

Notes to the Financial Statements

For the financial year ended 31 December 2023

23 Legal claims (Cont'd)

During the financial year ended 31 December 2023, the Company's management met up with WZD in Indonesia and Hong Kong. Subject to the results of the due diligence process, and terms and conditions, WZD is in principle agreeable to a revised proposed settlement which includes transfer of ownership of certain nickel ore mining concession and additionally, the possibility of mining extraction operations in Indonesia (the "**Revised Proposed Settlement**"). The original proposed settlement consists mainly of nickel ore mining concession and does not include the possibility of mining extraction operations. To date, no agreement has been signed or has been reached by both parties as the management is in the process of:

- (a) collecting, reviewing the information in relation to the mining concessions and/or operations;
- (b) considering and evaluating the implications relating to the Catalyst Rules, and legal, accounting and operational matters in connection with the Revised Proposed Settlement;
- (c) seeking advice from relevant professionals; and
- (d) preparing, evaluating and negotiating the terms and conditions.

The board is of the opinion that the current approach by the management is in the best interest of the Company and shareholders under the current circumstances.

On 14 October 2022, the Group disposed its entire 70% of the total issued and paid-up share capital of HK Silver. The disposal will not affect the Group's right in the legal course of action in respect of the recoverability of the deposit as the plaintiff to the legal course of action is Asiapac which continues to be a subsidiary of the Group.

Up to the date of this financial statements, there is no significant progress on the legal action taken by the Group.

24 Basis for qualified opinion on the financial statements for the financial year ended 31 December 2022

The independent auditor's report dated 6 April 2023 expressed a qualified opinion on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2022. The extract of the basis for qualified opinion is as follows:

Comparative figures and amount due to related party

The comparative figures disclosed in these financial statements are based on the financial statements of the Group for the previous financial year ended 31 December 2021, on which we expressed a disclaimer of opinion on the deposits paid to a supplier, trade payable owing to the supplier, amounts due to related parties, impairment of investment in associate and amount due from an associate. The extract of the basis for disclaimer of opinion on the financial statements of the Group for the financial year ended 31 December 2021 is disclosed in Note 25 to the financial statements. The basis for disclaimer of opinion relates to a subsidiary, Hong Kong Silver Basic Group Limited ("HK Silver") except for an amount due to related party of HK\$700,000 which relates to another subsidiary of the Group. HK Silver was disposed of during the current financial year as disclosed in Note 5 to the financial statements.

In view of the matter described above, since the opening balances as at 1 January 2022 enter into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2022, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 December 2022.

For the amount due to related party of HK\$700,000 which was written back in the financial year ended 31 December 2019 and relates to another subsidiary of the Group, the Group has obtained a letter of waiver from the related party dated 31 December 2022. We were unable to obtain sufficient appropriate evidence on the accumulated write back of amount due to related party of HK\$700,000 as at 1 January 2022. Consequently, we were unable to determine whether any adjustments might be necessary in respect the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 December 2022.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.