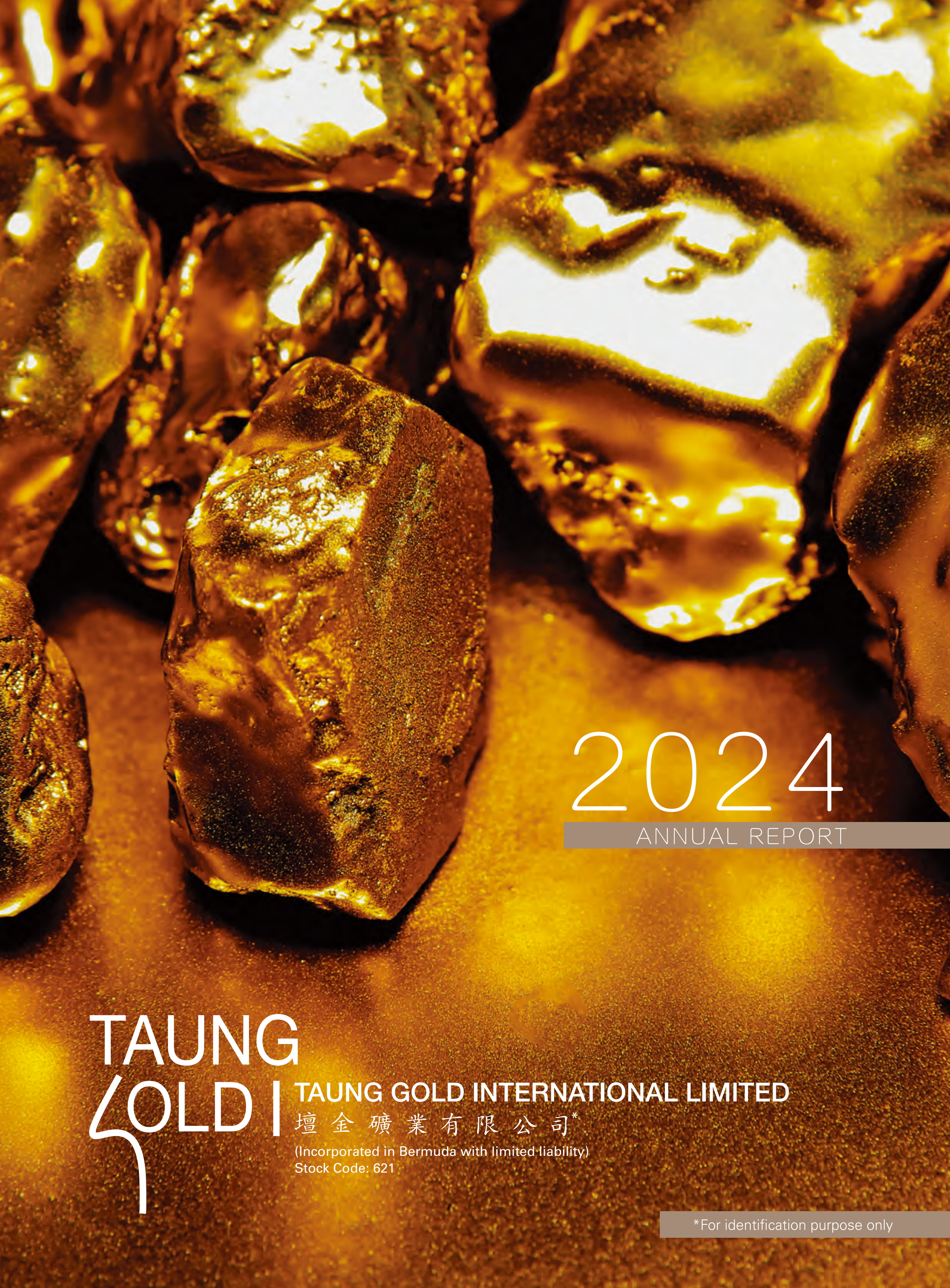

2024 ANNUAL REPORT

TAUNG GOLD

TAUNG GOLD INTERNATIONAL LIMITED

壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 621

*For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Pak Sum *(Chairman)*
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors

Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

AUDIT COMMITTEE

Mr. Chong Man Hung Jeffrey *(Chairman)*
Mr. Li Kam Chung
Mr. Tsui Pang

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

NOMINATION COMMITTEE

Mr. Chong Man Hung Jeffrey *(Chairman)*
Mr. Li Kam Chung
Mr. Tsui Pang

TECHNICAL, SAFETY AND ENVIRONMENT COMMITTEE

Mr. Li Kam Chung *(Chairman)*

COMPANY SECRETARY

Mr. Tung Yee Shing

AUTHORISED REPRESENTATIVES

Mr. Tung Yee Shing
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House, 41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1901, 19/F, Nina Tower
8 Yeung Uk Road, Tsuen Wan
New Territories, Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM12, Bermuda

STOCK CODE

621

COMPANY WEBSITE

www.taunggold.com

CHAIRPERSON'S STATEMENT

Dear Shareholders and Employees,

On behalf of the Board of Directors, we are pleased to present the annual report of Taung Gold International Limited (the "Company" or "Taung Gold") and its subsidiaries (collectively the "Group") for the year ended 31 March 2024.

We would like to express our gratitude to our fellow directors, management and employees for their commitment and dedication to the Company.

The Company's strategy to advance its projects into construction and ultimately into production has made progress in the period under review despite an extremely difficult operating environment. Notwithstanding the challenge of the global COVID-19 pandemic and the suspension in trading of the Company's shares due to the delay in publication of annual and interim results and despatch of annual and interim reports, we are pleased to report that the operations of the Group remained normal in all material respects during the period under review.

THE JEANETTE PROJECT

Following the easing of PRC travel restrictions after the COVID-19 pandemic, the Company's management in Hong Kong resumed in-person visits to Metallurgical Corporation of China Limited ("MCC") in April 2023 for discussion of the basic design of the project and a project site visit in South Africa took place in September 2023. Negotiations with potential financiers also recommenced with a view to securing financing and finalising funding plans upon, or as close as possible after, completion of the basic design.

In July 2023 twelve technical, financial and legal experts from a major mining company in the PRC visited South Africa for ten days. They visited both of the Company's flagship projects. The Company's Hong Kong office remains in discussions with this company.

In October 2023 the Group engaged Minxcon Consultants ("Minxcon") to do an upgrade of the 2019 phase 1 feasibility study and the financial models to current values and a Scoping Study on phase 2 of the Jeanette Project and thereafter produce a financial model covering the entire asset. The Company's South African management team has had a long association with Minxcon who previously prepared a feasibility study for the Jeanette Project. Minxcon is one of the most reputable independent service providers in the mining industry of South Africa.

This work was completed in late 2023. In December, the Company once again engaged Minxcon to conduct an optimization exercise on the earlier work to investigate additional methods for vertical access to the mine, increasing maximum tonnage output, addressing adequate ventilation issues through the enhanced mine, costing these changes and compiling a new financial model. This study was completed at the end of March 2024. The results have been very positive.

The Group also sought to proactively address the social risk at its Jeanette Project through implementing a Broad-Based Livelihoods (BBL) development programme under its Social and Labour Plan ("SLP"). The BBL programme aims to unlock the capacity of individuals and households to earn an income and start small businesses which are independent of the mining sector and Government interventions. The BBL approach is to conduct broad-based skills training on key agricultural and business principles to unlimited numbers of people, whilst allowing the individual to implementation their plan based on their unique needs, interests and circumstances. The BBL focusses on those with no or little economic activity or prospects and seeks to empower them to gain a firm and sustainable foothold in the informal economic sector without relying upon continuous welfare or other external support. The first five-year programme SLP ran from 2016 to 2021. The COVID-19 lockdown implemented in March 2020 and the severe economic impact of the pandemic impacted severely on communities around the Jeanette project. The Company was acutely aware of the distress caused within the communities of Kutlwanong and Nyakallong. Many people lost their jobs and fresh food was difficult to obtain due to restricted movement. During lockdown the Company and its consultants assisted communities in growing their own food, raising poultry and cattle, agro-processing, starting small businesses and selling produce at market days organized by the Company.

On completion of the first SLP, the Company submitted a close out report wherein it outlined that it had met all of its SLP commitments. A revised five-year SLP for 2023–2027 was submitted to the regulatory authorities and was approved. The SLP was endorsed by the local civic authorities, Matjhabeng Local Municipality, who provided a letter of support and signed a Memorandum of Understanding with the Company.

The Company's SLP has attracted more than 1,500 participants to-date and the Company spent over ZAR13 million on its SLPs between 2016 and 2024. The response from the local community, municipality and government to these initiatives has been overwhelmingly positive.

THE EVANDER PROJECT

In early 2024 the Company embarked on an update of the financial models and the bill of quantities for the Evander Project with very positive outcomes. In July 2023, twelve technical, financial and legal experts from a major mining company in PRC spent two days at the project. The Company's Hong Kong office remains in discussions with this company. Further work on progressing the Evander Project construction contract and funding has been scaled back, with the focus being on Jeanette Project.

The Company previously recognized that its current projects will take some time to bring into production, as is the case with most mines. A recent 2024 study concluded that it takes an average of approximately sixteen years for a mine to go from discovery to startup with the average mine lead time continuing to trend upwards. During the period under review, management therefore continued to consider gold projects with the potential to enable the Group to transition into a gold producer ahead of the timeline to production for its existing projects. The assets examined thus far by the Company failed, however, to satisfy the Company's investment criteria.

CHAIRPERSON'S STATEMENT

THE GOLD INDUSTRY

We remain optimistic about the outlook for the gold price, the gold mining industry and are of the view that the Group has a viable, robust and sustainable business prospect for the factors detailed below.

The price of gold in US dollar currency has been more than doubled over the last ten years, representing an overall significant and steadily increasing demand for the precious metal. This increase reflects gold's status as a safe-haven investment during times of geopolitical and economic uncertainty. Geopolitical crises have weighed heavily on the global economy in recent times and have reinvigorated investor interest. The Directors consider that if the demand for gold continues to grow, the gold price may continue to rise and the gold mining-related business of the Company will meet with solid support upon commencement of production.

In general, South African gold mines continue to be highly profitable. The largest gold mining company in South Africa, Harmony Gold Mining Company Limited ("Harmony Gold"), generated record operating free cash flow of ZAR12.74 billion for its 2024 financial year. As is the case with the Company, Harmony Gold purchased mature assets from other gold miners and proceeded to exploit the gold that remained. South Africa was the tenth largest gold producer in the world in 2023, producing 100 metric tons of gold, up from 89 metric tons in 2022. It has the third largest reserves of gold after Australia and Russia.

The Directors note that the few large gold deposits that have been discovered in recent decades are in increasingly remote locations and face significant infrastructural and environmental challenges. Many require very large capital expenditure to provide the necessary services and utilities to site. Furthermore, the Directors believe the lack of quality discoveries in the recent decade does not bode well for the gold supply which is expected to peak in 2026 at 110 Moz and to then decline to 103 Moz in 2028. The Directors have noted that recent discoveries are scarce and smaller in size than in earlier years. In addition, the trend over the past few decades towards open-pit mining is expected to reverse as existing open-pit operations transition to underground mining in order to access their deeper reserves at a greater cost. Even recent gold discoveries will not have any noticeable impact on gold supply for some decades as the average mine construction lead time continues to trend upward.

The Company's South African assets are therefore unique in global terms in that they are high-grade and host substantial resources of gold. Their mineral resources and reserves are SAMREC-compliant. In addition, they are located in the well-established gold-producing regions of Welkom and Evander with substantial existing infrastructure in the form of shafts, which means that the capital cost of re-establishing the necessary services and utilities is relatively low, when compared to projects in more remote areas elsewhere in the world. As a result of the extensive design, engineering, and economic feasibility work done in the past few years, it is anticipated that the Jeanette and Evander Projects will each deliver significant annual production profiles, with all-in sustaining cost parameters of US$568 per ounce for the Jeanette Project and US$754 per ounce for the Evander Project, which are in the lowest quartile of the industry cost curve.

CHAIRPERSON'S STATEMENT

ECONOMIC ENVIRONMENT AND OUTLOOK

The impact of the COVID-19 pandemic on the global economy has been unprecedented. The severe lockdowns imposed by governments have had a severe impact on global and local economic activity and the effects of these measures will be felt for years to come. Pre-existing fragilities in the world economy have been exacerbated by the pandemic and this coupled with geopolitical tensions relating to trade and the conflict in Ukraine and the Middle East remain supportive of a stronger trending gold price.

The world economy is exhibiting very strong signs of having recovered from the Covid pandemic with the last quarter of the 2023 and the first quarter of the 2024 year showing renewed interest in the precious metals market. To this end the Company has experienced rejuvenated interest from companies across the globe regarding both the Taung Gold projects.

We therefore believe that the global political and economic environment are set for a stronger gold price and that this bodes well for the Company's strategy to advance its projects into construction and ultimately into production.

Cheung Pak Sum
Chairman

Hong Kong, 20 September 2024

RESULTS

The Group is principally engaged in investment holding, trading of minerals and exploration, development and mining of gold and associated minerals in South Africa.

During the financial year ended 31 March 2024, the Group recorded a basic loss attributable to owners of the Company of approximately HK$19,174,000 or basic loss of HK0.11 cents per share, compared with a basic loss attributable to owners of the Company for the year ended 31 March 2023 of approximately HK$45,985,000 or basic loss of HK0.25 cents per share.

DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2024 (2023: Nil).

BUSINESS REVIEW

For the year ended 31 March 2024, the Group had no turnover (2023: Nil). The Group recorded a net loss attributable to equity holders of approximately HK$19,174,000 compared with a net loss attributable to equity holders of approximately HK$45,985,000 for the previous financial year. The other comprehensive expense of approximately HK$132,464,000 (2023: HK$564,021,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had no outstanding bank borrowings (2023: Nil) and no banking facilities (2023: Nil). The Group's gearing ratio as at 31 March 2024 was zero (2023: zero), calculated based on the Group's total zero borrowings (2023: zero) over the Group's total assets of approximately HK$2,678,288,000 (2023: HK$2,825,691,000).

As at 31 March 2024, the balance of cash and cash equivalents of the Group was approximately HK$108,868,000 (2023: HK$136,708,000) and was mainly denominated in HK$, US$ and South African Rand ("ZAR"). The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks to its business.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2024, the Group operated mainly in South Africa, and the majority of the Group's transactions and balances were denominated in HK$, US$ and ZAR. However, as the directors consider that the present currency risk is not significant, the Group does not have a policy of hedging foreign currency.

Nevertheless, the Company's management monitors foreign exchange exposure and will consider hedging foreign currency exposure should this be deemed prudent.

REVIEW OF BUSINESS OPERATIONS

During the year under review, the Group did not carry out any field exploration activities and its attention was focused on the following:

- A multi-disciplinary workshop chaired by the Group's mining consultants to formulate proposals that could further enhance the Jeanette Project economics and optimize the Jeanette Project plan, including by reducing capital requirements, peak funding and the lead-time to production through the use of vertical access and possible synergies with neighbouring infrastructure. The external workshop was followed by a number of internal workshops, which further developed the range of options to achieve the above objectives;

- Advancing the Engineering, Procurement and Construction Contract ("EPC Contract") with Metallurgical Corporation of China Ltd ("MCC") for the Jeanette Project;

- Implementing activities under the second Social & Labour Plan for the Jeanette Project in the communities surrounding the Jeanette Project to alleviate poverty in the area;

- Engaging with the regulatory authority to extend the date for commencement of construction of the Jeanette Project; and

- Identification of near-term gold producing assets for potential acquisition.

As at 31 March 2024, the Company had not conducted any mining or production activities.

The Jeanette Project

The Jeanette Project is located in the northern region of the Free State goldfield close to the towns of Allanridge, Kutlwanong and Nyakallong, within the southwest limb of the Witwatersrand Basin in the Free State Province of South Africa. Taung Gold Free State (Pty) Limited ("TGFS"), a wholly-owned subsidiary of Taung Gold (Pty) Limited ("TGL"), is the registered holder of the mining right over the Jeanette Project. The Mining Right No. 33/2017 for the Jeanette Project was registered in the name of TGFS on 6 December 2017. The Jeanette Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Jeanette Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the Mineral Resource and Reserve;

- Construction of a new metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited; and

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards.

The Company previously entered into a Service Contract with MCCI International Incorporation Limited ("MCCI"), a subsidiary of MCC, whereby the Company appointed MCCI to carry out the Feasibility Study ("FS") for the Jeanette Project, which was duly completed with an effective date of 23 July 2019.

The Company and MCCI agreed during the early stages of the FS that the Jeanette Project should be executed in a phased approach as follows:

Phase 1

a. Completing and commissioning the existing No. 1 Shaft and No. 2B shaft infrastructure and establishing a connection holing between the two shafts to access the northern portion of the orebody;

b. Establishing ore reserve development in the northern portion of the orebody and building up the production profile to a rate of 30,833 tons milled per month at a head grade of 11.92g/t; and

c. Establishing the surface infrastructure for a stand-alone mining and a modular processing operation at a rate of approximately 370,000 tons milled per annum.

Phase 2

a. Sinking and developing two new shafts to access the southern portion of the orebody;

b. Establishing ore reserve development in the southern portion of the orebody and building up the production profile to a rate of 69,167 tons milled per month at a head grade of 11.06 g/t; and

c. Increasing the capacity of the processing plant and associated infrastructure to 830,000 tons per annum.

This phased approach has the following advantages over the approach followed initially in the pre-feasibility study ("PFS"):

- A significantly lower Initial Construction Capital Cost Estimate of US$523.5 million (in 2019 terms) compared to US$723.8 million (2017 terms) in the PFS, as a result of a more optimal use of the existing shaft infrastructure and the sinking of two new shafts being postponed to Phase 2; and

- A much shorter lead-time to first gold production of 3.6 years, as a result of being able to access the ore reserve much faster than anticipated in the PFS (4.5 years).

Subsequently in October 2023, the Company engaged Minxcon (Pty) Ltd ("Minxcon"), one of the most reputable mining service provider in South Africa, to update the mining approach and plan, and the cost data for the Jeanette Project. Highlights of the updated data are as follows:

Gold Recovered over Life of Project	6.4 Moz
Initial Construction Capital Cost Estimate	US$771 million
Total Capital Cost over Life of Project	US$1,252 million
Life of Mine	22 years
Cash Operating Costs	US$521/oz
All in Sustaining Costs ("AISC")	US$568/oz
All in Costs ("AIC")	US$714/oz

Note: Financial calculation using long-term gold price of US$1,900/oz and/or an exchange rate of US$1.00 = ZAR18.80.

Expenditure on the Jeanette Project for the year ended 31 March 2024 was as follows:

	ZAR million
Consultants and service providers	7.94
Staffing	6.44
Overheads	1.19
Total	15.57

The Evander Project

The Evander Project is located in the Evander Goldfield on the northeastern limb of the Witwatersrand Basin and is close to the town of Secunda in the Mpumalanga Province of South Africa. Taung Gold Secunda (Pty) Limited ("TGS"), a wholly-owned subsidiary of TGL, is the registered holder of the mining right in terms of the Mineral and Petroleum Resources Development Act ("MPRDA") of the Evander Project. The Mining Right No. 107/2010 was registered in the name of TGS in November 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area. The Evander Project is located in an established gold and coal mining region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services.

The Evander Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the substantial high grade Mineral Resource and Reserve;
- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited; and
- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards.

The Evander Project will involve the following activities to develop and bring the underground mine into production:

- Re-establishment of the existing surface area and provision of required infrastructure and services including electrical power, water and water disposal;
- Dewatering and re-commissioning of the existing main shaft and re-commissioning of the ventilation shaft;
- Deepening of the existing main and ventilation shafts to their final depths; and
- Development of the Kimberley Reef and the generation of ore reserves.

On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tons of ore at an average head grade of 6.80 g/t.

On 12 September 2016, the Company announced the Bankable Feasibility Study ("BFS") for the Evander Project.

Subsequently in October 2023, the Company engaged Minxcon to update the cost data for the Evander Project. Highlights of the updated data are as follows:

Gold Recovered over Life of Project	4.1 Moz
Initial Construction Capital Cost Estimate	US$875 million
Total Capital Cost over Life of Project	US$1,126 million
Life of Mine	20 years
Cash Operating Costs	US$704/oz
AISC	US$754/oz
AIC	US$991/oz

Note: Financial calculation using long-term gold price of US$1,900/oz and/or an exchange rate of US$1.00 = ZAR18.80.

Expenditure on the Evander Project for the year ended 31 March 2024 was as follows:

	ZAR million
Consultants and service providers	1.87
Staffing	3.59
Overheads	1.36
Total	6.82

Summary of the Company's Measured and Indicated Mineral Resources

Below shows the summary of the Company's Measured and Indicated Mineral Resources at its Evander and Jeanette Projects.

Measured and Indicated Mineral Resources for Evander Project and Jeanette Project

MINERAL RESOURCE CATEGORY	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
EVANDER	Mining (Mt)	Mining (g/t)		
Measured	0.11	10.81	1.09	0.04
Indicated	19.75	8.47	167.18	5.37
Total Measured & Indicated	19.86	8.47	168.27	5.41
JEANETTE	In-situ (Mt)	In-situ (g/t)		
Indicated	13.10	22.41	293.60	9.44
Total Evander & Jeanette	32.96	–	461.87	14.85

Subsequently in October 2023, the Company engaged Minxcon to update the mining approach and/or plan for the Evander and Jeanette Project. The gold recovered over the lives of the projects under the latest plan are disclosed in the previous section.

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

The Jeanette Project

The Group entered into the EPC contract with MCC on 30 December 2019 for the project execution and construction phase of the Jeanette Project. The purpose of the EPC contract is to facilitate the commencement of the development of the Jeanette mine. EPC contracts are project finance documents that establish a contractual framework between owner and contractor in terms of which design and construction risk is transferred to the contractor. It therefore regulates the basis or which MCC undertook to provide the necessary resources to make mine development possible. Aspects covered by the EPC contract included works relating to final engineering design, procurement, manufacturing and construction of the mine and infrastructure.

In addition, MCC undertook to assist the Company in securing equity and debt financing for the EPC contract for the Jeanette Project at the TGFS level from independent third parties, including but not limited to strategic investors in the mining sector and Chinese banks.

Following the full easing of PRC travel restrictions in light of the COVID-19 pandemic, the Company's management has immediately discussed the arrangement on potential fund raising, resumption of the Basic Design of the EPC contract with MCC, and also resumed in-person visits to MCC in April 2023 and the project site in South Africa in September 2023.

The Evander Project

Contract for the Construction of the Evander Project

In 2019, the Company and MCCI decided to await the FS results of the Jeanette Project before committing further time and resources to the contract for the Evander Project. On 30 August 2019, the FS results of the Jeanette Project were released. Given the Jeanette Project requires lower capital cost and shorter lead-time to production, the Company decided to focus on advancing the EPC Contract for the Jeanette Project first.

The estimated time frame for the remaining work for the Evander contract will be 12–18 months from the date of a decision to continue. The Company will keep shareholders informed of any material development in this regard in due course.

The EIA/EMP Amendment Process

The full Environmental Impact Assessment ("EIA") for the Evander Project requires amendment to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources and Energy in South Africa will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

The Company already has an Environmental Authorisation for the dewatering and construction phase of the Evander Project. In addition, the Water Use Licence ("WUL") for abstraction, transport and disposal of excess mine water during the dewatering and construction phase has also been issued.

The amendment of the EIA/Environmental Management Programme ("EMP") and final WUL for the Evander Project relates to the production phase which will start approximately 6 years after commencement and, as such, is not on the critical path for project construction.

The commencement of the environmental specialist studies will be postponed in light of the decision to put off further work on the Evander Project. The studies will be initiated once the Board confirms the timetable of the Evander Project.

Latest discussions with MCC

As at the date of this report, the Group had had further discussions with MCC in relation to the development and financing arrangements of the Jeanette Project and the Evander Project. According to the latest discussion, MCC will refine the mining plan and financing arrangements for the Jeanette Project and the Evander Project based on the updated cost data prepared by Minxcon. In this regard, the Group and MCC will target to progress the mining projects following the estimated timetable below:

Jeanette Project

Stage	Description	Target timetable
Financing stage	Identifying, negotiating, and finalising financing arrangements with financiers	3rd quarter 2024 – 2nd quarter 2025
Construction stage	Construction of the mine and associated infrastructure	3rd quarter 2025 – by the end of 2027
Production stage	Mining operation, extraction, and processing of gold ore	2028–2049

As additional time is required for the Basic Design and finalization of the lump sum contract amount, the lump sum offer supplementary agreement (supplementing the EPC Contract with the finalised engineering design method, lump sum contract amount, etc.) is expected to be entered into by December of 2024. Upon finalization of the lump sum contract amount, the lump sum offer supplementary agreement, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcements dated 20 May 2020, 30 April 2021, 23 December 2021, 22 December 2022 and 29 December 2023 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

Evander Project

Stage	Description	Target timetable
Research stage	Research on mining plans including dewatering operation	3rd quarter 2025– 4th quarter 2025
Financing stage	Identifying, negotiating, and finalising financing arrangements with financiers	2026
Construction stage	Construction of the mine and associated infrastructure and dewatering operation	2027–2032
Production stage	Mining operation, extraction, and processing of gold ore	2032–2049

REPORT OF THE DIRECTORS

The Board of Directors (the "Board") is pleased to present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the operations of gold mines in the Republic of South Africa ("South Africa").

BUSINESS REVIEW

The Company's results and business review, including future developments, financial performance analysis, principal risks and uncertainties facing the Company and key relationships with stakeholders, in accordance with Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), are set out in the Chairperson's Statement on pages 3 to 6 and the Management Discussion and Analysis on pages 7 to 14 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report on pages 23 to 42 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the directors' knowledge, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year. There was no material breach of or non-compliance with the applicable laws and regulations by the Group.

KEY RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

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

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 62.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2024.

FIVE YEARS SUMMARY

A summary of the Group's results for each of the five years ended 31 March 2024 and the Group's assets and liabilities as at 31 March 2020, 2021, 2022, 2023 and 2024 is set out on page 132 of this annual report.

CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 23 and 24 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Group during the year are set out on pages 65 to 66 in the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2024, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK$5,307,443,000 as at 31 March 2024 may be distributed in the form of fully paid bonus shares.

EMPLOYEES

As at 31 March 2024, the Group employed approximately 24 staff in both Hong Kong and South Africa. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

MAJOR CUSTOMERS AND SUPPLIERS

As the mining production of the Group's gold mines in South Africa has not commenced yet, there are no major customers and suppliers during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

Executive Directors

Ms. Cheung Pak Sum *(Chairman)*
Mr. Phen Chun Shing Vincent
Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)* (resigned on 14 June 2023)

Independent Non-Executive Directors

Mr. Chong Man Hung Jeffrey
Mr. Li Kam Chung
Mr. Tsui Pang

In accordance with the bye-law 98 of the Company's bye-laws, Mr. Phen Chun Shing Vincent and Mr. Chong Man Hung Jeffrey shall retire by rotation at the forthcoming annual general meeting, and being eligible, shall offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Cheung Pak Sum, aged 48, has been an Executive Director of the Company since April 2010 and was a co-chairman of the Company from September 2018 to June 2024. She has been the Chairman of the Company since June 2024. She is the Head of Human Resources and Administration of the Company and is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from May 2006 to May 2008. Ms. Cheung also acts as director of certain subsidiaries of the Company.

Mr. Phen Chun Shing Vincent, aged 48, was appointed as a Non-executive Director of the Company in July 2015 and has been re-designated as Executive Director of the Company since May 2017. He was an independent non-executive director of Agritrade Resources Limited (stock code: 1131) (resigned in June 2021), a company listed on the Main Board of the Stock Exchange but delisted with effect from 31 January 2022; an executive director of China Partytime Culture Holdings Limited (stock code: 1532) (resigned in April 2020) and a non-executive director of EPI (Holdings) Limited (stock code: 689) (resigned in October 2016), all of which are companies listed on the Main Board of the Stock Exchange.

Mr. Phen has over 15 years of experience in direct investment and corporate banking. He was also an executive director of China Merchants Capital Management (International) Limited from 2012 to 2015, a non-executive director of Comtec Solar Systems Group Limited (stock code: 712), a company listed on the Main Board of the Stock Exchange, from 2010 to 2012 and a director of CMS Capital (HK) Co., Limited (formerly known as "CMTF Asset Management Limited") from 2009 to 2012. He also worked in CLSA Capital Partners from 2007 to 2009. Prior to that, Mr. Phen worked in the international corporate banking division of various financial institutions for approximately 7 years. Mr. Phen holds a bachelor degree in business administration and marketing from the University of North Texas.

Independent Non-executive Directors

Mr. Li Kam Chung, aged 72, has been an Independent Non-executive Director of the Company since April 2009. He is the chairman of each of the remuneration committee and technical, safety and environment committee; and a member of each of the audit committee and nomination committee of the Company. Mr. Li has been appointed as independent non-executive director of Zhidao International (Holdings) Limited (stock code: 1220), a company listed on the Main Board of the Stock Exchange since January 2012. Mr. Li has over 10 years experience in trading businesses between Mainland China and Hong Kong. Mr. Li was the chairman of Joint Village Office for Villages in Shuen Wan Tai Po New Territories and a member of Tai Po District Council Environment, Housing and Works Committee.

Mr. Chong Man Hung Jeffrey, aged 46, has been an Independent Non-executive Director of the Company since October 2017. He is the chairman of each of the audit committee and nomination committee of the Company; and a member of the remuneration committee. He has been the company secretary of China Partytime Culture Holdings Limited (stock code: 1532) since May 2015 and chief financial officer and company secretary of Yee Hop Holdings Limited (stock code: 1662) since November 2019, all of which are companies listed on the Main Board of the Stock Exchange.

Mr. Chong served as an independent non-executive director of China International Development Corporation Limited (stock code: 264) (resigned in September 2019) and China Gingko Education Group Company Limited (stock code: 1851) (resigned in July 2020) respectively, all of which are companies listed on the Main Board of the Stock Exchange. Mr. Chong obtained his bachelor degree of business administration in accounting from the Hong Kong University of Science and Technology in November 2000 and his master's degree of business administration from the City University of Hong Kong in October 2018. He has been a member and fellow member of the Hong Kong Institute of Certified Public Accountants since January 2005 and March 2018, respectively. Mr. Chong has over 16 years of experience in auditing, financial management, internal control and corporate governance.

Mr. Tsui Pang, aged 41, has been an Independent Non-executive Director of the Company since July 2016. He is a member of each of the audit committee, remuneration committee and nomination committee of the Company. He is currently a general manager of Chang Yang (Hubei) Mining Limited, which is engaged in exploration and the mining of barium sulphate at barite ores in Yichang City, Hubei Province in China. Before joining the Company, Mr. Tsui worked in Yuet Sing Group from 2004 to 2011 in different positions to participate in mine planning and feasibility study of mines in Enshi City, Hubei Province in China. Mr. Tsui holds a master's degree of business administration from the Hong Kong University of Science and Technology.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2024, none of the directors of the Company or any of their respective associates have engaged in any business that competes or might compete, either directly or indirectly, with the business of the Group or have any other conflict of interests with the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's bye-law, every director, officer and auditors shall be entitled to be indemnified and secured harmless out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a director, auditors or officer of the Company about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2024, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares Personal interests	 Corporate interests	Total interests	Percentage of the issued share capital of the Company
Christiaan Rudolph de Wet de Bruin (resigned on 14 June 2023)	244,650,717	–	244,650,717	1.30%

Save as disclosed above, as at 31 March 2024, so far as is known to the directors and chief executives of the Company, no other person had 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 recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

SHARE OPTION

The Company has adopted a share option scheme (the "2010 Share Option Scheme") at a special general meeting of the Company held on 4 January 2010 and its mandate limit was refreshed on 21 November 2014. The 2010 Share Option Scheme had been expired on 3 January 2020. A resolution was passed at a special general meeting of the Company held on 28 August 2020 to approve and adopt the new share option scheme (the "2020 Share Option Scheme"). The maximum number of shares which may be issued under the 2020 Share Option Scheme is 1,815,147,198 shares (representing 10% of the issued share capital of the Company on 28 August 2020). No share options has been granted or exercised under 2020 Share Option Scheme as at 31 March 2024. Further details of the 2020 Share Option Scheme are set out in note 24 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 March 2024, the following shareholders had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(1) Long positions in shares and underlying shares of the Company

Name of shareholders	Number of shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued shares of the Company
Goldborn Holdings Limited	2,001,362,075	–	2,001,362,075	11.03%
Mandra Materials Limited *(Note)*	777,434,722	–	777,434,722	4.28%
Mandra Esop Limited *(Note)*	16,238,369	–	16,238,369	0.09%
Woo Foong Hong Limited *(Note)*	276,530,727	–	276,530,727	1.52%

Note: Mandra Materials Limited, Mandra Esop Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the shares held by Mandra Materials Limited, Mandra Esop Limited and Woo Foong Hong Limited for the purpose of SFO.

(2) Short positions in shares and underlying shares of the Company

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 31 March 2024, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' interests in securities" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

AUDITORS

Crowe (HK) CPA Limited ("Crowe") was appointed as the auditor of the Company with effect from 23 February 2022 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu on 22 February 2022.

Crowe had tendered its resignation as auditor of the Company with effect from 16 July 2024 and the Board resolved to appoint Baker Tilly Hong Kong Limited ("Baker Tilly") as the new auditor of the Company with effect from 22 July 2024 to fill the causal vacancy following the resignation of Crowe.

The Board and the audit committee of the Company (the "Audit Committee") have taken into account, among other things, Baker Tilly's governance and leadership, capability (background, credentials, experience, scale and resources); recent inspection results; compliance with ethical requirements and audit fees, and were thus satisfied with their suitability in acting as the auditor of the Company.

The above factors considered have covered the requirements in the guidelines issued by the Accounting and Financial Reporting Council regarding change of auditors, including Guidance Notes on Change of Auditors and Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors.

The financial statements for the year ended 31 March 2024 were audited by Baker Tilly whose term of office will expire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Cheung Pak Sum
Chairman

Hong Kong, 20 September 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM THE BOARD

Taung Gold International Limited and its subsidiaries (collectively referred to as the "Group") are committed to improving their environmental and social performance to ensure the sustainable operation of the Group. The Group integrates environmental, social, and governance ("ESG") considerations into its business operations and daily management. The Board regularly reviews the strategy, progress towards environmental goals, and makes necessary adjustments to ensure their effectiveness.

The Board assumes overall responsibility for governing the Group's ESG management, which includes defining the Group's ESG objectives and strategies, evaluating and reviewing ESG targets, practices, and performance, and implementing ESG initiatives across the Group's business operations.

Under the guidance of the Board, an internal ESG working group supports and coordinates the implementation of ESG measures, collects relevant ESG data and information for performance evaluation and the preparation of ESG reports, and provides regular progress updates to the Board.

To determine and prioritize the significant ESG topics for the Group, a materiality assessment is conducted and reviewed by the Board with the assistance of the ESG working group. The assessment process and results are detailed in the "Materiality Assessment" section of this report.

The Group has established environmental goals pertaining to its business operations, such as reducing emissions and resource consumption in daily office operations. These goals have undergone review and discussion by the Board.

ABOUT THIS REPORT

The Group has prepared this "Environmental, Social and Governance Report" (the "ESG Report" or the "Report") in accordance with the requirements under the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which discloses the practice and performance of the Group on various ESG issues last year. The Report aims at strengthening our communication with all stakeholders and the public, so that people from all walks of life can understand the ESG activities of the Group and their related effects.

REPORTING SCOPE

This ESG report covers the reporting period from 1 April 2023 to 31 March 2024 (the "Reporting Period"), which coincides with the annual report for the year ended 31 March 2024. The report primarily focuses on the gold mining business of the Group in the Republic of South Africa ("South Africa"). There have been no significant changes in the scope of disclosure in the Report.

During the Reporting Period, the Group did not engage in any field exploration activities, as both the Evander and Jeanette projects in South Africa remained in the pre-construction phase, with a focus on finalizing permitting work and advancing financing and construction. Consequently, the Group did not carry out any mining or production activities during the period under review. Therefore, the Group considers the emissions data for air emissions, non-hazardous waste, and water consumption to be insignificant and immaterial during the Reporting Period. Key performance indicators ("KPIs") related to production activities are expected to be included in the ESG Report once they commence.

REPORTING PRINCIPLES

This Report has been prepared in accordance with the "Comply or Explain" provisions of the ESG Guide under Appendix C2 to the Listing Rules and has also applied the following fundamental reporting principles as outlined in the ESG Guide:

1. Materiality: The materiality of the ESG issues of the Group is determined by the board of directors (the "Board") and the Group focuses on matters that impact business growth and are of importance to our stakeholders. For further details regarding the identification process and criterion of material issue, please refer to the section headed "Materiality Assessment" in this Report.

2. Quantitative: All disclosed information, environmental and social KPIs were organised and calculated according to ESG Guide and standardised methodologies. The assumption and calculation principles are illustrated in the relevant sections.

3. Balance: This ESG Report is based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects.

4. Consistency: Unless otherwise specified, the reporting scope and methodologies are consistent with previous years for meaningful comparison.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Acknowledging stakeholder engagement as a crucial element of its business, the Group places great importance on actively engaging with its key stakeholders. It consistently endeavours to establish and maintain productive relationships with stakeholders in the nearby communities where it operates, aligning with the objectives outlined in the social and labour plans ("SLPs") that are integral to its mineral rights.

In order to facilitate effective communication and appropriately address expectations, the Group maintains regular and ongoing interactions with its major stakeholders through various channels. These communication channels, along with specific details, are provided in the table below:

Stakeholders	Communication Channels
Shareholders	– Company website – General meetings – Corporate reports and announcements
Employees	– Emails and suggestion box – Annual performance review – Employee training
Business partners	– Lawful actions and communications – On-going direct engagement – Inspection on site
Government and regulatory authorities	– Regular submission of information – Regular communication with regulatory authorities – Forum, seminar and conference
Environment	– Communication with local environmental authority/department
Community	– Communication meeting with community
Media	– Company website – Media enquiry

The Group conducted a materiality assessment to identify and prioritize the material ESG topics most important to our business and stakeholders. We identified a list of material topics and annually assess ESG material issues using factors such as international and industry standards, overall corporate development strategies, corporate value, operational management system, and future challenges. We consulted the SASB Standard to identify issues material to the metals & mining industry under the dimensions of (i) Environment, (ii) Social Capital, (iii) Human Capital, (iv) Business Model & Innovation, and (v) Leadership & Governance. We also obtained stakeholders' opinions on our ESG measures through communication between stakeholders and the Group. After review and approval by the Board, we identified the following ESG material issues and their importance:

Highly important		Generally important	
Greenhouse gas emissions	Air emissions	Packaging material	Development and training
Hazardous waste	Non-hazardous waste	Labour standards	Supply chain management
Electricity and water saving	Environmental and nature resources	Product responsibility	Anti-corruption
Climate change	Health and safety	Community investment	
Employment			

A. ENVIRONMENTAL

A1: EMISSIONS

Throughout the Reporting Period, the Group remained steadfast in its commitment to sustainable development, clean production, and environmental friendliness. It diligently carried out environmental protection measures in strict accordance with local environmental laws, regulations, and the latest international practices.

In South Africa, the Group is bound to adhere rigorously to the provisions outlined in its Environmental Authorisations as a prerequisite for its mineral rights. These authorizations encompass compliance with local regulations pertaining to solid waste management, air quality, and effluent discharge. Typically, Environmental Authorisations are granted prior to the execution and registration of Mining Rights, following comprehensive Environmental Impact Assessments and the implementation of appropriate mitigation measures. As the Group's projects are presently in the pre-construction phase, their environmental impact is minimal.

For each mining project, a waste management license is a mandatory requirement. The Jeanette Project has obtained such a license in accordance with the National Environmental Management Act, 1998 (NEMA, No. 107 of 1998). The waste management license for the Evander Project will be obtained in due course. Additionally, the acquisition of an atmospheric emissions license from the Department of Economic Development, Tourism, and Environmental Affairs, in line with the National Environmental Management: Air Quality Act of 2004, is also necessary. However, neither the Jeanette nor Evander projects have obtained the atmospheric emissions license at this stage.

The Group diligently adheres to relevant environmental protection regulations, and no reported instances of prosecution or violations of environmental laws were recorded during the Reporting Period.

Air Emissions

Given the nature of the Group's business, the primary sources of air pollutant emissions at mining sites are dust and the fuel used by vehicles and machinery. The Group considers the emission requirements specified in the applicable licenses as the targets to be achieved. To mitigate and minimize air pollutant emissions, the Group will implement the following preventive measures, among others:

– Install dust collection system

– Implement wet grinding process at mining sites to prevent creation of dusts

– Adopt the use of wet drilling and blasting, installing sprinkler systems on vehicles

– Conduct regular vehicle and machinery inspection and maintenance to enhance efficiency

– Switch off machinery which is not in use

These measures will be implemented once the construction phase is reached for the respective South African projects. All implementation measures to reduce the impact on the environment are discussed in the relevant licences.

Greenhouse Gas ("GHG") Emissions

The Group's main sources of GHG emissions were petrol and diesel consumed by vehicles (Scope 1) and purchased electricity (Scope 2). The Group has set a long-term reduction pathway as its GHG emission target and measures for reducing emissions are described in the "Energy Management" section.

The details of GHG emissions for the Group in South Africa during the Reporting Period are as follows:

	Unit	Quantity
Scope 1 – Direct GHG emissions		
– Petrol and diesel consumed by vehicles and machinery	$kgCO_2$-e	7.63
Scope 2 – Indirect GHG emissions		
– Purchase electricity	$kgCO_2$-e	34.65
Total	$kgCO_2$-e	42.27

Notes:

- The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Sixth Assessment Report.
- Due to absence of any substantial production in the Reporting Period, Scope 1 GHG emissions covered only two vehicles.
- Grid emission factor of South Africa is referenced from IGES List of Emission Factors published by the Institute for Global Environmental Strategies.

Hazardous Waste

Since the mining projects are still in the development stage, no hazardous waste was generated by the Group during the Reporting Period. However, once the mining production phase commences, the Group will establish a long-term reduction pathway as its target for hazardous waste emissions. The disposal of all hazardous waste will strictly adhere to the guidelines outlined in the National Environment Management Waste Act, 2008 (NEM:WA No. 59 of 2008).

To ensure minimal environmental impact, the Group will implement a controlled approach to the collection, storage, transportation, and disposal of hazardous waste. Certified contractors with specialized expertise will be engaged to remove hazardous waste from the site, preventing any potential contamination or unauthorized exposure. These measures aim to safeguard the environment and prevent adverse effects associated with hazardous waste management.

Non-Hazardous Waste

The Group has implemented clear internal guidelines and measures to effectively manage various types of non-hazardous waste generated at both mining sites and office locations. Our objective is to minimize waste generation at its source and promote resource optimization among our employees. A long-term reduction pathway has been established as the target for non-hazardous waste emissions.

At mining sites, waste mining rocks and tailings comprise the primary forms of waste generated during the mining process. To mitigate the environmental impact of waste mining rocks, they will be repurposed for activities such as road paving, underground backfilling, and dam construction. Similarly, tailings will find beneficial use in underground filling and cavity filling processes.

Within office environments, non-hazardous waste is predominantly comprised of paper waste and domestic waste. To address paper waste, the Group has implemented the following initiatives to reduce paper and stationery usage:

- Reuse or use double-sided paper
- Encourage the use of teleconference or video conference facilities
- Classify and recycle waste paper and printer cartridges
- Minimize the use of single-use disposable items

A2: USE OF RESOURCES

The Group acknowledges the significance of responsible resource utilization across all sectors of its operations. It is dedicated to transforming into a resource-efficient and environmentally conscious enterprise, actively promoting the cause of environmental protection.

Energy Management

The Group adopts a long-term reduction pathway as its energy efficiency target. In order to reduce energy consumption and improve the efficient use of energy, the Group has adopted the following energy-saving measures in both offices and mining sites:

- Switch off electrical equipment and lightings when not in use
- Set electrical equipment and appliances on power saver mode
- Use energy saving LED lighting and other electrical appliances
- Adopt natural ventilation where applicable
- Perform regular checking over the air-conditioning system, lightings and electrical appliances

During the Reporting Period, the energy consumption performance in South Africa of the Group is as follows:

	Unit	Quantity
Direct energy consumption		
– Liquid fuel	MWh	33.04
Indirect energy consumption		
– Purchase electricity	MWh	33.76
Total	MWh	66.80

Note: The unit of energy figures is converted into MWh based on the lower heat value referenced from CDP Technical Note: Conversion of fuel data to MWh.

Water Management

The Group's mining projects are primarily situated in regions where water resources are limited, necessitating a strong focus on efficient water usage. As a top priority, the Group has established a long-term reduction pathway as its target for water efficiency. To achieve this objective, the Group places significant emphasis on water efficiency management, conducts regular inspections, and promptly addresses any maintenance needs to prevent water leaks. Furthermore, the Group actively encourages its employees to value and conserve water, promoting responsible usage to prevent wastage.

The Group's operations primarily revolve around underground gold mining in South Africa, which is known to require substantial amounts of water. To minimize water discharges, the projects have been designed with a focus on optimizing water recirculation.

In gold mining, underground fissure water originating from sub-surface aquifers often needs to be managed, and excess water must be discharged in compliance with Environmental Authorisations and Water Use Licences under the National Water Act, 1998. Effective management of fissure water will be crucial for the Group's future mining activities. Water will also be utilized in metallurgical plants for ore treatment. Additionally, the use of surface and groundwater is strictly regulated and managed in accordance with the mine's Water Use Licence. Recycling methods will be implemented to optimize water utilization and achieve a net positive water balance.

As the mining production phase has not yet commenced, and the Group's projects are still in the developmental stage, there were no challenges encountered in sourcing suitable water for use during the Reporting Period.

Notably, the Evander site office made use of harvested rainwater stored in 20,000-liter tanks, while the Jeanette site office consumed 77 cubic meters of freshwater during the Reporting Period.

Packaging Material

The Group's final products are gold concentrate, so packaging material is not necessary and is therefore not considered a material ESG aspect of the Group.

As mining production has not yet begun and the Group's projects are still in the developmental stage, energy and water consumption are limited to the Hong Kong offices. Consequently, the Group believes that its consumption data is insignificant and immaterial.

A3: ENVIRONMENT AND NATURAL RESOURCES

Due to its inherent characteristics, mining inherently affects the ecological balance of an area. To minimize and alleviate its environmental impact, the Group implements a range of effective environmental management measures. Each mining project undergoes a thorough environmental impact assessment, which serves as the basis for determining and continuously monitoring the required environmental management measures. Independent studies are conducted to assess compliance with applicable laws and regulations. Any instances of non-compliance can result in criminal investigation and prosecution.

A4: CLIMATE CHANGE

Climate change has a significant impact on human life and business operations. Although the Group has not yet commenced mining production, it recognizes that the following climate risks might have potential impacts on its business:

Physical Risk

The Group recognizes that changes in weather patterns, including variations in precipitation levels, temperature, and the frequency and intensity of extreme weather events, can have adverse impacts on its mining projects. For instance, hot and dry weather conditions may pose challenges to exploration activities. Therefore, the Group takes these factors into account during the planning and pre-construction phases of its mining projects.

To mitigate the potential risks of business disruption caused by extreme weather events, the Group conducts assessments of possible weather conditions that could lead to the suspension of business operations. In compliance with the Mine Health and Safety Act, precautions have been implemented to guard against flooding of mine infrastructure. Additionally, as part of our contingency policies, employees are provided with guidance on how to navigate situations where essential work equipment or services are unavailable due to severe weather events. The Group regularly reviews its measures for coping with adverse weather conditions to ensure the safety of employees and maintains ongoing monitoring of climate change-related risks.

B. SOCIAL

B1: EMPLOYMENT

The Group places great emphasis on and attaches great importance to its employees' contribution and dedication to sustainable business development. Additionally, the Group is committed to maintaining high employment standards and a healthy and safe workplace. We strive to provide the best possible support and opportunities for employees so that they can thrive within the Group.

The Group strictly complies with relevant local laws, regulations, and policies, including but not limited to the "Labour Relations Act of South Africa", "Basic Conditions of Employment Act of South Africa", "Employment Equity Act of South Africa", "Skills Development Act of South Africa", "Unemployment Insurance Act of South Africa", "Employment Ordinance of Hong Kong", "Employees' Compensation Ordinance of Hong Kong" and "Minimum Wage Ordinance of Hong Kong". The Group regulates employee management in accordance with its "Recruitment Policy" and other internal rules and regulations.

During the Reporting Period, the Group complied with relevant laws and regulations on employment and labour practices and was not charged with any violations of such laws and regulations that had a significant impact on the Group.

Recruitment, Promotion and Dismissal

The Group has implemented a robust set of employment policies that ensure equal and fair recruitment opportunities for all candidates, adhering to local laws and regulations. Each candidate is evaluated solely based on their suitability for the positions and their potential to meet the Group's current and future needs, without any discrimination based on race, gender, religion, physical disability, marital status, sexual orientation, or any other personal characteristic.

Current employees have access to promotion and development prospects through an open and equitable assessment system that assesses their capabilities. The Group conducts regular performance evaluations, reviews, and assessments to gauge employee performance and facilitate career growth. Whenever possible, the Group provides competitive salaries and equitable promotion opportunities to its employees.

The Group strictly prohibits any form of unfair or wrongful dismissal. Termination of employment contracts is carried out solely on reasonable and lawful grounds, in accordance with the applicable laws of Hong Kong and South Africa.

Remuneration, Benefits and Work-life Balance

The Group acknowledges the importance of a competitive remuneration package accompanied by favourable benefits and welfare programs in promoting employee retention and fostering a sense of belonging. Therefore, the Group provides a comprehensive remuneration package to all employees, ensuring that remuneration is fairly awarded based on their contributions and aligned with market practices.

In addition to a competitive remuneration package, the Group offers an appealing benefits package that includes various entitlements such as paid annual leave, sick leave, education and examination leave, maternity leave, marriage leave, paternity leave, compensation leave, work injury leave, life and disability insurance, training allowances, and a provident fund. Moreover, the Group provides subsidies for transportation, travel, and communication related to overtime work, as required by the Group's policies.

Recognizing the importance of work-life balance, the Group has established standard working hours and statutory holidays in accordance with local laws and regulations, enabling employees to effectively manage their work commitments alongside their social lives.

Diversity, Equal Opportunities, and Anti-discrimination

The Group strives to foster a diverse and inclusive workforce by attracting talented individuals from various geographic regions and ethnic backgrounds. We believe in harnessing the potential of our human resources to benefit both the Group and its employees. Our commitment lies in providing equal opportunities across all employment aspects and cultivating a work environment that is free from discrimination, as well as physical or verbal harassment, based on factors such as race, religion, colour, national origin, age, gender, sexual orientation, or disability.

Information of our workforce and turnover rate by different categories is illustrated below:

	Number of employees
By gender	
Male	13
Female	11
By employee category	
Full-time	22
Part-time	2
By age group	
Below 30	2
30–50	11
Over 50	11
By region	
South Africa	11
Hong Kong	13
Total	24

	Turnover rate
By gender	
Male	8%
Female	0%
By age group	
Below 30	0%
30–50	0%
Over 50	9%
By region	
South Africa	9%
Hong Kong	0%
Overall	4%

B2: HEALTH AND SAFETY

The Group acknowledges the utmost importance of prioritizing the health, safety, and well-being of its employees, and is dedicated to establishing a secure and pleasant working environment for all. It strictly adheres to applicable local laws, regulations, and policies, including the "Occupational Health & Safety Act of South Africa", "Compensation for Occupational Injuries and Diseases Act of South Africa", "Workmen's Compensation Act of South Africa", "Mine Health and Safety Act of South Africa", and "Occupational Safety and Health Ordinance of Hong Kong". To ensure compliance and promote safety standards, the Group implements the "Taung Gold Safety Way", an occupational safety management policy aligned with industry standards, local regulations, international norms, and internal expertise.

To enhance safety levels at operational sites, the Group has established a robust safety responsibility system. Given the unique safety considerations in mining operations, the Group provides comprehensive occupational health and safety management courses and training to employees and subcontractors in South Africa, ensuring adherence to local legal requirements. Moreover, the Group supplies employees with appropriate protective equipment, such as safety helmets, safety vests, and safety shoes, conforming to local standards. Each operational site is equipped with ample medical first-aid kits, protective gear, fire prevention equipment, and other emergency resources. On-site occupational safety officers are present to bolster employee safety measures.

Throughout the Reporting Period, the Group has not identified any significant instances of non-compliance with health and safety-related laws and regulations that would have had a material impact on the Group. Furthermore, there have been no recorded work-related injuries or fatalities resulting in lost days during the last three years. Similarly, no reportable lost days due to work injuries were recorded in the Reporting Period.

B3: DEVELOPMENT AND TRAINING

The Group acknowledges that continuous development of its human capital is essential for achieving sustainable success, fostering business growth, and maintaining competitiveness. To address this, the Group regularly assesses the growth and developmental requirements of its employees, with a particular focus on knowledge enhancement and training opportunities.

Employees benefit from a combination of on-the-job training, internal and external training programs, as well as safety and first aid courses, tailored to their career development needs. Additionally, the Group has implemented incentive policies to encourage employees to pursue professional certifications or complete relevant professional courses. Certain training programs are accompanied by training subsidies and provisions for examination leave.

Throughout the Reporting Period, employees participated in various training courses and seminars covering topics such as accounting, corporate affairs, and regulatory developments. The percentage of employees trained by employee category is as follows:

	Training rate
Gender ratio among employees trained	
Male	75%
Female	25%
Employee category ratio among employees trained	
Executive directors	50%
General staff	50%
Percentage of employees trained to all employees	17%

Note: The percentage of employees trained is calculated by using the total number of employees trained as the denominator.

	Average training hours completed per employee
By gender	
Male	1.31
Female	1.55
By employee category	
Executive directors	1.00
General staff	1.50
All employees	1.42

B4: LABOUR STANDARDS

Prevention of Child and Forced Labour

The Group unequivocally prohibits and denounces all forms of child, forced, or compulsory labour, firmly committing to not employ individuals below the legal working age as defined by applicable laws and regulations. The Group strictly prohibits the use of forced or indentured labour, physical punishment, imprisonment, or threats of violence. Upholding the principles of fairness and free will, the Group never engages in recruitment practices involving coercion or fraud.

The Human Resource and Administrative Department of the Group assumes the responsibility of monitoring and ensuring compliance with local laws and regulations that prohibit child and forced labour. Stringent age verification procedures are implemented during the recruitment process, and regular assessments are conducted to prevent the unlawful employment of individuals involved in child and forced labour.

In the unlikely event of a policy violation concerning child labour, the Group will take immediate and decisive action to rectify the situation. A thorough investigation will be conducted to identify any potential deficiencies in the Group's policies, and appropriate measures will be implemented to prevent recurrence. Proactive education initiatives will also be undertaken to ensure that employees have a comprehensive understanding of child and forced labour. The Group considers local laws and regulations as the minimum requirement, and where they are deemed insufficient, the Group establishes its own policies to enforce a higher level of compliance.

Throughout the Reporting Period, the Group did not employ any individuals involved in child labour or forced labour, and there were no incidents of prosecution for violations of relevant laws and regulations.

B5: SUPPLY CHAIN MANAGEMENT

The Group recognizes that the engagement of its business partners is crucial for the performance of corporate social responsibility. Consequently, the Group aims to collaborate with suppliers and subcontractors who exemplify best practices in addressing environmental and social concerns.

During the Reporting Period, the Group had a total of 46 major suppliers, all located in South Africa. To ensure the selection of responsible suppliers and subcontractors, the Group has implemented a policy that emphasizes the adoption of robust practices in environmental and corporate social responsibility. A supplier selection and assessment mechanism has been established, taking into account factors such as quality, price, delivery, payment terms, and reputation.

The Group acknowledges the potential environmental and social risks associated with procurement activities throughout the supply chain. Therefore, we integrate environmental, social, and governance considerations into our procurement decisions, aiming to enhance the overall sustainability and resilience of the supply chain. Suppliers and subcontractors are required to adhere to our standards of business conduct and ethics, human rights and labour standards, occupational health and safety, as well as sustainability and environmental responsibility.

In supplier selection, preference is given to environmentally friendly products and services, prioritizing those with low energy consumption, high recycling rates, and reduced packaging whenever feasible. In South Africa, the Group follows a process of obtaining at least three quotes for selection, while also considering the Black Economic Empowerment ("BEE") rating and/or carbon emissions of potential suppliers and subcontractors.

Regular and comprehensive evaluations and reviews are conducted to assess the qualification and performance of suppliers and subcontractors, ensuring their compliance with our standards and relevant laws and regulations.

B6: PRODUCT RESPONSIBILITY

As the Group's mining projects are still in the pre-construction and developmental stages during the Reporting Year, the Group has not yet commenced any mining or production activities. Therefore, it is not applicable for the Group to disclose its policy on product responsibility at this time. Relevant disclosure will be made once mining production commences.

B7: ANTI-CORRUPTION

The Group firmly adheres to rigorous ethical standards and unequivocally forbids the solicitation or acceptance of bribes and personal gains through illicit means, such as blackmail, fraud, or money laundering, based on one's position. To ensure adherence to these principles, the Group has implemented comprehensive policies against corruption, money laundering, and whistle-blowing, in addition to maintaining a Code of Conduct that delineates acceptable behaviours for all employees.

Throughout the Reporting Period, the Group has not been aware of any significant instances of non-compliance with laws and regulations pertaining to bribery, extortion, fraud, money laundering, data privacy, or intellectual property. Furthermore, neither the Group nor its employees have been involved in any legal cases related to corrupt practices.

Whistle-blowing

The Group has implemented a whistle-blowing policy to foster a culture where employees are encouraged and empowered to report any observed misconduct. The policy includes clear guidelines outlining the acceptable scope of reporting, prohibited behaviours, available reporting channels, handling procedures, and the confidentiality of whistle-blowing incidents, all in accordance with relevant management regulations.

Employees have the option to report suspected cases in writing, addressing the Chairman of the Audit Committee based on the nature of the reported matter. The Chairman of the Audit Committee promptly reviews the reported matters and determines the appropriate course of action for the investigation. The Group maintains strict confidentiality regarding all reported matters, making every effort to protect the identity of the reporting employee. Furthermore, the Group ensures the accuracy of the collected information and takes disciplinary action against employees who provide intentionally false information.

Anti-corruption

Employees are strictly prohibited from soliciting, accepting, or offering any form of advantages, such as gifts, entertainment, or contributions, from or to customers, suppliers, public servants, employees of a government department or public body, or any person in connection with the Group's business in most circumstances.

If such behaviour is uncovered and the involved persons are found guilty of such acts, the employees will be subject to dismissal and ineligible for future recruitment. If the case is serious, the employee's details will be referred to the local law enforcement agency for prosecution.

To ensure a better understanding of applicable laws and regulations, training on ethical business conduct is provided to all employees of the Group. The training covers topics such as integrity, discipline, confidentiality, and conflict of interest. Additionally, directors are provided with internal training and reading material on topics such as corporate governance, connected and notifiable transactions, legal and regulatory matters, and business.

B8: COMMUNITY INVESTMENT

The Group strongly believes in uplifting people and leaving a long-term, net positive legacy wherever it operates. Surrounding communities play an integral role in the success of any mining project of the Group. Therefore, specific education development programs are adopted and implemented under the Social and Labour Plans ("SLPs") to improve the communities in a sustainable way.

The objectives of SLP 2023–2027 are to:

- Broaden the base of participation, through expanding into additional areas and increasing participation in areas of existing implementation;

- Investigate productive water infrastructure solutions, in partnership with local municipality, to secure ongoing economic activity in the host community;

- Continue support of local market days to stimulate internal cash circulation and growth of the local economy; and

- Expand activities to offer additional pathways into economic activity for participants.

The Group is committed to contribute ZAR10,000,000 to implement the SLP over the period of 2023 to 2027. There are several local economic development projects under the current SLP:

MyFood teaches horticulture methods which put the available land to use. Whatever space the participant has, it can be made to be productive to support the families and also for establishing commercial activities with the surplus which can be sold into local markets.

MyFuture teaches participants how to set goals and how to reach those goals through leading young and old to discover their talents and rejoice in crafting livelihoods around the things they love doing. It provides a platform for healing the hurts, hang-ups and habits that destroy lives, making space for hope and hard work towards a clear goal-directed future. All MyFuture participants receive a certificate of attendance upon completing the programme.

MyLivestock and **MyPoultry** have enabled participants to start up, or improve, productive animal rearing operations for greater productivity and profitability.

MyBusiness teaches ordinary residents learn powerful business tools how to set prices, track sales, manage profit, produce for the market, receiving everything they need to expand their businesses. The Market Development component will focus on building the existing internal markets within host communities, improving local cash circulation and growing the informal economy.

Productive Infrastructure funds the building of tall-crop vegetable tunnels for participants who meet the qualifying criteria, in order to enhance their productivity, profitability, and diversification and expansion of economic activities. Participants are also taught how to construct their own vegetable tunnels, so that they can continue their commercial expansion independent of the Mine's investment.

During the Reporting Period, the Group contributed over ZAR2,800,000 to the community through the above programs.

The Group has established and will continue to maintain good relationships with the surrounding communities in the areas in which it operates by holding regular meetings with the local municipalities as well as the Department of Mineral Resources and Energy to oversee the SLPs.

ESG GUIDE INDEX

A	Environmental	Section	Explanation
ASPECT A.1	**Emissions**		
General Disclosures		A1	
KPI A.1.1	The types of emissions and respective emissions data	Not applicable	Note 1
KPI A.1.2	Greenhouse gas emissions in total and intensity	A1	
KPI A.1.3	Total hazardous waste produced and intensity	Not applicable	Note 1
KPI A.1.4	Total non-hazardous waste produced and intensity	Not applicable	Note 1
KPI A.1.5	Description of emissions target(s) set and steps taken to achieve them	A1	
KPI A.1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of waste reduction target(s) set and steps taken to achieve them	A1	
ASPECT A.2	**Use of Resources**		
General Disclosures		A2	
KPI A.2.1	Direct and/or indirect energy consumption by type in total and intensity	A2	Note 2
KPI A.2.2	Water consumption in total and intensity	Not applicable	Note 1
KPI A.2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	A2	
KPI A.2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	A2	
KPI A.2.5	Total packaging material used for finished products, with reference to per unit produced	Not applicable	Note 1
ASPECT A.3	**Environment and Natural Resources**		
General Disclosures		A3	
KPI A.3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	A3	
ASPECT A.4	**Climate Change**		
General Disclosures		A4	
KPI A.4.1	Description of significant climate-related issues that have affected and may affect the issuer, and the corresponding actions	A4	

B	Social	Section	Explanation
ASPECT B.1	**Employment**		
General Disclosures		B1	
KPI B.1.1	Total workforce by gender, employment type, age group and geographical region	B1	
KPI B.1.2	Employee turnover rate by gender, age group and geographical region	B1	
ASPECT B.2	**Health and Safety**		
General Disclosures		B2	
KPI B.2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year)	B2	
KPI B.2.2	Lost days due to work-related injury	B2	
KPI B.2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	B2	
ASPECT B.3	**Development and Training**		
General Disclosures		B3	
KPI B.3.1	The percentage of employees trained by gender and employee category	B3	
KPI B.3.2	The average training hours completed per employee by gender and employee category	B3	
ASPECT B.4	**Labour Standards**		
General Disclosures		B4	
KPI B.4.1	Description of measures to review employment practices to avoid child and forced labour	B4	
KPI B.4.2	Description of steps taken to eliminate violation practices when discovered	B4	
ASPECT B.5	**Supply Chain Management**		
General Disclosures		B5	
KPI B.5.1	Number of suppliers by geographical region	B5	
KPI B.5.2	Description of practices relating to engaging suppliers, number of suppliers on which the practices are being implemented, how they are implemented and monitored	B5	
KPI B.5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	B5	
KPI B.5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	B5	

B	Social	Section	Explanation
ASPECT B.6	**Product Responsibility**		
General Disclosures		Not applicable	Note 1
KPI B.6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable	Note 1
KPI B.6.2	Number of products and service related complaints received and how they are dealt with	Not applicable	Note 1
KPI B.6.3	Description of practices relating to observing and protecting intellectual property rights	Not applicable	Note 1
KPI B.6.4	Description of quality assurance process and product recall procedures	Not applicable	Note 1
KPI B.6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Not applicable	Note 1
ASPECT B.7	**Anti-corruption**		
General Disclosures		B7	
KPI B.7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	B7	
KPI B.7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	B7	
KPI B.7.3	Description of anti-corruption training provided to directors and staff	B7	
ASPECT B.8	**Community Investment**		
General Disclosures		B8	
KPI B.8.1	Focus areas of contribution	B8	
KPI B.8.2	Resources contributed to the focus area	B8	

Notes:

1. There was no substantive data available during the Reporting Period due to absence of production of the Group's mining business and no record being kept at developmental stage.

2. No applicable data on intensity was available during the Reporting Period

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has adopted the principles and code provisions ("Code Provision") of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Throughout the year ended 31 March 2024, the Company has complied with all Code Provisions of the CG Code as set out in Appendix C1 to the Listing Rules.

CORPORATE PURPOSE, VALUE AND CULTURE

The Board fosters a healthy corporate culture and to ensure the Company's vision, values and business strategies are aligned by maintaining high standards of business ethics and corporate governance across the Company's activities and operations. The Directors, management and staff are required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in various policies such as the Group's Code of Conduct, anti-corruption policy and whistleblowing policy of the Group.

CORPORATE STRATEGY

The company's principal strategy remains to acquire gold properties that have the potential to be developed into world-class operating mines. In line with this strategy, the Group has drawn up long-term development plans for its flagship projects, Evander and Jeanette. The Chairperson's Statement, and Management Discussion and Analysis contained on pages 3 to 14 in this annual report include discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value in the longer term and the strategy for delivering the objectives of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all the Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2024.

The Company has also established written guidelines no less exacting than the Model Code (the "Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to possess inside information of the Company.

No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision C.2.1 requires the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. During the year under review, Ms. Cheung Pak Sum is the Chairman of the Company after the resignation of Mr. Christiaan Rudolph de Wet de Bruin as Co-chairman of the Company since 14 June 2023. After the retirement of Mr. Neil Andrew Herrick as Chief Executive Officer of the Company since 28 August 2020, the role of Chief Executive Officer has been performed by all the Executive Directors collectively. There is no officer carrying the title of Chief Executive Officer up to the date of this annual report. Therefore, in the opinion of the Directors, the roles of the Chairman and the Chief Executive Officer have been/will be properly segregated in the absence of an officer carrying the title of Chief Executive Officer. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss operation issues of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent, constructive and informed comments and judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct through their contribution at Board meetings and Board committees work. The Independent Non-executive Directors also take the lead where potential conflicts of interests arise and scrutinize the Company's performance in achieving agreed corporate goals and objectives as well as monitoring performance reporting. The Independent Non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the bye-laws of the Company.

In order to ensure independent views and input of the Company's Independent Non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess their independence annually with regards to the following factors:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as Independent Non-executive Directors; and
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement.

Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and the Company is of the view that all Independent Non-Executive Directors met the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent. The Independent Non-executive Directors are identified in all corporate communications of the Company.

Throughout the year ended 31 March 2024, the Company complied with the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the Board, respectively.

BOARD OF DIRECTORS

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company, including approval of major acquisition and disposal; annual and interim results; approval of major capital transaction such as change of share capital; repurchase of share and issue of new securities; recommendation on change of directors, chief executives and company secretary of the Company; establishment or amendment of board committees and their respective terms of reference; monitor and review of the risk management and internal control policy of the Company; adoption and review of the corporate governance policy and the relevant report to be disclosed annually; and all other significant operation and financial matters.

The Board has also formulated the following terms of reference on duties of corporate governance to be performed by the Board:

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

ii. To review and monitor the training and continuous professional development of Directors and senior management of the Company;

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

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

v. To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Composition of the Board

The Board currently comprises five Directors as follows:

Executive Directors

Ms. Cheung Pak Sum *(Chairman)*
Mr. Phen Chun Shing Vincent

Independent Non-executive Directors

Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

The biographical information of the Directors and their relationship among the members of the Board, if any, are set out in the "Biographical Details of Directors and Senior Management" section on pages 17 to 18 of this annual report. An updated list of Directors, identifying their respective roles and functions is displayed on the Stock Exchange's website and the Company's website.

The Board held 12 board meetings and did not hold any general meeting during the financial year ended 31 March 2024. Details of attendance of individual Director are set out below:

	Meetings attended/held	
Name of Directors	**Regular Board Meeting**	**Other Board Meeting**
Executive Directors		
Ms. Cheung Pak Sum	4/4	8/8
Mr. Phen Chun Shing Vincent	4/4	7/8
Mr. Christiaan Rudolph de Wet de Bruin (resigned on 14 June 2023)	0/0	0/0
Independent Non-executive Directors		
Mr. Li Kam Chung	4/4	8/8
Mr. Chong Man Hung Jeffrey	4/4	8/8
Mr. Tsui Pang	4/4	8/8

The Board and the management

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has an obligation to supply the Board and Board committees with adequate information and has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on the Company's behalf. The Board have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the then Co-chairmen and incumbent Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all regular Board meetings were given to all Directors and reasonable notice were given for other Board meetings that all directors were given an opportunity to include matters in the agenda for discussion.

All Directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations, etc.

Minutes of the Board/committee meetings are recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes are sent to all Directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. All Directors are entitled to have access to Board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board/committee meeting. Non-executive Director and Independent Non-executive Director who, and whose close associates, have no material interest in the transaction, should be present at that board meeting.

INDEMNITY AND INSURANCE PROVISIONS

The Company has arranged for appropriate liability insurance throughout the year to indemnify the Directors for their liabilities arising out of corporate management activities.

BOARD COMMITTEES

To maximise the effectiveness and efficiency of the Board, the Company has established audit committee, nomination committee, remuneration committee and technical, safety and environment committee with written terms of reference respectively to explain their role and the authority delegated by the Board. The terms of reference of each of the committees are available on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.taunggold.com under "About Us" in the section of "Corporate Governance".

The Board committees are also provided with sufficient resources to perform their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstance at the Company's expense.

Audit Committee

The Company has established the Audit Committee ("AC") in 2004. The AC comprises three Independent Non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang and is chaired by Mr. Chong Man Hung Jeffrey, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the Company's existing auditing firm.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, re-appointment and removal of external auditors of the Company.

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The AC also meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors.

During the year, the AC held 26 meetings to review the financial reporting matters, risk management and internal control systems, internal audit plan and internal control review report; approve the terms of engagement of the Company's external auditor; and discuss the nature and scope of the audit with the Company's external auditor; supervise the audit progress and follow up with external auditor on the audit timetable. The annual results of the Company for the year ended 31 March 2024 and interim results for the six months ended 30 September 2023 have also been reviewed by the AC and was of the opinion that the accounting policies of the Group are in accordance with the applicable accounting standards and requirements.

The individual attendance of each AC member is set out below:

Name of Audit Committee members	Meetings attended/held
Mr. Chong Man Hung Jeffrey *(Chairman)*	26/26
Mr. Li Kam Chung	26/26
Mr. Tsui Pang	26/26

Nomination Committee

The Company has established the Nomination Committee ("NC") in 2005. The NC comprises three Independent Non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang. Mr. Chong Man Hung Jeffrey is the Chairman of the NC.

The principal responsibilities of the NC include reviewing the structure, size and composition of the Board, the Board Diversity Policy, the Nomination Policy, making recommendations to the Board on nomination, rotation and re-appointment of Directors, and assessing the independence of Independent Non-executive Directors.

All Directors are also subject to re-election by shareholders at the annual general meeting pursuant to the bye-laws of the Company. In accordance with the Company's bye-laws, one-third of the Directors who have been longest in office since their last election or re-election are subject to retirement by rotation at least once every three years. All retiring Directors are eligible for re-election.

During the year ended 31 March 2024, the NC held 1 meeting to assess the independence of Independent Non-executive Directors and to review the structure, size and composition of the Board, the rotation and re-election of Directors and the implementation and effectiveness of the Board Diversity Policy.

The individual attendance of each NC member is set out below:

Name of Nomination Committee members	Meetings attended/held
Mr. Chong Man Hung Jeffrey *(Chairman)*	1/1
Mr. Li Kam Chung	1/1
Mr. Tsui Pang	1/1

Board Diversity Policy

The Board adopted the Board Diversity Policy by setting out the approach to achieve diversity on the Board. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. The Company will also take into account of its own business model and specific needs from time to time in determining the optimum composition of the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board Diversity Policy shall be reviewed by the NC and the Board annually, as appropriate, to ensure its implementation and effectiveness. The NC is also responsible for setting measurable objectives for achieving diversity on the Board and giving recommendation to the Board for adoption. For the purpose of implementation of the Board Diversity Policy, the measurable objectives are as follows:

1. at least one third of the Directors shall be independent non-executive Directors;

2. at least one Director is female; and

3. at least one Director shall have obtained accounting or other professional qualifications.

As at 31 March 2024, the Group maintained gender balance in workforce with approximately 46% female and 54% male employees, details of the gender ratio and relevant data are set out in the environmental, social and governance report on pages 23 to 42 of this annual report. During the year ended 31 March 2024, all the measurable objectives have been fulfilled and the NC and the Board consider that the current gender diversity is satisfactory.

Nomination Policy

The Company has adopted the Nomination Policy, which establishes written guidelines and procedures for nominating and appointing new Directors to the Board.

The NC shall identify and nominate suitable candidates for the Board's consideration. In the selection process, the NC makes reference to criteria ("Selection Criteria") including, *inter alia*:

– Reputation for integrity, accomplishment and experience in the Company's related businesses

– Professional and educational background

– Potential time commitment for the Board/committee

– Independence of the Independent Non-executive Directors

Subject to the provisions in the Company's bye-laws, if the Board recognises the need to appoint an additional Director, the following procedures should be adopted:

1. the NC identifies or selects candidates, with or without assistance from external agencies or the Company, pursuant to the Selection Criteria;

2. the NC may use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations, written submissions by the candidates or third-party references;

3. the NC provides to the Board with all the information required including information set out in Rule 13.51(2) of the Listing Rules in relation to the candidates;

4. the NC makes recommendation to the Board including the terms and conditions of the appointment;

5. the Board deliberates and decides on the appointment based upon the recommendation of the NC; and

6. all appointments of Director should be confirmed by a letter of appointment setting out the key terms and conditions of the appointment of the Directors, which should be approved by the NC and the Board.

Remuneration Committee

The Company established the Remuneration Committee ("RC") in 2005. The RC comprises three Independent Non-executive Directors, namely Mr. Li Kam Chung, Mr. Chong Man Hung Jeffrey and Mr. Tsui Pang. Mr. Li Kam Chung is the Chairman of the RC.

The RC adopted the model to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management so that they are responsible for advising the Board on the Company's overall policy and structure for the remuneration of Directors and senior management, the remuneration packages of individual Directors and senior management, reviewing and advising the Board of their performance-based remuneration, reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of their office or appointment. The RC also ensures that no director or any of their associates is involved that Directors' own remuneration.

In recommendation of the emolument payable to Directors to the Board, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions.

During the year ended 31 March 2024, the RC held 1 meeting to review the remuneration packages of Directors and senior management and considered that the existing remuneration packages to each Director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole. The remuneration paid to each Director for the year ended 31 March 2024 are shown in note 7 to the financial statements.

The individual attendance of each RC member is set out below:

Name of Remuneration Committee members	Meetings attended/held
Mr. Li Kam Chung *(Chairman)*	1/1
Mr. Chong Man Hung Jeffrey	1/1
Mr. Tsui Pang	1/1

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2024 which give a true and fair view of the state of affairs of the Group in accordance with statutory requirements and applicable accounting standards. The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. The Board is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The statement of the auditors of the Company regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 57 to 61 of this annual report.

RISK MANAGEMENT & INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the establishment and maintenance of an adequate and effective risk management and internal control system of the Company and through the Audit Committee and, if necessary, an external firm of qualified accountants to provide internal control services, conducts reviews on the effectiveness of these systems at least annually, covering material controls, including financial, operational, compliance and strategic risk control functions. The Board understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year under review, the Board, through the Audit Committee, conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. During the year, the Board has appointed an independent consulting firm, BT Corporate Governance Limited, to assist in identifying and assessing the risks of the Group, and independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems. The Directors will continue to review at least annually the need for an internal audit function.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

The Company has also established a policy ("Continuous Disclosure Policy") on handling and dissemination of inside information that set out the procedures in handling inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

The Board has reviewed the effectiveness of the risk management and internal control system of the Group annually, including financial, operational and compliance controls. In conducting its review, the Audit Committee has considered the internal control review report prepared by the external consultant, BT Corporate Governance Limited, to evaluate the effectiveness of the Group's internal control systems for the year ended 31 March 2024; and no significant areas of concern were identified in the report. Based on the monitoring of the Group on an ongoing basis, the results of the risk assessments and the outcome of the internal control review, the Board and the Audit Committee are of the opinion that the Group has maintained adequate and effective risk management and internal control system to protect and safeguard the interest of shareholders and assets of the Company during the year ended 31 March 2024, As there was a delay in the publication of the financial results of the Group, which resulted in a trading suspension in the Company's shares, additional measures will be implemented by the Company to avoid the re-occurrence of such an incident.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each of the newly appointed Directors receives comprehensive, formal and tailored induction training on appointment, so as to ensure that he/she has a proper understanding of the Company's business and the director's duties and responsibilities. In order to allow the Directors to understand the up-to-date development of regulatory and compliance issues, they are also provided with market news and regulatory updates. The training participated by individual Director during the year ended 31 March 2024 is summarized as follows:

Name of Directors	Reading legal and regulatory updates
Executive Directors	
Ms. Cheung Pak Sum	✓
Mr. Phen Chun Shing Vincent	✓
Mr. Christiaan Rudolph de Wet de Bruin (resigned on 14 June 2023)	✓
Independent Non-executive Directors	
Mr. Li Kam Chung	✓
Mr. Chong Man Hung Jeffrey	✓
Mr. Tsui Pang	✓

DIVIDEND POLICY

The Company has adopted a Dividend Policy that aims to provide the guidelines for the Board to determine whether dividends are to be declared and paid to the shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, *inter alia*, the following factors:

(a) the Group's financial results;

(b) the financial condition of the Group;

(c) future cash requirements and availability for business operations, business strategies and future development needs;

(d) the availability of funds to meet the financial covenants of our Group's bank loans; and

(e) any other factors that our Board may consider appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of Bermuda and the bye-laws of the Company. Any final dividends declared by the Company must be approved by an ordinary resolution of its shareholders at an annual general meeting. The Board may from time to time pay to the shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

Any declaration and/or payment of future dividends under the dividend policy are/is subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. The Board endeavors to strike a balance between the shareholders' interests and prudent capital management and the Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The consolidated financial statements for the year ended 31 March 2024 of the Company have been audited by Baker Tilly. The remuneration paid or payable to Crowe and Baker Tilly for the years ended 31 March 2024 and 2023 respectively is set out as follows:

	Fees paid/payable for the year ended 31 March	
	2024	2023
Services rendered	**HK$'000**	HK$'000
Baker Tilly		
– Audit services	**1,950**	1,850
– Non-audit services	**98**	–
Crowe		
– Audit services	**–**	1,008
– Non-audit services	**–**	315
Total	**2,048**	3,173

COMPANY SECRETARY

During the year ended 31 March 2024, the Company Secretary attended relevant professional training for not less than 15 hours.

INVESTOR RELATIONS

Constitutional Documents

There was no change in the Company's constitutional documents during the year ended 31 March 2024.

Communication with Shareholders

The Company has adopted a shareholders' communication policy with the objective of ensuring the shareholders are able to access to all publicly available information of the Company on a timely basis, as well as enabling the shareholders to engage with the Company and exercise their rights as shareholder in an informed manner.

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through publication of annual and interim reports, notices, announcements and circulars etc. made through the websites of the Company and the Stock Exchange.

The Board also maintains an on-going dialogue with shareholders and uses general meetings to communicate with shareholders. The Company encourages all shareholders to attend general meetings which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board, members of relevant committees and senior management of the Company should also be available to answer shareholders' questions.

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

SHAREHOLDERS' RIGHTS

The Company also encourages the shareholders to participate the decision making process of the Company by the following means under different circumstances:

Procedures for directing shareholders' enquiries to the Board

Shareholders should put their enquiries regarding their shareholdings to the Company's Hong Kong Branch Share Registrar via hotline 2980 1333 or email to is-enquiries@hk.tricorglobal.com.

Shareholders may request for the Company's publicly available information and/or send their enquiries and concern to the Company at the head office and principal place of business of the Company or email their enquiries to the Company to contact@taunggold.com.hk.

All the enquiries will be directed to and reviewed by the Company Secretary of the Company. The Company Secretary should summarize the enquiries and submit a copy of the summary to the Board in the next board meeting. Records of all the communications with the shareholders should be maintained by the Company Secretary.

Procedures to put forward proposals in general meeting

Any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than 100 shareholders holding shares of the Company, are entitled in writing to require a move in the general meeting.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended) to put forward proposals in general meeting.

Procedures to convene special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the voting right at the general meeting are entitled to require a SGM to be held by written requisition, duly signed by all the concerned shareholders, deposited to the Company Secretary of the Company at the head office and principal place of business of the Company.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Company's bye-laws and the Bermuda Companies Act 1981 (as amended) to require a SGM to be convened by the Board for the transaction of business specified in the written requisition.

bakertilly
天職國際

TO THE SHAREHOLDERS OF TAUNG GOLD INTERNATIONAL LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Taung Gold International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 131, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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 assessment of mining assets	
We identified the impairment assessment of mining assets in South Africa as a key audit matter due to the significance of this balance to the consolidated statement of financial position and significant judgment and estimation uncertainty associated with determining their recoverable amounts. For impairment testing of the Group's mining assets, the recoverable amounts of the relevant cash-generating units ("CGUs"), in which the mining assets are included, were determined based on value-in-use calculations that require the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate to be applied to the discounted cash flows model. The management of the Group engaged an independent qualified professional valuer not connected to the Group (the "Valuer") to perform the valuations and take into account certain significant inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, expected future inflation rates in United States and South Africa, future gold prices, expected exchange rates of United States Dollars ("US$") against South Africa Rand ("ZAR") and a discount rate. As at 31 March 2024, the Group has mining assets in South Africa with a carrying value of HK$2,528,771,000 and no impairment loss was recognised or reversed on these assets during the year ended 31 March 2024 as a result of the impairment assessment. Details of the impairment assessment of mining assets are set out in notes 4 and 13 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of mining assets included: • obtaining an understanding of the management's process in relation to impairment assessment of mining assets; • involving our valuation expert to evaluate the appropriateness of the valuation methodology and model used by the Valuer to determine the recoverable amounts of the CGUs; • assessing the competence, capabilities and objectivity of the Valuer; • evaluating the reasonableness of key assumptions (including the expected future inflation rates in United States and South Africa, future gold prices, expected exchange rates of US$ against ZAR, and discount rate used in the valuation model); and • comparing the input data such as amounts of reserves, operating expenses and capital expenditure used in the valuation model to technical reports.

INFORMATION OTHER THAN CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company ("Directors") are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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.

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Chu, Johnny Chun Yin.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 20 September 2024

Chu, Johnny Chun Yin
Practising Certificate Number P08355

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 HK$'000	2023 HK$'000
Other income	*6*	**2,291**	2,087
Other gains and losses, net	*6*	**3,714**	(17,951)
Administrative and operating expenses		**(25,348)**	(28,038)
Finance costs	*8*	**(1,402)**	(1,317)
Impairment loss on other receivable		**–**	(8,364)
Share of results of associates	*15*	**(7)**	779
Loss before taxation		**(20,752)**	(52,804)
Income tax expense	*9*	**–**	–
Loss for the year	*10*	**(20,752)**	(52,804)
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(132,464)**	(564,021)
Total comprehensive expense for the year		**(153,216)**	(616,825)
Loss for the year attributable to:			
– Owners of the Company		**(19,174)**	(45,985)
– Non-controlling interests		**(1,578)**	(6,819)
		(20,752)	(52,804)
Total comprehensive expense attributable to:			
– Owners of the Company		**(120,808)**	(491,377)
– Non-controlling interests		**(32,408)**	(125,448)
		(153,216)	(616,825)
Loss per share	*11*		
– Basic and diluted loss per share (HK cents)		**(0.11)**	(0.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	12	**1,765**	1,789
Mining assets	13	**2,528,771**	2,652,928
Right-of-use assets	14	**1,698**	291
Interests in associates	15	**1,262**	1,269
Financial assets at fair value through profit or loss	16	**29,853**	26,727
Rental deposit	17	**470**	–
Pledged bank deposits	18	**629**	635
		2,564,448	2,683,639
Current assets			
Other receivables, prepayment and deposits	17	**4,972**	5,344
Bank balances and cash	19	**108,868**	136,708
		113,840	142,052
Current liabilities			
Lease liabilities	20	**1,419**	282
Other payables and accruals	21	**13,423**	8,043
		14,842	8,325
Net current assets		**98,998**	133,727
Total assets less current liabilities		**2,663,446**	2,817,366
Non-current liabilities			
Lease liabilities	20	**369**	–
Provision for rehabilitation costs	22	**12,073**	13,146
		12,442	13,146
Net assets		**2,651,004**	2,804,220

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Capital and reserves			
Share capital	*23*	**181,515**	181,515
Reserves		**1,946,197**	2,067,005
Equity attributable to owners of the Company		**2,127,712**	2,248,520
Non-controlling interests	*31*	**523,292**	555,700
Total equity		**2,651,004**	2,804,220

The consolidated financial statements on pages 62 to 131 were approved and authorised for issue by the board of directors on 20 September 2024 and are signed on its behalf by:

Phen Chun Shing, Vincent
Director

Cheung Pak Sum
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(note (a))*	Other reserve HK$'000 *(note (b))*	Contributed surplus HK$'000 *(note (c))*	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2022	181,515	5,307,443	(829)	(74,746)	147,828	(1,002,932)	(1,818,382)	2,739,897	681,148	3,421,045
Loss for the year	–	–	–	–	–	–	(45,985)	(45,985)	(6,819)	(52,804)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(445,392)	–	(445,392)	(118,629)	(564,021)
Total comprehensive expense for the year	–	–	–	–	–	(445,392)	(45,985)	(491,377)	(125,448)	(616,825)
At 31 March 2023 and 1 April 2023	181,515	5,307,443	(829)	(74,746)	147,828	(1,448,324)	(1,864,367)	2,248,520	555,700	2,804,220
Loss for the year	–	–	–	–	–	–	(19,174)	(19,174)	(1,578)	(20,752)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(101,634)	–	(101,634)	(30,830)	(132,464)
Total comprehensive expense for the year	–	–	–	–	–	(101,634)	(19,174)	(120,808)	(32,408)	(153,216)
At 31 March 2024	181,515	5,307,443	(829)	(74,746)	147,828	(1,549,958)	(1,883,541)	2,127,712	523,292	2,651,004

Notes:

(a) Capital reserve included the difference of HK$800,000 between the nominal value of the share capital of Taung Gold International Limited (the "Company") issued on acquisition of assets through acquisition of subsidiaries and the fair value of the consideration shares issued. Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008. The fair value of the 10,000,000 consideration shares issued was HK$9,200,000 which was determined by reference to the published share price at the date of exchange.

(b) Other reserve mainly represented the difference between the fair values of consideration given by a subsidiary of the Company and the share of net assets of Taung Gold (Pty) Limited ("TGL"), a partially owned subsidiary of the Company, attributable to additional interests in TGL acquired by the Group which were held by the non-controlling shareholders in prior years.

(c) Contributed surplus represented amounts of HK$51,562,000 and HK$96,266,000 arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the capital reorganisation during the year ended 31 March 2010 (the "Capital Reorganisation") respectively. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK$0.90 on each issued share such that the par value of each issued share was reduced from HK$1.00 to HK$0.10, thereby giving rise to a credit of HK$104,094,000 (the "Capital Reduction"); (ii) the share subdivision involved the sub-division of each authorised but unissued share into ten new shares ("Share Subdivision"); and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company was reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction was transferred to the contributed surplus account of the Company which would be utilised in accordance with the bye-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganisation was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(20,752)**	(52,804)
Adjustments for:		
Interest income	**(1,969)**	(1,822)
Finance costs	**1,402**	1,317
Share of results of associates	**7**	(779)
Depreciation of property, plant and equipment	**250**	294
Depreciation of right-of-use assets	**1,310**	1,166
Change in provision for rehabilitation costs	**(1,373)**	2,101
Gain on disposal of property, plant and equipment	**(173)**	–
Impairment loss on other receivables	**–**	8,364
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(4,426)**	17,448
Unrealised exchange loss	**2,419**	3,104
Operating cash flows before movements in working capital	**(23,305)**	(21,611)
(Increase)/decrease in other receivables, prepayment and deposits	**(288)**	136
Increase in other payables and accruals	**5,510**	1,909
NET CASH USED IN OPERATING ACTIVITIES	**(18,083)**	(19,566)
INVESTING ACTIVITIES		
Interest received	**1,954**	1,808
Purchase of property, plant and equipment	**(323)**	(55)
Proceed on disposal of property, plant and equipment	**194**	–
Exploration costs incurred	**(10,279)**	(7,304)
NET CASH USED IN INVESTING ACTIVITIES	**(8,454)**	(5,551)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(75)**	(38)
Repayment of lease liabilities	**(1,180)**	(1,189)
CASH USED IN FINANCING ACTIVITIES	**(1,255)**	(1,227)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(27,792)**	(26,344)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**136,708**	163,168
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(48)**	(116)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR,		
represented by		
Bank balances and cash	**108,868**	136,708

1. GENERAL INFORMATION

Taung Gold International Limited (the "Company") is incorporated in Bermuda as an exempted company and registered with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 30. The Company and its subsidiaries are collectively referred to as the Group.

The functional currency of the Company is United States dollars ("US$"). For the convenience of the users of the consolidated financial statements, the consolidated financial statements are presented in Hong Kong dollars ("HK$") as the shares of the Company are listed on the Stock Exchange.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current period

The Group had applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current period *(Continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

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

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance. Accordingly, immaterial accounting policy information are not disclosed in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures	Amendments to the Classification and Measurement of Financial Instruments[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.
5 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKFRS 9 Financial instruments and HKFRS 7 Financial instruments: disclosures "Amendments to the classification and measurement of financial instruments"

The amendments include requirements on:

- classification of financial assets with environmental, social or governance (ESG) targets and similar features;
- settlement of financial liabilities through electronic payment systems; and
- disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The directors of the Company will assess the impact on the application of HKFRS 18. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 18 on the presentation of the Group's performance in the consolidated statement of profit or loss and other comprehensive income until the Group performs a detailed review.

HKFRS 18 Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance. The main changes comprise a more structured income statement, an enhanced disclosure requirements on management-defined performance measures ("MPMs") and enhanced requirements on aggregation and disaggregation of information.

The directors of the Company will assess the impact on the application of HKFRS 18. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 18 on the presentation of the Group's performance in the consolidated statement of profit or loss and other comprehensive income until the Group performs a detailed review.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets" ("HKAS 36").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates

An associate is an entity over which the Group has 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease. Lease payments on short-term leases and leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under 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.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications *(Continued)*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Exploration and evaluation assets

Exploration and evaluation expenditures are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation expenditures are stated at cost less identified impairment loss.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amounts. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable and financing for development becomes available, previously recognised exploration and evaluation assets are reclassified as development assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The exploration and evaluation assets are assessed for impairment when one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, in which case impairment test is performed in accordance with HKAS 36:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future.

- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.

- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.

- sufficient data (such as gold price, exchange rate and discount rate) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those 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 these 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.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 or the group of cash-generating units. 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 or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment of non-financial assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an 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 (such as wages and salaries and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

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

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

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

Current and deferred tax is recognised in profit or loss.

Provision for rehabilitation costs

Provision for rehabilitation costs is recognised when the Group has present obligation (legal or constructive) as a result of exploration and evaluation, development and production activities undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

Provision for rehabilitation costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the end of the reporting period, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at the end of the reporting period.

The initial estimate of the provision for rehabilitation costs relating to exploration and evaluation, development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset.

Changes in the estimation of the provision for rehabilitation costs that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred.

If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; 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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an investment in other comprehensive income if that investment in equity instrument is neither held-for-trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

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 (see below). 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including pledged bank deposits, other receivables, rental deposit, deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For the financial assets at amortised cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor or borrower is unlikely to pay its creditors or lenders, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

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

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment loss and reversal of impairment loss in profit or loss for all financial instruments by adjusting through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities, including other payables, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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-based payments reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. 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-based payments 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.

When the share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date (i.e. lapsed), the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share options granted to non-employees

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's board of directors (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience, expectations of future and other information that are considered to be relevant. Actual results may differ from these estimates.

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

The followings are 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment assessment in respect of mining assets

Mining assets are assessed for impairment when indicator of impairment exists as at the end of the reporting period. For impairment testing of the Group's mining assets, the recoverable amounts of the cash-generating units ("CGUs") in which the mining assets are included were determined based on the value-in-use calculations that requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate to be applied in the discounted cash flows model. Assumptions adopted in the estimation of future cash flows by the management of the Group include, among others, expected inflation rates in United States and South Africa, future gold prices, expected exchange rate of US$ against South Africa Rand ("ZAR") and a discount rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. The recoverable amounts of the Group's mining assets in South Africa have been arrived at on the basis of valuation carried out by an independent qualified professional valuer (the "Valuer") not connected to the Group.

As at 31 March 2024, the carrying amount of the Group's mining assets located in South Africa is HK$2,528,771,000 (2023: HK$2,652,928,000). No impairment loss was recognised or reversed on the mining assets during the years ended 31 March 2024 and 2023.

Details of the impairment assessment on the mining assets are set out in note 13.

Fair values of loans to SepGold and TG EPP (both defined in note 16)

The Group made loans to SepGold and TG EPP, which are qualified Black Economic Empowerment ("BEE") companies in South Africa, for subscription of shares in TGL in order to meet domestic requirements in South Africa. SepGold and TG EPP then became shareholders of TGL (i.e. shareholders of a subsidiary of the Company). The future cash flows of the loans depend primarily on the cash flows to be generated from the mining projects, namely the Evander Project and the Jeanette Project (details set out in note 13), held by TGL, which may be achieved by way of distributing dividends to SepGold and TG EPP. In addition, these loans are interest-free. Therefore, these loans are not held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and these loans are measured at FVTPL under HKFRS 9. The fair values of these loans are dependent on aforementioned future cash flows to be generated from the mining projects and the discount rates applied to such future cash flows. Where the actual future cash flows or discount rates are changed, a change of fair values of these loans may arise.

In determining the fair values of these loans as at 31 March 2024, the management of the Group have taken into account the returns from the Evander Project and the Jeanette Project, including considering their development status, expected commencement of commercial production, expected reserves and the future gold price, where appropriate, in order to estimate the timing of repayment of these loans. The Group engaged the Valuer to perform estimation of future cash flows expected to arise from these loans and the appropriate discount rate. As at 31 March 2024, the aggregate carrying amount of the loans to SepGold and TG EPP measured at FVTPL is HK$29,853,000 (2023: HK$26,727,000). A fair value gain of approximately HK$4,426,000 (2023: loss of HK$17,448,000) on these financial assets at FVTPL is recognised in profit or loss during the year ended 31 March 2024.

Details of the loans to SepGold and TG EPP are set out in note 16.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) gold exploration and development in Republic of South Africa ("South Africa"); and

(b) trading of minerals.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results of the Group's operating and reportable segments.

For the year ended 31 March 2024

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
REVENUE			
External sales	–	–	–
Segment loss	**(7,367)**	–	**(7,367)**
Unallocated other income			**1,123**
Unallocated corporate expenses			**(14,426)**
Finance costs – interest on lease liabilities			**(75)**
Share of results of associates			**(7)**
Loss before taxation			**(20,752)**

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2023

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
REVENUE			
External sales	–	–	–
Segment loss	(31,836)	–	(31,836)
Unallocated other income			1,244
Unallocated corporate expenses			(14,589)
Finance costs – interest on lease liabilities			(38)
Impairment loss on other receivables			(8,364)
Share of results of associates			779
Loss before taxation			(52,804)

The accounting policies of the operating and reportable segment are the same as the Group's accounting policies described in note 3. Segment loss during the years ended 31 March 2024 and 2023 represents loss from the segment without allocation of certain other income, central administrative expenses, interest on lease liabilities, impairment loss on other receivables and share of results of associates. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

At 31 March 2024

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
ASSETS			
Segment assets	2,564,921	–	2,564,921
Property, plant and equipment			292
Right-of-use assets			1,698
Interests in associates			1,262
Other receivables, prepayment and deposits			1,795
Bank balances and cash			108,320
Consolidated assets			2,678,288
LIABILITIES			
Segment liabilities	14,712	–	14,712
Other payables and accruals			10,784
Lease liabilities			1,788
Consolidated liabilities			27,284

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2023

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
ASSETS			
Segment assets	2,686,238	–	2,686,238
Property, plant and equipment			308
Right-of-use assets			291
Interests in associates			1,269
Other receivables, prepayment and deposits			1,807
Bank balances and cash			135,778
Consolidated assets			2,825,691
LIABILITIES			
Segment liabilities	15,777	–	15,777
Other payables and accruals			5,412
Lease liabilities			282
Consolidated liabilities			21,471

For the purpose of monitoring segment performance of and allocating resources for the segment:

- all assets are allocated to operating and reportable segment, other than certain property, plant and equipment, right-of-use assets, interests in associates, certain other receivables, prepayment and deposits and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segment other than certain other payables and accruals and lease liabilities.

5. SEGMENT INFORMATION *(Continued)*

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2024

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	102	–	221	323
Additions to mining assets	10,279	–	–	10,279
Depreciation of property, plant and equipment	13	–	237	250
Depreciation of right-of-use assets	–	–	1,310	1,310
Fair value gain on financial assets at FVTPL	(4,426)	–	–	(4,426)
Interest income	(919)	–	(1,050)	(1,969)
Rental income	(150)	–	–	(150)
Finance costs	1,327	–	75	1,402

For the year ended 31 March 2023

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	28	–	27	55
Additions to mining assets	7,304	–	–	7,304
Depreciation of property, plant and equipment	14	–	280	294
Depreciation of right-of-use assets	–	–	1,166	1,166
Fair value loss on financial assets at FVTPL	17,448	–	–	17,448
Interest income	(657)	–	(1,165)	(1,822)
Rental income	(167)	–	–	(167)
Finance costs	1,279	–	38	1,317

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in South Africa and Hong Kong.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets *(Note)*	
	2024	2023
	HK$'000	HK$'000
Hong Kong (country of domicile)	**3,252**	1,868
South Africa	**2,530,244**	2,654,409
	2,533,496	2,656,277

Note: Non-current assets excluded financial assets at FVTPL, rental deposit and pledged bank deposits.

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2024	2023
	HK$'000	HK$'000
Other income		
Rental income	**150**	167
Interest income on bank deposits	**1,954**	1,808
Interest income on rental deposit	**15**	14
Others	**172**	98
	2,291	2,087
Other gains and losses, net		
Foreign exchange loss, net	**(885)**	(503)
Gain on disposal of property, plant and equipment	**173**	–
Fair value gain/(loss) on financial assets at FVTPL *(note 16)*	**4,426**	(17,448)
	3,714	(17,951)

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

		2024		
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors				
Mr. Christiaan Rudolph de Wet de Bruin *(Note)*	–	–	–	–
Ms. Cheung Pak Sum	–	624	18	642
Mr. Phen Chun Shing, Vincent	–	770	18	788
Independent non-executive directors				
Mr. Li Kam Chung	250	–	–	250
Mr. Tsui Pang	250	–	–	250
Mr. Chong Man Hung, Jeffrey	250	–	–	250
Total	750	1,394	36	2,180

		2023		
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors				
Mr. Christiaan Rudolph de Wet de Bruin *(Note)*	250	–	–	250
Ms. Cheung Pak Sum	–	624	18	642
Mr. Phen Chun Shing, Vincent	–	770	18	788
Independent non-executive directors				
Mr. Li Kam Chung	250	–	–	250
Mr. Tsui Pang	250	–	–	250
Mr. Chong Man Hung, Jeffrey	250	–	–	250
Total	1,000	1,394	36	2,430

Note: Mr. Christiaan Rudolph de Wet de Bruin resigned on 14 June 2023.

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

The executive directors' emoluments shown above are for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

Employees' emoluments

The five highest paid employees of the Group during the year included one director (2023: nil), and details of whose remuneration are set out in the disclosures above. Details of the remuneration of the four (2023: five) highest paid employees, who are neither a director nor chief executive officer of the Company, for the year are as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries and allowances	**4,763**	5,918

Their emoluments are within the following bands:

	2024 **Number of employees**	2023 Number of employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**3**	4
	4	5

During both years, no emoluments were paid by the Group to the directors of the Company, the chief executive officer of the Company or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors of the Company or the chief executive officer of the Company waived or agreed to waive any emoluments during both years.

8. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**(75)**	(38)
Unwinding of discounting effect of provision for rehabilitation costs	**(1,327)**	(1,279)
	(1,402)	(1,317)

9. INCOME TAX EXPENSE

Hong Kong Profits Tax for both years was calculated at 16.5% on the estimated assessable profits of the subsidiaries incorporated and operating in Hong Kong for the year. No provision for Hong Kong Profits Tax was made as these subsidiaries had no assessable profits for both years.

Under South African tax laws, the corporate tax for both years was calculated at 28% on the estimated assessable profits of the subsidiaries incorporated and operating in South Africa for the year. No provision for South African profits tax was made as these subsidiaries had no assessable profits for both years.

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK$'000	2023 HK$'000
Loss before taxation	**(20,752)**	(52,804)
Tax at South African profits tax rate of 28%	**(5,811)**	(14,785)
Tax effect of expenses not deductible for tax purpose	**6,140**	16,892
Tax effect of income not taxable for tax purpose	**(2,597)**	(5,228)
Tax effect of tax losses not recognised	**2,264**	3,339
Tax effect of share of results of associates	**4**	(218)
Income tax expense for the year	**–**	–

At the end of the reporting period, the Group had estimated unused tax losses of HK$160,269,000 (2023: HK$152,183,000) available for offset against future profits. No deferred tax asset was recognised due to the unpredictability of future profit streams. All tax losses as at 31 March 2024 and 31 March 2023 may be carried forward indefinitely.

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2024 HK$'000	2023 HK$'000
Auditor's remuneration		
– Auditor of the Company	**1,950**	1,850
– Other auditor	**439**	1,635
	2,389	3,485
Depreciation of property, plant and equipment	**250**	294
Depreciation of right-of-use assets	**1,310**	1,166
Change in provision for rehabilitation costs (included in administrative and operating expenses)	**(1,373)**	2,101
Impairment loss on other receivables *(note 17)*	**–**	8,364
Staff costs (including directors' emoluments as disclosed in *note 7*)		
– Salaries and other benefits *(Note)*	**12,539**	13,515
– Contributions to retirement benefits scheme	**162**	155
	12,701	13,670
Less: Amount capitalised in mining assets	**(4,193)**	(4,374)
	8,508	9,296

Note: During the year ended 31 March 2023, the Group received Covid-19 related government grants of HK$240,000 which has been offset against staff costs. No such grant was received during the year ended 31 March 2024.

11. LOSS PER SHARE

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

	2024 HK$'000	2023 HK$'000
Loss attributable to owners of the Company		
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(19,174)**	(45,985)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**18,035,062**	18,035,062

In the previous years, TGL granted loans to certain of its non-controlling shareholders which were secured by the pledge of 116,410,427 shares of the Company. The Group took possession of the pledged shares when there was no settlement on the due date after serving the demand notice. The foreclosed shares are included as equity and treated as the Company's treasury shares.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the years ended 31 March 2024 and 2023 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

For the years ended 31 March 2024 and 2023, diluted loss per share equals basic loss per share as there were no outstanding potential ordinary shares.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2022	1,748	5,543	3,759	11,050
Additions	–	55	–	55
Exchange realignment	(304)	(427)	(6)	(737)
At 31 March 2023 and 1 April 2023	1,444	5,171	3,753	10,368
Additions	–	60	263	323
Disposals	–	(28)	(303)	(331)
Exchange realignment	(72)	(88)	–	(160)
At 31 March 2024	1,372	5,115	3,713	10,200
Accumulated depreciation				
At 1 April 2022	–	5,367	3,342	8,709
Provided for the year	–	61	233	294
Exchange realignment	–	(418)	(6)	(424)
At 31 March 2023 and 1 April 2023	–	5,010	3,569	8,579
Provided for the year	–	54	196	250
Eliminated on disposals	–	(7)	(303)	(310)
Exchange realignment	–	(84)	–	(84)
At 31 March 2024	–	4,973	3,462	8,435
Carrying values				
At 31 March 2024	1,372	142	251	1,765
At 31 March 2023	1,444	161	184	1,789

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, other than plant and machinery, are depreciated on a straight-line basis, after taking into account the residual value, at the following rates per annum:

Plant and machinery	10%–16.7%
Furniture and equipment	16.7%–33%
Motor vehicles	20%

13. MINING ASSETS

	HK$'000
Mining assets	
At 1 April 2022	3,205,370
Additions	7,304
Change in provision for rehabilitation costs *(note 22)*	385
Exchange realignment	(560,131)
At 31 March 2023 and 1 April 2023	**2,652,928**
Additions	**10,279**
Change in provision for rehabilitation costs *(note 22)*	**(106)**
Exchange realignment	**(134,330)**
At 31 March 2024	**2,528,771**

The mining assets comprise of exploration and evaluation assets and decommissioning assets.

As at 31 March 2024, the carrying amount of the Group's exploration and evaluation assets is HK$2,517,659,000 (2023: HK$2,641,893,000).

As at 31 March 2024, the carrying amount of the Group's decommissioning assets is HK$11,112,000 (2023: HK$11,035,000).

13. MINING ASSETS *(Continued)*

Mining assets in South Africa

The mining assets principally represent the mining rights for the gold mining projects in South Africa, namely the Evander Project and the Jeanette Project. The mining right for the Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, and the mining right for the Jeanette Project is valid for 30 years commencing from 7 June 2017 until 6 June 2047. In the opinion of the directors of the Company, the renewal upon application for extension of expiry dates of the mining rights for the Evander Project and the Jeanette Project are highly probable so long as the applicant complies with the requirements as set out in the Mineral and Petroleum Resources Development Act of South Africa.

In previous years, the Group completed the bankable feasibility study and pre-feasibility study for the Evander Project and the Jeanette Project respectively and the details are set out in the Company's announcement on 12 September 2016 and 9 March 2017 respectively. Subsequently, the Group completed the feasibility study for the Jeanette Project and the details are set out in the Company's announcement on 30 August 2019. During the year ended 31 March 2024, the Group completed an optimisation study and/or updated the cost estimates under the latest mining plans for both projects based on the technical aspects in the previous feasibility studies.

During the year ended 31 March 2024, the capitalised expenses relating to the mining assets in gold exploration and development operation in South Africa and presented as investing activities of the consolidated statement of cash flows are HK$10,279,000 (2023: HK$7,304,000).

No revenue was generated from these mining assets during the years ended 31 March 2024 and 2023.

In the preparation of the consolidated financial statements for the years ended 31 March 2024 and 31 March 2023, the directors of the Company determined whether there was any impairment indicator or reversal of impairment indicator on the mining assets relating to the Evander Project and the Jeanette Project. Where an indicator of impairment or reversal of impairment exists, impairment testing on the mining assets would be performed at the end of the reporting period. In the opinion of the directors, there were no impairment indicators for the mining assets for the years ended 31 March 2024 and 2023. Nevertheless, the management of the Group has performed impairment testing on the mining assets as at 31 March 2024 and 2023, which were performed based on the latest development of the mining plans.

The recoverable amounts of the relevant cash-generating units ("CGUs"), in which the mining assets relating to the Evander Project and the Jeanette Project are allocated, were determined by the management of the Group based on value-in-use calculations using the discounted cash flows model.

The value in use of the relevant CGUs as at 31 March 2024 and 2023 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer. Details of the key inputs adopted in the valuations are set out below.

13. MINING ASSETS *(Continued)*

Mining assets in South Africa *(Continued)*

Jeanette Project

The Group had completed an optimisation study and the cost estimates had been updated under the latest mining plan for the Jeanette Project based on the technical aspects in the previous feasibility studies. With the optimization plan, the originally planned 2-phase approach have effectively been merged into a single ongoing development scenario, which shorten production years and maximizes the existing infrastructure in combination with new infrastructure to overcome the structural limitations posed under the previous plan. There are no major changes in the development timeline.

The discounted cash flows approach applied to determine the value in use of the Jeanette Project was based on a pre-tax discount rate of 24.21% (2023: 23.07%) and a cash flows projection prepared from a financial forecast covering a mine life period until the mine resources of the Jeanette Project run out based on probable reserves.

The amount of reserve used in the projection was 17.46 mt (2023: 17.46 mt) and it was assumed the mineral reserve would be mined 22 (2023: 22) years from 2028 (2023: 2028) at an average rate of 0.79 mt (2023: 0.79 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 12.88% (2023: 11.62%), the market risk premium at 1.77% (2023: 2.29%), the entity specific risk premium at 5.0% (2023: 5.0%) and beta at 1.06 (2023: 0.91). Other key assumptions for the value-in-use calculation related to the estimation of cash inflows/outflows which included total operating costs of approximately US$3,942,356,000 (2023: US$4,069,965,000), total capital expenditure of approximately US$1,435,236,000 (2023: US$1,493,185,000), expected future inflation rate ranged from 2.1% to 4.9% (2023: 2.0% to 5.8%) per annum affecting operating and capital costs, US$/ZAR exchange rate of 18.82 (2023: 17.70) and gold prices of US$2,055 (2023: US$1,955) per ounce and an average production rate of 11.3 g (2023: 11.3 g) per ton.

As a result of the impairment assessment, no impairment loss was recognised or reversed for the mining assets in relation to the Jeanette Project for the years ended 31 March 2024 and 2023.

13. MINING ASSETS *(Continued)*

Mining assets in South Africa *(Continued)*

Evander Project

As disclosed previously, the directors of the Company considered the development of the Jeanette Project would be the primary focus of the Group at the current stage and the development of the Evander Project would be deferred later than originally planned.

The Group has updated the cost estimates under the latest mining plan for the Evander Project based on the technical aspects in the previous feasibility studies. The original plant design which contemplated construction in a 3-phased modular approach was re-costed in a single phase with the same scope. The changes in development timeline are set out below.

The discounted cash flows approach applied to determine the value in use of the Evander Project was based on a pre-tax discount rate of 23.81% (2023: 22.66%) and a cash flows projection prepared from a financial forecast covering a mine life period until the mine resources run out based on probable reserves.

The amount of reserve used in the projection was 19.64 mt (2023: 19.64 mt) and it was assumed the mineral reserve would be mined 20 (2023: 20) years from 2032 (2023: 2032) at an average rate of 0.98 mt (2023: 0.98 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 12.88% (2023: 11.62%), the market risk premium at 1.77% (2023: 2.29%), the entity specific risk premium at 5.0% (2023: 5.0%) and beta at 1.06 (2023: 0.91). Other key assumptions for the value-in-use calculation related to the estimation of cash inflows/outflows which include total operating costs of US$3,845,615,000 (2023: US$3,960,763,000), total capital expenditure of US$1,367,034,000 (2023: US$1,420,292,000), expected future inflation rate ranged from 2.1% to 4.9% (2023: 2.0% to 5.8%) per annum affecting operating and capital costs, US$/ZAR exchange rate of 18.82 (2023: 17.70) and gold prices of US$2,055 (2023: US$1,955) per ounce and an average production rate of 6.5 g (2023: 6.5 g) per ton.

As a result of the impairment assessment, no impairment loss was recognised or reversed for the mining assets in relation to the Evander Project for the years ended 31 March 2024 and 2023.

14. RIGHT-OF-USE ASSETS

	Office HK$'000
As at 31 March 2024	
Carrying amount	**1,698**
As at 31 March 2023	
Carrying amount	291
For the year ended 31 March 2024	
Depreciation charge	**1,310**
For the year ended 31 March 2023	
Depreciation charge	1,166

	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases	**84**	90
Total cash outflow for leases	**1,345**	1,317
Additions to right-of use assets	**2,717**	–

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years without any extension or termination options. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, as at 31 March 2024, lease liabilities of HK$1,788,000 (2023: HK$282,000) are recognised with related right-of-use assets of HK$1,698,000 (2023: HK$291,000). The lease agreements do not impose any covenants (other than the security interests in the leased assets that are held by the lessor). Leased assets may not be used as security for borrowing purposes.

The Group regularly entered into short-term leases for office. As at 31 March 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the year ended 31 March 2024, the Group modified its office lease upon renewal for two years. On the lease modification date, the Group recognised in aggregate of HK$2,717,000 of right-of-use assets and HK$2,686,000 of lease liabilities.

15. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Cost of investments in associates – unlisted	**27,905**	27,905
Share of post-acquisition losses and other comprehensive expense	**(26,643)**	(26,636)
	1,262	1,269

As at 31 March 2024 and 2023, the Group has interests in the following associates:

Name of entity	Form of entity	Country/ place of incorporation	Country/ place of operation	Class of shares held	Proportion of nominal value of registered capital held by the Group 2024	2023	Proportion of voting power held 2024	2023	Principal activities
Goldster Global Limited	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	**45%**	45%	**45%**	45%	Inactive
Oneshine Investments Limited	Incorporated	BVI	Hong Kong	Ordinary	**44%**	44%	**44%**	44%	Inactive

All of the associates are accounted for using the equity method in these consolidated financial statements.

As at 31 March 2024 and 2023, all associates are unlisted and each of them does not have a significant financial impact on the Group's results and financial position. Financial information of associates are not presented as the director of the Company considers that they are not material.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 HK$'000	2023 HK$'000
Financial assets at fair value through profit or loss represent:			
Loan to Sephaku Gold Holdings (Proprietary) Limited ("SepGold")	(i)	**27,752**	24,846
Loan to Taung Gold EPP RF (Pty) Limited ("TG EPP")	(ii)	**2,101**	1,881
		29,853	26,727

Notes:

(i) SepGold is a historically disadvantaged South African company in terms of BEE requirements in South Africa. SepGold is a qualified BEE company in South Africa. The loan to SepGold is secured by the pledge of 39,402,071 shares of TGL, representing 15.39% of the issued share capital of TGL. 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. The loan carried interest at the prime rate quoted by ABSA Bank Limited in South Africa plus 4% per annum. The principal amount of the loan to advanced SepGold was ZAR433,066,688 and an amount of ZAR17,425,499 was repaid in previous years. The loan to SepGold has no fixed repayment term.

In March 2017, the Group and SepGold started negotiation on the loan repayment schedule and arrangement including (i) waiver of the interest accrued on the loan, (ii) deletion in its entirety of a clause in the loan agreement which the Group and SepGold entered into on 22 July 2011 (the "Vendor Financing Agreement") about payment of any interest in relation to the loan and (iii) extension of the repayment date of the loan to 31 December 2020.

On 24 April 2017, the Group and SepGold entered into a supplemental agreement to the Vendor Financing Agreement (the "Supplemental Agreement") in relation to the matters mentioned above. Details about the Supplemental Agreement were set out in the Company's announcement on 24 April 2017.

In March 2018, the Group and SepGold entered into negotiations on the SepGold loan repayment schedule in particular related to extending of the loan repayment date to 31 December 2027 following due consideration of the appropriate timing and amount of dividends expected from TGL after the planned commencement of the Evander Project and the Jeanette Project.

On 4 May 2018, the Group and SepGold entered into a second supplemental agreement to the Vendor Financing Agreement (the "Second Supplemental Agreement") confirming the matter mentioned above. Details about the Second Supplemental Agreement entered into between the Group and SepGold were set out in the Company's announcement on 4 May 2018. The Supplemental Agreement and the Second Supplemental Agreement were approved by the shareholders of the Company in the special general meeting on 27 June 2018.

Given the status of the Jeanette Project and the Evander Project, the directors of the Company do not expect the loan to SepGold can be settled within one year of the end of the reporting period and, thus, the entire balance of the loan to SepGold is classified as non-current assets as at 31 March 2024 and 2023.

(ii) On 22 April 2016, the Group and TG EPP, which is the qualified BEE company, entered into a loan agreement. Pursuant to the loan agreement, the Group made an interest-free loan of ZAR36,926,000 with a maturity date on 31 December 2021 to TG EPP for the purpose of enabling TG EPP to acquire a particular percentage of TGL's issued share capital when the shareholding owned by the qualified BEE company in TGL dropped below 26%. Given the status of the Jeanette Project and the Evander Project, the directors of the Company do not expect the loan to TG EPP can be settled within one year of the end of the reporting period and, thus, the entire balance of the loan to TG EPP is classified as non-current assets as at 31 March 2024 and 2023. The loan is secured by the pledge of 5,058,327 shares in TGL, representing 2% of the issued share capital of TGL.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The loans to SepGold and TG EPP are not held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and, thus, these loans are classified as financial assets at FVTPL and measured at FVTPL. The directors of the Company assessed the fair value of the loans to SepGold and TG EPP by taking into account the returns from the Jeanette Project and the Evander Project, including considering their exploration and development status, their expected commencement of commercial production, their expected reserves and the future gold price, where appropriate, in order to estimate the timing of repayment of these loans. The Group engaged the Valuer to perform estimation of future cash flows expected to arise from the loans and the appropriate discount rates.

A fair value gain of HK$4,426,000 (2023: loss of HK$17,448,000) in relation to the loans to SepGold and TG EPP is recognised in profit or loss during the year ended 31 March 2024.

Details of the valuation techniques and key inputs in relation to these loans measured at FVTPL are set out in note 26.

17. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	2024 **HK$'000**	2023 HK$'000
Rental deposit	**470**	439
Other deposits	**1,656**	1,742
Value added tax ("VAT") recoverable	**403**	246
Other receivables and prepayment *(Note)*	**32,913**	32,917
Less impairment loss on other receivables *(Note)*	**(30,000)**	(30,000)
	5,442	5,344
Representing:		
Current	**4,972**	5,344
Non-current	**470**	–
	5,442	5,344

17. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS *(Continued)*

Note: Included in other receivables, prepayment and deposits, was HK$30,000,000 in relation to an outstanding amount of refund of a deposit in relation to a proposed acquisition of a BVI target company which was terminated on 25 June 2021 ("Termination"). An addendum to the termination agreement was entered into between the Group and the seller on 27 June 2022, pursuant to which the Group, the seller and the guarantor agreed to extend the repayment date for the outstanding amount on or before 31 December 2022. Details about this Termination are set out in the Company's announcements on 25 June 2021 and 27 June 2022 respectively.

As at 31 March 2023, the outstanding amount was not settled according to extended repayment date of 31 December 2022. The directors of the Company concluded that this balance was defaulted as there was no realistic prospect of recovery. Accordingly, additional impairment loss of HK$8,364,000 was recognised during the year ended 31 March 2023. The amount was fully impaired as at 31 March 2024 and 2023.

Further details on the Group's credit policy and credit risk arising from other receivables are set out in note 26.

18. PLEDGED BANK DEPOSITS

Pledged bank deposits

As at 31 March 2024, the pledged bank deposits of approximately ZAR1,496,000 (equivalent to approximately HK$629,000) (2023: approximately ZAR1,435,000 (equivalent to approximately HK$635,000)) mainly related to performance guarantees provided to the Department of Mineral Resources of South Africa in relation to application of the mining permits on exploration of various small mining projects which require rehabilitation and management of negative environmental impacts on the mining areas.

The pledged bank deposits carry effective interest rates ranging from 5.72% to 8.35% (2023: 3.76% to 7.5%) per annum.

19. BANK BALANCES AND CASH

Bank balances comprise saving deposits and fixed deposits with maturity less than three months, which carry effective interest rates ranging from 0.001% to 4.5% (2023: 0.001% to 3.00%) per annum.

The Group's bank balances that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2024 HK$'000	2023 HK$'000
Renminbi ("RMB")	**676**	713
HK$	**17,535**	5,628
	18,211	6,341

20. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**1,419**	282
Within a period of more than one year but not more than two years	**369**	–
	1,788	282
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,419)**	(282)
Amount due for settlement after 12 months shown under non-current liabilities	**369**	–

The weighted average incremental borrowing rates applied to lease liabilities was 4.51% (2023: 4.51%).

21. OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
VAT payables	**870**	798
Other payables	**5,030**	330
Other accruals	**7,523**	6,915
	13,423	8,043

22. PROVISION FOR REHABILITATION COSTS

	HK$'000
At 1 April 2022	11,554
Unwinding of discounting effects for the year	1,279
Revaluation charged to profit or loss	2,101
Revaluation recognised as reversal of decommissioning assets *(note 13)*	385
Exchange realignment	(2,173)
At 31 March 2023 and 1 April 2023	**13,146**
Unwinding of discounting effects for the year	**1,327**
Revaluation credited to profit or loss	**(1,373)**
Revaluation recognised as reversal of decommissioning assets *(note 13)*	**(106)**
Exchange realignment	**(921)**
At 31 March 2024	**12,073**

The provision for mine rehabilitation includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues.

23. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	18,151,471,981	181,515

All shares ranked *pari passu* in all respects with other shares in issue.

24. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme of the Company

A resolution was duly passed at a special general meeting of the Company held on 28 August 2020 to approve and adopt the new share option scheme of the Company (the "2020 Share Option Scheme").

The purpose of the 2020 Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants in recognition of their contribution to the Group.

Eligible participants of the 2020 Share Option Scheme include any person who is (or will be on and following the offer date) an employee (whether full time or part time) holding salaried office or employment under a contract with the Company and any of their respective subsidiaries (as defined in the Hong Kong Companies Ordinance), and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest ("Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the 2020 Share Option Scheme on the basis of his or her contribution to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2020 Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

24. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

The total number of shares which may be issued upon exercise of all share options to be granted under the 2020 Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 28 August 2020. Share options which lapsed in accordance with the terms of the 2020 Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the 2020 Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options granted under the 2020 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the 2020 Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, under the 2020 Share Option Scheme must be subject to approval by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted under the 2020 Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, must be approved by the shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. To the extent that the offer of the grant of share options is not accepted within 21 days from the date of offer, it will be deemed to have been irrevocably declined.

The exercisable period of the share options granted is determined by the directors of the Company, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the 2020 Share Option Scheme.

There is no minimum period for which the share options must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

24. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

The exercise price of the share options is determined by the board of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

The 2020 Share Option Scheme became effective on 28 August 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Company has not granted any share options during the years ended 31 March 2024 and 2023. At 31 March 2024 and 2023, there were no outstanding share options.

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital disclosed in note 23 and reserves disclosed in the consolidated statement of changes in equity. Management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues as well as the raising of new debts.

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at FVTPL	**29,853**	26,727
Amortised cost	**114,010**	141,892
Financial liabilities		
Amortised cost	**12,553**	7,245

Financial risk management objective and policies

The Group's major financial instruments include financial assets at FVTPL, rental deposit, other receivables and deposits, pledged bank deposits, bank balances and cash and other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain subsidiaries of the Company have bank balances and cash, other receivables and deposits, and other payables and accruals denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
RMB	**676**	713	**–**	–
HK$	**88,081**	76,340	**10,721**	5,333
US$	**15,760**	50,804	**–**	–

In addition, as at 31 March 2024, the Group's exposure to foreign currency risk also arose from US$ denominated intercompany balance with carrying amounts of approximately HK$103,533,000 (2023: HK$83,491,000), which was not denominated in the functional currency of the respective group entities as the borrowers. These intercompany balances do not form part of the Group's net investment in foreign operations.

26. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The currency risk mainly arises from the exchange rate of US$ against HK$.

The directors of the Company consider the Group's exposure in HK$ relative to US$ is insignificant since HK$ is pegged to US$. Accordingly, no sensitivity analysis is presented.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank balances and lease liabilities. The Group currently does not enter into any hedging instrument for fair value interest rate risk.

Sensitivity analysis

No sensitivity analysis is provided on pledged bank deposit and bank balances as the director of the Company considers that the interest rate fluctuation on bank balances is minimal.

Other price risk

The Group is exposed to other price risk mainly through its loans to SepGold and TG EPP which are measured at FVTPL. The fair value adjustment of loans to SepGold and TG EPP would be affected positively or negatively, primarily, by changes in the timing and amounts of future cash flows for loan repayments and the discount rate applied for discounting the future cash flows.

The sensitivity analysis on the fair values of loans to SepGold and TG EPP is disclosed in the fair value measurements of financial instruments below.

26. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Credit risk and impairment assessment

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial asset, except that the credit risks associated with the financial assets at FVTPL is mitigated because they are secured over shares of TGL. Details of the securities over the financial assets at FVTPL are set out in note 16(ii).

Except for the financial assets at FVTPL, the Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

Financial assets at amortised cost

For other receivables and deposits, the gross carrying amount of these balances as at 31 March 2024 is HK$34,513,000 (2023: HK$34,549,000) and the management of the Group measures their loss allowance equal to 12m ECL except for the following credit-impaired other receivables. In addition, the management of the Group makes periodic individual assessment on their recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that the Group's other receivables of HK$30,000,000 was credit-impaired as at 31 March 2023 (see note 17). Accordingly, impairment loss of HK$8,364,000 was recognised for the year ended 31 March 2023. No impairment loss was recogised for the year ended 31 March 2024 as the balance was fully impaired as at 31 March 2024 and 2023. The ECL on the remaining balances of other receivables is insignificant taking into account of repayment history, loss given default and forward-looking information.

For bank balances and pledged bank deposits, the gross carrying amount of these balances as at 31 March 2024 is HK$109,497,000 (2023: HK$137,343,000) and management of the Group measures their loss allowance equal to 12m ECL. In addition, these balances are placed in various authorised financial institutions either with high credit ratings or good financial background and the management of the Group considers the credit risk of such authorised financial institutions is low.

26. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity table

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	**Repayable on demand or within 3 months HK$'000**	**3 months to 1 year HK$'000**	**1 year to 2 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Total carrying amount HK$'000**
At 31 March 2024						
Non-derivative financial liabilities						
Other payables and accruals	**N/A**	**12,553**	**–**	**–**	**12,553**	**12,553**
Lease liabilities	**4.51**	**366**	**1,098**	**370**	**1,834**	**1,788**

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK$'000	3 months to 1 year HK$'000	1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2023						
Non-derivative financial liabilities						
Other payables and accruals	N/A	5,295	–	1,950	7,245	7,245
Lease liabilities	4.51	279	4	–	283	282

26. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company delegate the chief financial officer (the "CFO") of the Company to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages the Valuer to perform the valuation. The CFO of the Group works closely with the Valuer to establish the appropriate valuation techniques and inputs to the model. The CFO of the Group reports the findings in the valuation to the directors of the Company annually to explain the cause of fluctuations in the fair values.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at 31 March 2024 HK$'000	2023 HK$'000	Fair value hierarchy	Valuation technique(s) and key inputs
Loan to SepGold	**27,752**	24,846	Level 3	Discounted cash flows based on the estimated future cash flows of the Evander Project and the Jeanette Project in South Africa and the timing of amounts that are expected to be received from SepGold and TG EPP for loans repayment, discounted at a rate of 22.75% (2023: 22.25%).
Loan to TG EPP	**2,101**	1,881	Level 3	

There are no transfers among Level 1, 2 and 3 during the year.

A delay in the timing of amounts expected to be received from SepGold and TG EPP for loan repayments, of which based on the estimated future cash flows of the Evander Project and the Jeanette Project in South Africa, would result in a decrease in the fair value measurement of the loans to SepGold and TG EPP and vice versa. A delay of repayment of all the outstanding amounts by 3 years holding all other variables constant would decrease the total carrying amounts of the loans to SepGold and TG EPP as at 31 March 2024 by HK$13,712,000 (2023: HK$12,098,000).

26. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the loans to SepGold and TG EPP and vice versa. A 30% increase in the discount rate holding all other variables constant would decrease the total carrying amounts of the loans to SepGold and TG EPP as at 31 March 2024 by HK$12,247,000 (2023: HK$11,644,000).

Reconciliation of Level 3 fair value measurements

	Loan to SepGold at FVTPL	Loan to TG EPP at FVTPL	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2022	48,838	3,698	52,536
Fair value loss recognised in profit or loss	(16,220)	(1,228)	(17,448)
Exchange realignment	(7,772)	(589)	(8,361)
At 31 March 2023 and 1 April 2023	**24,846**	**1,881**	**26,727**
Fair value gain recognised in profit or loss	**4,114**	**312**	**4,426**
Exchange realignment	**(1,208)**	**(92)**	**(1,300)**
At 31 March 2024	**27,752**	**2,101**	**29,853**

The fair value gain of loans to SepGold and TG EPP of HK$4,426,000 (2023: loss of HK$17,448,000) are included in "other gains and losses, net" line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair values of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000 *(Note 20)*
At 1 April 2022	1,471
Financing cash flows	(1,227)
Finance costs recognised	38
At 31 March 2023 and 1 April 2023	**282**
New lease entered	**2,686**
Financing cash flows	**(1,255)**
Finance costs recognised	**75**
At 31 March 2024	**1,788**

28. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage, which is 5%, of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's contribution to the MPF Scheme in respect of the employee's relevant income is subject to a cap to monthly relevant income of HK$30,000 since 1 June 2014, which contribution is matched by employees. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2024 and 2023.

During the year ended 31 March 2024, the total costs charged to the profit or loss in relation to the Group's total contributions to retirement benefits scheme are HK$162,000 (2023: HK$155,000).

29. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration for key management personnel of the Group, including the amounts paid to directors of the Company as disclosed in note 7, during the year is as follows:

	2024 HK$'000	2023 HK$'000
Short-term benefits	5,986	7,391
Contributions to retirement benefits scheme	36	36
	6,022	7,427

(b) Balances with related parties

Details of the balances with related parties as at 31 March 2024 and 2023 are set out in note 16.

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2024 and 31 March 2023 are as follows:

Name of subsidiary	Country/ place of incorporation	Country/place of operation	Issued share capital/ paid up capital/ registered capital	Equity interest attributable to the Group as at 31 March				Principal activities
				Directly		Indirectly		
				2024	2023	**2024**	2023	
TGL	South Africa	South Africa	Ordinary ZAR58,040,000	**65.60%**	65.60%	**12.98%**	12.98%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration (West) (Pty) Limited *(Note)*	South Africa	South Africa	Ordinary ZAR7,875	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration Limited *(Note)*	South Africa	South Africa	Ordinary ZAR7,875	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold (North West) (Pty) Limited *(Note)*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold (Free State) (Pty) Limited *(Note)*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Ulinet (Pty) Limited *(Note)*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals

Note: These companies are wholly-owned subsidiaries of TGL.

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

31. DETAILS OF A NON-WHOLLY-OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 March 2024	31 March 2023	**31 March 2024 HK$'000**	31 March 2023 HK$'000	**31 March 2024 HK$'000**	31 March 2023 HK$'000
TGL	South Africa	**21.42%**	21.42%	**(1,578)**	(6,819)	**523,292**	555,700

Summarised financial information in respect of TGL and its subsidiaries is set out below on a consolidated basis. The summarised financial information below represents amounts before intragroup eliminations.

	2024 HK$'000	2023 HK$'000
Non-current assets	**2,560,726**	2,681,771
Current assets	**4,193**	4,467
Non-current liabilities	**(12,073)**	(13,146)
Current liabilities	**(100,442)**	(78,799)
Equity attributable to owners of the Company	**1,929,112**	2,038,593
Non-controlling interests	**523,292**	555,700

31. DETAILS OF A NON-WHOLLY-OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	Year ended 31 March	
	2024	2023
	HK$'000	HK$'000
Income	**1,169**	843
Expenses	**(8,536)**	(32,679)
Loss for the year	**(7,367)**	(31,836)
Loss attributable to:		
– Owners of the Company	**(5,789)**	(25,017)
– Non-controlling interests	**(1,578)**	(6,819)
Loss for the year	**(7,367)**	(31,836)
Other comprehensive expense attributable to:		
– Owners of the Company	**(103,692)**	(435,208)
– Non-controlling interests	**(30,830)**	(118,629)
Other comprehensive expense for the year	**(134,522)**	(553,837)
Total comprehensive expense attributable to:		
– Owners of the Company	**(109,481)**	(460,225)
– Non-controlling interests	**(32,408)**	(125,448)
Total comprehensive expense for the year	**(141,889)**	(585,673)
Net cash outflow from operating activities	**(9,459)**	(7,783)
Net cash outflow from investing activities	**(10,381)**	(7,332)
Net cash inflow from financing activities	**21,635**	5,186
Net cash inflow/(outflow)	**1,795**	(9,929)

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investments in subsidiaries	1,929,112	2,038,593
Amounts due from subsidiaries	310,925	319,449
	2,240,037	2,358,042
Current assets		
Amounts due from subsidiaries	2,015	29,755
Other receivables	361	337
Bank balances and cash	17,890	6,073
	20,266	36,165
Current liabilities		
Other payables and accruals	10,718	5,330
Amount due to a subsidiary	93,438	88,768
	104,156	94,098
Net current liabilities	(83,890)	(57,933)
Net assets	2,156,147	2,300,109
Capital and reserves		
Share capital	181,515	181,515
Reserves	1,974,632	2,118,594
Total	2,156,147	2,300,109

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2022	5,307,443	(800)	147,828	(2,857,256)	2,597,215
Loss and total comprehensive expense for the year	–	–	–	(478,621)	(478,621)
At 31 March 2023 and 1 April 2023	5,307,443	(800)	147,828	(3,335,877)	2,118,594
Loss and total comprehensive expense for the year	–	–	–	(143,962)	(143,962)
At 31 March 2024	5,307,443	(800)	147,828	(3,479,839)	1,974,632

33. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	–	–	–	–	**–**
Profit (loss) attributable to:					
– Owners of the Company	(41,359)	(526,232)	45,147	(45,985)	**(19,174)**
– Non-controlling interests	(6,404)	(139,138)	22,034	(6,819)	**(1,578)**
	(47,763)	(665,370)	67,181	(52,804)	**(20,752)**

ASSETS AND LIABILITIES

	As at 31 March				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	3,341,526	3,311,838	3,440,722	2,825,691	**2,678,288**
Total liabilities	20,069	22,629	19,677	21,471	**27,284**
Total equity	3,321,457	3,289,209	3,421,045	2,804,220	**2,651,004**