price of HK$0.195 per Capitalisation Share. The aggregate Capitalisation Price of all Capitalisation Shares payable by Dr. Kan shall be satisfied by capitalising and setting off against the Repayment Amount of HK$140,000,000 upon completion of the transaction.

Please refer to the announcements of the Company dated 17 April 2025 and 30 April 2025 and circular dated 22 May 2025 for details.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**141,870**	141,870
Total non-current assets	**141,870**	141,870
CURRENT ASSETS		
Amount due from a subsidiary	**442,073**	505,158
Other receivable and prepayments	**1,248**	1,153
Cash and cash equivalents	**515**	177
Total current assets	**443,836**	506,488
CURRENT LIABILITIES		
Other payables and accruals	**5,334**	2,172
Loan from third parties	**40,504**	–
Amounts due to subsidiaries	**349,214**	349,214
Total current liabilities	**395,052**	351,386
NET CURRENT ASSETS	**48,784**	155,102
TOTAL ASSETS LESS CURRENT LIABILITIES	**190,654**	296,972
NON-CURRENT LIABILITY		
Loans from a shareholder	**130,712**	243,035
Total non-current liabilities	**130,712**	243,035
NET ASSETS	**59,942**	53,937
EQUITY		
Share capital	**133,481**	119,527
Reserves (note)	**(73,539)**	(65,590)
Total equity	**59,942**	53,937

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Special reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2023	434,385	112,369	26,533	(592,210)	(18,923)
Total comprehensive loss for the year	–	–	–	(188,006)	(188,006)
Share-based payments	–	–	9,168	–	9,168
Allotment of shares	132,349	–	–	–	132,349
Sale of treasury shares	(178)	–	–	–	(178)
Cancellation of share option	–	–	(10,280)	10,280	–
At 31 March 2024 and 1 April 2024	566,556	112,369	25,421	(769,936)	(65,590)
Total comprehensive loss for the year	**–**	**–**	**–**	**(154,363)**	**(154,363)**
Share-based payments	**–**	**–**	**6,490**	**–**	**6,490**
Allotment of shares	**286,046**	**–**	**–**	**–**	**286,046**
Sale of treasury shares	**956**	**–**	**–**	**–**	**956**
Cancellation of share options	**–**	**–**	**(590)**	**590**	**–**
At 31 March 2025	**853,558**	**112,369**	**31,321**	**(923,709)**	**73,539**

Financial Summary

	Year ended 31 March				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Revenue	775,235	432,547	211,850	454,491	**713,440**
Loss before tax	(113,743)	(199,499)	(182,844)	(142,805)	**(117,960)**
Taxation	4,306	(69)	1,857	(3,962)	**(3,928)**
Loss for the year	(109,437)	(199,568)	(180,987)	(146,767)	**(121,888)**
Attributable to:					
Owners of the parent	(82,264)	(198,790)	(167,194)	(139,297)	**(106,014)**
Non-controlling interests	(27,173)	(778)	(13,793)	(7,470)	**(15,874)**
Loss for the year	(109,437)	(199,568)	(180,987)	(146,767)	**(121,888)**

	31 March				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	1,602,584	1,586,724	1,337,983	1,560,779	**1,703,399**
Total liabilities	(1,146,876)	(1,266,110)	(1,243,890)	(1,501,255)	**(1,465,006)**
Total equity	455,708	320,614	94,093	59,524	**238,393**