



E&P Global Holdings Limited
能源及能量環球控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1142)



2024
INTERIM REPORT

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lee Jaeseong (*Chairman*)
Mr. Im Jonghak
Mr. Liu Wai Shing, Peter (appointed on 4 November 2024)

Non-Executive Directors

Ms. Sun Meng (appointed on 4 November 2024)

Independent Non-executive Directors

Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Leung Yau Wan John (resigned on 18 October 2024)

COMPANY SECRETARY

Ms. Wong Ngar Lai

AUTHORISED REPRESENTATIVES

Mr. Lee Jaeseong
Ms. Wong Ngar Lai

AUDIT COMMITTEE

Mr. Leung Yau Wan John (*Chairman*)
(resigned on 18 October 2024)
Ms. Chen Dai (*Chairman*) (appointed on 18 October 2024)
Mr. Kim Sung Rae

REMUNERATION COMMITTEE

Ms. Chen Dai (*Chairman*)
Mr. Kim Sung Rae
Mr. Leung Yau Wan John (resigned on 18 October 2024)

NOMINATION COMMITTEE

Mr. Lee Jaeseong (*Chairman*)
Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Leung Yau Wan John (resigned on 18 October 2024)

AUDITOR

Prism Hong Kong Limited

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation
Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A & B, 15/F, Chinaweal Centre
414-424 Jaffe Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF
E&P GLOBAL HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of E&P Global Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 4 to 47, which comprise the interim condensed consolidated statement of financial position as at 30 September 2024 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BASIS

As at 30 September 2024, the Group had net current liabilities and net liabilities of approximately HK\$3,660,259,000 and HK\$1,869,151,000, respectively. These conditions, along with other matters as set forth in note 2 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the condensed financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Also, we draw attention to note 24 to the condensed consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not qualified in respect of this matter.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

29 November 2024

The board (the “Board”) of directors (the “Directors” and each a “Director”) of E&P Global Holdings Limited (the “Company”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2024 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	5	240,825	353,724
Cost of sales		(237,302)	(349,917)
Gross profit		3,523	3,807
Other income		72	88
Other gains and losses		(84,506)	54,981
Selling and distribution costs		(1,896)	(1,683)
Administrative expenses		(4,460)	(10,559)
Finance costs		(4,990)	(5,041)
(Loss) profit before income tax	7	(92,257)	41,593
Income tax credit (expense)	8	796	(1,446)
(Loss) profit for the period		(91,461)	40,147
(Loss) profit for the period attributable to:			
Owners of the Company		(93,873)	41,107
Non-controlling interests		2,412	(960)
(Loss) profit for the period		(91,461)	40,147
(Loss) profit for the period		(91,461)	40,147
Other comprehensive expense for the period: <i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements of foreign operations		(26,888)	(2,058)
Total comprehensive (expense) income for the period		(118,349)	38,089
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(120,905)	32,755
Non-controlling interests		2,556	5,334
		(118,349)	38,089
(Loss) earnings per share			
Basic (HK\$)	10	(0.65)	0.28
Diluted (HK\$)	10	(0.65)	0.28

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	12,502	12,411
Right-of-use assets		548	755
Investment property		28,949	28,188
Intangible assets	12	—	—
Exploration and evaluation assets	13	1,949,636	2,107,606
Rental deposits		190	187
		1,991,825	2,149,147
Current assets			
Inventories		6	1,799
Trade receivables	14	2,673	4,999
Other receivables		7,926	7,422
Cash and cash equivalents		5,762	228
		16,367	14,448
LIABILITIES			
Current liabilities			
Trade payables	15	9,942	10,771
Other payables		14,033	28,828
Contract liabilities		2,241	618
Interest-bearing borrowings	16	—	28,561
Amounts due to shareholders	17	39,387	39,097
Purchase consideration payable for additional acquisition		3,338	3,338
Lease liabilities		562	750
Convertible notes payables	20	3,591,498	3,591,498
Promissory notes payables		15,600	15,600
Income tax payable		25	449
		3,676,626	3,719,510
Net current liabilities		(3,660,259)	(3,705,062)
Total assets less current liabilities		(1,668,434)	(1,555,915)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Non-current liabilities			
Amounts due to shareholders	17	137,874	133,559
Amount due to a director	18	2,677	2,596
Amount due to a related party	19	16,842	16,167
Interest-bearing borrowings	16	20,404	33,535
Other payables		3,804	3,230
Provision for close down, restoration and environmental costs		1,291	1,315
Lease liabilities		—	27
Security deposit payable		13,995	—
Deferred tax liabilities		3,830	4,458
		200,717	194,887
NET LIABILITIES		(1,869,151)	(1,750,802)
CAPITAL AND RESERVES			
Share capital	21	72,509	72,509
Reserves		(1,908,133)	(1,787,228)
Equity attributable to owners of the Company		(1,835,624)	(1,714,719)
Non-controlling interests		(33,527)	(36,083)
CAPITAL DEFICIENCIES		(1,869,151)	(1,750,802)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000 (Note b)	Equity-settled share option reserve HK\$'000	Capital reserve HK\$'000 (Note a)	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 April 2023 (Audited)	290,034	1,956,517	(98,137)	322,366	47	23,936	(4,313,419)	(1,818,656)	(36,249)	(1,854,905)
Profit (loss) for the period	—	—	—	—	—	—	41,107	41,107	(960)	40,147
Other comprehensive (expense) income for the period	—	—	(8,352)	—	—	—	—	(8,352)	6,294	(2,058)
Total comprehensive (expense) income for the period	—	—	(8,352)	—	—	—	41,107	32,755	5,334	38,089
As at 30 September 2023 (Unaudited)	290,034	1,956,517	(106,489)	322,366	47	23,936	(4,272,312)	(1,785,901)	(30,915)	(1,816,816)
As at 1 April 2024 (Audited)	72,509	1,956,517	(101,099)	322,366	47	23,936	(3,988,995)	(1,714,719)	(36,083)	(1,750,802)
Loss for the period	—	—	—	—	—	—	(93,873)	(93,873)	2,412	(91,461)
Other comprehensive (expense) income for the period	—	—	(27,032)	—	—	—	—	(27,032)	144	(26,888)
Total comprehensive expense for the period	—	—	(27,032)	—	—	—	(93,873)	(120,905)	2,556	(118,349)
As at 30 September 2024 (Unaudited)	72,509	1,956,517	(128,131)	322,366	47	23,936	(4,082,868)	(1,835,624)	(33,527)	(1,869,151)

Notes:

- At the end of reporting period, capital reserve of the Group represented: (i) the amount of interest charged on amount due to a shareholder of the Company that was waived as a result of early partial settlement on the principal loan due to the shareholder, which was accounted for as capital contributions from an equity participant of the Company for the prior periods; and (ii) the difference between the carrying amount of the Modified PN discharged and the fair value of the new ordinary shares of the Company issued as consideration for the early partial settlements of the Modified PN. This difference was accounted for as a contribution from an equity participant of the Company for the prior period.
- Other reserve represented the excess of the share of the carrying value of the subsidiary's net assets acquired from the non-controlling interests of a subsidiary over the fair value of the consideration paid on the completion date of the acquisition and the subsequent adjustment to the consideration recognized by the Group upon fulfillment of certain conditions.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Operating activities		
(Loss) profit before income tax	(92,257)	41,593
Adjustments for:		
Depreciation of property, plant and equipment	120	128
Depreciation of right-of-use assets	615	452
(Reversal of impairment loss) impairment loss on trade and other receivables	(57)	40
Fair value gain of investment property	(411)	—
Finance costs	4,990	5,041
Interest income	(47)	(50)
Provision for close down, restoration and environmental costs	—	33
Impairment loss (Reversal of impairment loss) on exploration and evaluation assets	131,072	(55,022)
Gain from write off of interest-bearing borrowings	(46,097)	—
Operating cash flows before working capital changes	(2,072)	(7,785)
Decrease (increase) in inventories	1,773	(50)
Decrease (increase) in trade receivables	2,356	(1,546)
(Increase) decrease in deposits and other receivables	(495)	9,441
(Decrease) increase in trade payables	(640)	2,045
Increase (decrease) in contract liabilities	1,687	(749)
Increase in other payables	1,647	1,240
Cash from operating activities	4,256	2,596
Income tax paid	(212)	(865)
Net cash from operating activities	4,044	1,731
Investing activities		
Purchase of property, plant and equipment	(405)	(7,180)
Interest received	47	50
Net cash used in investing activities	(358)	(7,130)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Financing activities		
Repayment of lease liabilities	(468)	(471)
Proceeds from borrowings	573	1,186
Loans received from shareholders	1,550	601
Loans received from a director	81	1,984
Repayment to a director	—	(100)
Repayment to a related party	—	(712)
Net cash from financing activities	1,736	2,488
Net increase (decrease) in cash and cash equivalents	5,422	(2,911)
Cash and cash equivalents at beginning of period	228	5,349
Effect of foreign exchange rate changes	112	(148)
Cash and cash equivalents at end of period	5,762	2,290



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

E&P Global Holdings Limited was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability, and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business of the Company is Units A & B, 15/F, Chinaweal Centre, 414-424 Jaffe Road, Causeway Bay, Hong Kong.

The Company engages in investment holding. The principal activities of its principal subsidiaries are engaged in holding mining and exploration rights of coal mines in the Russia Federation (“**Russia**”) and trading of diesel, gasoline and other products in the Republic of Korea (“**Korea**”).

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong Dollars (“**HK\$**”) while that of the subsidiaries established in the Russia and Korea are Russia Rubles (“**RUB**”) and South Korea Won (“**KRW**”), respectively. For the purpose of presenting the condensed consolidated financial statements, the Group adopted HK\$ as its presentation currency, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Going concern assumptions

As at 30 September 2024, the Group’s current liabilities exceeded its current assets by approximately HK\$3,660,259,000 (31 March 2024: HK\$3,705,062,000) and there was a capital deficiency of approximately HK\$1,869,151,000 (31 March 2024: HK\$1,750,802,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

As described more fully in Note 20, the Third Convertible Note (the “**CN**”) was issued on 3 April 2013 at zero coupon rate with an original maturity date on 3 April 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

Going concern assumptions *(Continued)*

Subsequent to various actions by CN holders against the conversion of part of the principal amounts of the CN into shares of the Company, the registered CN holders of not less than 75% resolved to amend the CN agreement whereby, inter alia, the maturity date of the CN was extended to 19 October 2019 and the Company was granted the right to require the principal amount of the CN to be converted into shares of the Company which the Company did exercise on 19 October 2018 to require the conversion of US\$340,390,000 (equivalent to approximately HK\$2,655,042,000) in principal amount of the CN, resulting in the issue of 55,313,376 new shares in the Company at HK\$48 per share (now becoming 5,531,337 new shares in the Company at HK\$480 per share after the share consolidation of the Company being effective from 24 April 2020).

The application by the Company to the Stock Exchange for its consent to the amendments to the CN agreement and listing approval for the new shares was rejected for reasons that:

- Prior consent had not been obtained from the Stock Exchange for any proposed change to the terms of convertible securities after issue and before the Company exercising its conversion right.
- Legal proceedings concerning the disputes among the previous and the present CN holders over ownership were still ongoing.
- The ownership of part of the CN transferred from Daily Loyal Limited to Solidarity Partnership and Golden China Circle Holdings Company Limited (“**Golden China**”) (the “**Transfers**”) remained the subject of ongoing litigations under the High Court actions HCA 1071/2017 and HCA 2501/2017. In the meantime, the Transfers remained registered on the Company’s register of noteholders, and had not been reversed or cancelled.

In consequence, the Company entered into a cancellation agreement whereby amendments and shares conversion and shares issuance aforementioned were cancelled and reversed ab initio and the Company’s number of issued shares was reverted to the original status before the shares conversion.

On 18 June 2020, Golden China and Solidarity Partnership had agreed with the Company in written confirmation on their willingness to further extend the maturity date of the CN to 31 December 2025 (including the related interests thereof).

As announced by the Company on 18 November 2024, orders made before Master S.P. Yip of the High court in Chambers dated 13 November 2024 concerning HCA 1071 of 2017 and HCA 2501 of 2017, they were by consent ordered that the litigations be wholly discontinued and no order as to costs for the application for the discontinuance of HCA 1071 of 2017 and HCA 2501 of 2017.

The Directors of the Company currently continue to exercise cost control in administrative and other expenses by further streamlining the Group’s operations to improve the operating and financial position of the Group.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

Going concern assumptions *(Continued)*

In addition, the Group has obtained funding and financial support from the following parties:

- (i) As set out in Note 16, with regard to Other Loans 2, 3 and 4, the lenders have agreed not to demand for repayment for the amount due before 31 December 2025. In the opinion of the Directors of the Company, a further extension can be obtained when necessary.
- (ii) As set out in Note 17, with regard to amounts due to shareholders, one of the shareholders agreed not to demand for repayment of the amount due before 31 December 2025.
- (iii) As set out in Note 18, with regard to amounts due to a director, the Director agreed not to demand for repayment of the amount due before 31 December 2025.
- (iv) As set out in Note 19, with regard to amount due to a related party, the related party agreed not to demand for repayment of the amount due before 31 December 2025.
- (v) The Company has obtained loan facilities sufficient to support the continual normal operation of the Group for at least 12 months after the period end date.

With the successful implementation of the measures and funding and financial support obtained as set out above, in the opinion of the Directors of the Company, the Group will have sufficient funds to satisfy its future working capital and other financial commitments as and when they fall due. Accordingly, the Directors of the Company are of the view that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business, the effect of which has not yet been reflected in the condensed consolidated financial statements. Adjustments may have to be made to write down assets to their recoverable amounts. In addition, the Group may have to provide further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, as modified for certain financial instruments and investment property, which are carried at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024 except for the adoption of the amendments to the Hong Kong Financial Reporting Standards as set out in Note 4.

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

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the " 2020 Amendments ")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the " 2022 Amendments ")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HK Interpretation 5 (Revised)	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The application of the amendments to HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE

Revenue represents revenue arising from sales of diesel, gasoline and other products. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of diesel	188,540	273,935
Sales of gasoline	49,168	74,543
Sales of others	3,117	5,246
	240,825	353,724

6. SEGMENT INFORMATION

Information reported to the 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 or services delivered or provided. The Directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- i. Mining segment — Holding mining and exploration rights of coal mines in Russia; and
- ii. Trading segment — Sales of diesel, gasoline and other products in Korea.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the six months ended 30 September 2024 (unaudited)

	Mining HK\$'000	Trading HK\$'000	Total HK\$'000
Segment revenue	—	240,825	240,825
Segment (loss) profit	(132,168)	781	(131,387)
Unallocated corporate profits			44,120
Unallocated finance costs			(4,990)
Loss before income tax			(92,257)

For the six months ended 30 September 2023 (unaudited)

	Mining HK\$'000	Trading HK\$'000	Total HK\$'000
Segment revenue	—	353,724	353,724
Segment profit	48,139	1,399	49,538
Unallocated corporate expenses			(2,904)
Unallocated finance costs			(5,041)
Profit before income tax			41,593

There were no inter-segment sales for both periods.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit of each segment without allocation of central administration costs, directors' emoluments, unallocated other income and unallocated finance costs. This is the measure reported to the Directors of the Company with respect to the resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Segment assets

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Mining	1,962,324	2,120,872
Trading	44,363	41,054
Total segment assets	2,006,687	2,161,926
Corporate and other assets	1,505	1,669
Total assets	2,008,192	2,163,595

Segment liabilities

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Mining	46,884	46,029
Trading	48,302	45,551
Total segment liabilities	95,186	91,580
Corporate and other liabilities	3,782,157	3,822,817
Total liabilities	3,877,343	3,914,397

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segment, other than unallocated other receivables, cash and cash equivalents and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to operating segments, other than unallocated other payables, income tax payables, interest-bearing borrowings, amounts due to shareholders, a director and a related party, convertible notes payables, promissory notes payables, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION *(Continued)*

Other segment information

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's reportable segments for the six months ended 30 September 2024 and 2023.

For the six months ended 30 September 2024

	Mining HK\$'000 (Unaudited)	Trading HK\$'000 (Unaudited)	Consolidated total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	—	405	405
Depreciation of property, plant and equipment	(1)	(119)	(120)
Depreciation of right-of-use assets	(347)	(268)	(615)
Impairment loss on exploration and evaluation assets	(131,072)	—	(131,072)
Reversal of impairment loss on trade and other receivables	—	57	57

For the six months ended 30 September 2023

	Mining HK\$'000 (Unaudited)	Trading HK\$'000 (Unaudited)	Consolidated total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	4	8,056	8,060
Depreciation of property, plant and equipment	(2)	(126)	(128)
Depreciation of right-of-use assets	(341)	(111)	(452)
Reversal of impairment loss on exploration and evaluation assets	55,022	—	55,022
Impairment loss on trade and other receivables	—	(41)	(41)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong, Russia and Korea.

Information about the Group's revenue from external customers is presented based on the location of the operations.

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

Revenue from external customers

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Korea	240,825	353,724

Non-current assets

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
	Russia	1,961,692
Korea	29,943	28,736
	1,991,635	2,148,960

Non-current assets excluded rental deposits.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. (LOSS) PROFIT BEFORE INCOME TAX

(Loss) profit for the period has been arrived at after charging/(crediting) the following items:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Employee benefits expenses		
Directors' emoluments	390	390
Salaries and wages	990	1,858
Pension fund contribution	85	41
	1,465	2,289
Depreciation		
— Property, plant and equipment	120	128
— Right-of-use assets	615	452
Auditor's remuneration	326	318
Provision for close down, restoration and environmental cost	—	33
Cost of inventories recognised as an expense	237,302	349,917
Gain from write off of interest-bearing borrowings	(46,097)	—

8. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Korea corporation tax		
— current period	207	(99)
Deferred taxation	589	(1,347)
	796	(1,446)

Notes:

- (a) No Hong Kong profits tax and Russia profits tax has been provided for the periods ended 30 September 2024 and 2023 as the Hong Kong and Russia subsidiaries of the Group have no assessable profits subject to Hong Kong profits tax and Russia profits tax purposes in the current and prior periods.
- (b) Taxation for the Russia and Korea subsidiaries are similarly charged at the appropriate current rates of 20% of taxation ruling in the relevant countries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

10. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(Loss) profit: (Loss) profit attributable to owners of the Company, used in the basic and diluted (loss) earnings per share	(93,873)	41,107
Number of shares: Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	145,017,062	145,017,062

There were no dilutive potential ordinary shares during the periods ended 30 September 2024 and 2023. The diluted (loss) earnings per share is the same as basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired certain property, plant and equipment of HK\$405,000 (six months ended 30 September 2023: HK\$8,060,000).

The Directors of the Company are of the opinion that property, plant and equipment are not impaired compared with their recoverable amounts for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. INTANGIBLE ASSETS

	Mining right HK\$'000
Cost	
At 1 April 2023 (Audited)	1,282,302
Exchange realignments	(218,407)
At 31 March 2024 and 1 April 2024 (Audited)	1,063,895
Exchange realignments	(19,052)
At 30 September 2024 (Unaudited)	1,044,843
Accumulated amortisation	
At 1 April 2023 (Audited)	1,282,302
Exchange realignments	(218,407)
At 31 March 2024 and 1 April 2024 (Audited)	1,063,895
Exchange realignments	(19,052)
At 30 September 2024 (Unaudited)	1,044,843
Carrying values	
At 30 September 2024 (Unaudited)	—
At 31 March 2024 (Audited)	—

Mining rights

In prior periods, the Company, Grandvest International Limited (“**Grandvest**”), a wholly-owned subsidiary of the Company, Cordia Global Limited (“**Cordia**”) and the sole beneficial owner of Cordia entered into an acquisition agreement (the “**Acquisition Agreement**”) to acquire a 90% equity interest in Langfeld Enterprises Limited (“**Langfeld**”) and its subsidiaries (the “**Langfeld Group**”) (collectively referred as the “**Acquisition**”). The mining right was acquired as part of the acquisition of the Langfeld Group completed in prior years and was initially recognised at its fair value of the consideration paid for the Acquisition. At the end of each reporting period, the mining right is measured using the cost model subject to impairment.

As the intangible assets (in relation to the mining rights of Lot 1 and Lot 1 Extension of the Group’s Russian coal mines) were fully amortised under the cost model as at 30 September 2024, the Directors of the Company considered impairment loss or reversal of impairment loss was not applicable as at 30 September 2024.

Details of the Group’s mining rights are as follows:

Intangible asset	Location	Expiry Date
Mining right Lapichevskaya Mine	Industrial area, Kemerovo district, Kemerovo region, 650906, Russia	1 July 2025

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. EXPLORATION AND EVALUATION ASSETS

	Total HK\$'000
Cost	
At 1 April 2023 (Audited)	3,638,878
Exchange realignments	(4,428)
At 31 March 2024 and 1 April 2024 (Audited)	3,634,450
Exchange realignments	(386)
At 30 September 2024 (Unaudited)	3,634,064
Accumulated impairment loss	
At 1 April 2023 (Audited)	1,669,756
Reversal of impairment loss	(142,912)
At 31 March 2024 and 1 April 2024 (Audited)	1,526,844
Impairment loss	131,072
Exchange realignments	26,512
At 30 September 2024 (Unaudited)	1,684,428
Carrying values	
At 30 September 2024 (Unaudited)	1,949,636
At 31 March 2024 (Audited)	2,107,606

Exploration and evaluation assets are considerations paid for the acquisition of the exploration and mining rights located adjacent to the Lapichevskaya Mine.

The Group has adopted HKFRS 6 "Exploration for and Evaluation of Mineral Resources" which requires the Group to assess if there is any indicator for impairment at each reporting date.

In performing the impairment test for current period, the Directors of the Company have engaged ValQuest Advisory (Hong Kong) Limited to determine the recoverable amount of the exploration and evaluation asset which is the higher of the asset's fair value less costs to sell and its value in use. Given the current development status of the exploration and evaluation asset, the Directors of the Company have determined the fair value less costs of disposal to be its recoverable amount. The recoverable amount is derived by using a DCF analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the exploration and evaluation asset's fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The key assumptions used in the DCF analysis in current period include:

- (i) Cash flow projection is determined for a period of 10.5 years up to 2035 (31 March 2024: a period of 12 years up to 2035) with the first year of production taken to be from year 2026 (31 March 2024: first year of production from year 2026) based on the Directors' current best estimated production plan.
- (ii) Cost of production (including royalties) on average is taken as 22.4% (31 March 2024: 16.79%) of revenue.
- (iii) The post-tax discount rate applied to the cash flow projection is 36.00% (31 March 2024: post-tax discount rate of 37.00%).
- (iv) The Directors of the Company have assumed the yearly coal sales prices to have increase 12.71% and 11.22% in 2025 and 2026, increase 4% each year from 2027 to 2035 (31 March 2024: 0% in 2024 and 2025, increase 1.95% each year from 2026 to 2040), which is in line with the comparable market information.
- (v) Coal sales prices used in the DCF in the current and prior years are determined with reference to the coal price under current market information at the respective valuation dates, which show a change of from -62% to 6% approximately (depends on different type of coals) when compared to that of last period.
- (vi) The exchange rate for US\$ to RUB with reference to the approximate spot rate as of 30 September 2024 is taken to be US\$1.00 to RUB93.03 (31 March 2024: US\$1.00 to RUB96.54).
- (vii) The inflation rate on operating costs are 2% from 2026 (31 March 2024: 5.30% and 4.37% for 2024 and 2025 respectively, and 4.00% from 2026 to 2040).

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i) to (vii) mentioned above, other major assumptions used in the DCF analysis in current period, such as estimated production volumes, the structure of operation costs and relevant taxation rate, remained within more or less the same range when compared with that of 31 March 2024.

The Directors of the Company are of the opinion that based on the valuation, the impairment loss of mining right amounted to approximately HK\$131,072,000 (31 March 2024: the reversal of impairment loss of approximately HK\$142,912,000) compared with its carrying value as at 30 September 2024. The impairment loss is mainly due to the net effects of the decrease in relevant coal prices, the depreciation of RUB to US\$, change in expected future inflation rate of costs and the corresponding change in the expected future growth rate of coal sales prices in the coming few years, the increase in the cost of production and the decrease in post-tax discount rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Details of the Group's exploration and evaluation assets are as follows:

Exploration and evaluation asset	Location	Expiry Date
Lapichevskaya Mine-2	"Kemerovo district" and "Kemerovo city" municipal Formations of Kemerovo region, Russia	31 October 2035

14. TRADE RECEIVABLES

Trade receivables at the end of each reporting period comprise amounts receivable from third parties.

The Group does not have specific credit term granted to trade customers and no interest is charged. The following is an aged analysis of trade receivables presented based on the invoice date, which approximated the respective recognition dates, at the end of the reporting period.

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 to 90 days	2,649	4,994
91 to 180 days	17	5
181 to 365 days	7	—
	2,673	4,999

15. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods at the end of the reporting period, is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 - 90 days	4,192	10,771
181 - 365 days	5,750	—
	9,942	10,771

The average credit period on purchase of goods is from 30 days to 365 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. INTEREST-BEARING BORROWINGS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Other loan 1 (Note a)	—	28,561
Other loan 2 (Note b)	—	13,131
Other loan 3 (Note c)	17,404	17,404
Other loan 4 (Note d)	3,000	3,000
	20,404	62,096
Within one year	—	28,561
After one year but within two years	20,404	33,535
	20,404	62,096
Carrying amount of repayable within one year and amounts shown under current liabilities	—	28,561
Amounts shown under non-current liabilities	20,404	33,535
	20,404	62,096

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Within one year	—	28,561
After one year but within two years	20,404	33,535
	20,404	62,096
Less: Amounts shown under non-current liabilities	(20,404)	(33,535)
Amounts shown under current liabilities	—	28,561
Less: The carrying amount of other borrowing that is repayable on demand due to loan defaults	—	(28,561)
Amounts shown under current liabilities For the other borrowing that is repayable within one year or on demand	—	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. INTEREST-BEARING BORROWINGS *(Continued)*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	30 September 2024	31 March 2024
Effective interest rate: Fixed-rate borrowings	4.6% – 6%	4.6% – 6%

The Group's borrowings are denominated in the following currencies:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
HK\$	3,480	8,480
US\$	16,924	40,485
KRW	—	13,131
	20,404	62,096

Notes:

- (a) The aggregate amount of approximately HK\$28,561,000 (31 March 2024: approximately HK\$28,561,000) ("**Other Loan 1**") outstands over 6 years from the date of respective agreement. The lender is dissolved and did not demand the Group on loan repayment. Directors of the Company consider the chance of demand on repayment is remote and write off the loan during the period ended 30 September 2024.
- (b) During the period ended 30 September 2024, additional loan amount of KRW100,000,000 (equivalent to approximately HK\$592,000) was obtained. As at 1 August 2024, the Group has entered a lease agreement with the lenders-two independent parties and the borrowing amount of KRW2,364,000,000 (equivalent to approximately HK\$13,995,000) ("**Other Loan 2**") had been transferred to security deposit of this lease agreement.
- (c) As at 30 September 2024, the aggregate amount of approximately HK\$17,404,000 (31 March 2024: approximately HK\$17,404,000) ("**Other Loan 3**") was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 December 2025.
- (d) As at 30 September 2024, the aggregate amount of approximately HK\$3,000,000 (31 March 2024: approximately HK\$3,000,000) ("**Other Loan 4**") was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. AMOUNTS DUE TO SHAREHOLDERS

- (a) As at 30 September 2024, the amount due to a shareholder amounting to HK\$228,000 (31 March 2024: HK\$228,000) was unsecured, interest free and repayable on demand.
- (b) As at 30 September 2024, the amount due to a shareholder amounting to approximately HK\$3,119,000 (31 March 2024: approximately HK\$3,030,000) was unsecured, bears interest at the weighted average effective interest rate of 10% (31 March 2024: 10%) per annum and repayable upon maturity or on demand.
- (c) As at 30 September 2024, the aggregate amount of approximately HK\$137,874,000 (31 March 2024: approximately HK\$133,559,000) was bearing interest at 5% – 6% (31 March 2024: 5% – 6%) per annum and repayable by 31 December 2025 or on demand.
- (d) As at 30 September 2024, the amount due to a shareholder totaling approximately HK\$36,040,000 (31 March 2024: approximately HK\$35,839,000), which is unsecured and bears interest at the rate of 0% – 8% per annum, was repayable within three years after the drawdown date.

18. AMOUNT DUE TO A DIRECTOR

As at 30 September 2024, the amount due to a director amounting to HK\$2,677,000 (31 March 2024: HK\$2,596,000) was unsecured, bearing interest at 5% per annum and repayment on demand. The Director had agreed to extend the repayment date to 31 December 2025.

19. AMOUNT DUE TO A RELATED PARTY

As at 30 September 2024, the aggregate amount of approximately KRW2,500,000,000 (equivalent to approximately HK\$14,800,000) (31 March 2024: approximately KRW2,500,000,000 (equivalent to approximately HK\$14,500,000)) was obtained from a related party, which was unsecured, bearing interest at 4.6% per annum. The lender had agreed to extend the repayment date to 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. CONVERTIBLE NOTES PAYABLES

Convertible notes

In April 2013, the Third Convertible Note with a principal amount of US\$443,070,000 (equivalent to approximately HK\$3,455,946,000) was issued to Cordia in accordance with the terms of the Acquisition Agreement.

On 22 May 2015, Cordia partially converted the Third Convertible Note amounted to US\$30,800,000 (equivalent to approximately HK\$240,000,000). A total of 5,005,000 conversion shares were issued and allotted to Cordia on 26 May 2015.

On 17 June 2015, the outstanding Third Convertible Note was transferred to a new independent third party, Daily Loyal Limited ("**Daily Loyal**"), at the request of Cordia.

In April 2016, HASS Natural Resources Limited ("**HASS**") (now known as Newborn Global Energy Limited) and Herman Tso withdrew the First HASS Report and the Supplemental HASS Report (collectively the "**HASS Reports**"). The HASS Reports was previously adopted by the Company to determine the quantum of purchase consideration of the Lapi mine and hence the amount of convertible notes to be issued.

In order to re-assess and support the issuance of the Third Convertible Note, the Company then engaged another experienced and qualified New Technical Expert to perform another technical report (the "**New Technical Report**") on the basis of the JORC Code prevailing at the time when the Third Convertible Note was issued on 3 April 2013.

The New Technical Expert reported a slightly different estimate of the probable coal reserves in the open-pit mining area in Lot 2 of the Mine and, as a result, prior year adjustments on the Third Convertible Note were made to restate the balance in the respective years concerned, being approximately HK\$2,127,088,000 (as restated 31 March 2013), HK\$2,398,314,000 (as restated 31 March 2014) and HK\$2,702,681,000 (as restated 31 March 2015). The Company had also re-performed the yearly valuation to determine the recoverable amounts of the exploration and evaluation assets for the years ended 31 March 2013, 2014, 2015 and 2016. Based on the re-performed results, impairment tests for the years ended 31 March 2013, 2014 and 2015 were re-assessed and adjustments were made to reflect the effect/cumulative effect of the re-performed impairment amounts for each of the said years.

On 22 August 2016, in response to the New Technical Report dated 11 August 2016, Cordia, Choi Sungmin, Grandvest, Daily Loyal and the Company entered into an additional agreement in relation to the Third Convertible Note, pursuant to which the principal amount of the whole Third Convertible Note (before any conversion or transfer thereof) would be adjusted from US\$443,070,000 (equivalent to approximately HK\$3,455,946,000) to US\$431,190,000 (equivalent to approximately HK\$3,363,282,000) and accordingly, the principal amount of US\$412,270,000 (equivalent to approximately HK\$3,215,706,000) of the Third Convertible Note held by Daily Loyal would also be reduced by US\$11,880,000 (equivalent to approximately HK\$92,664,000) to US\$400,390,000 (equivalent to approximately HK\$3,123,042,000). Daily Loyal agreed not to request for any compensation from any of the other parties for such reduction.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

On 13 April 2017, the Company announced that Daily Loyal and the Company entered into an amended agreement (the “**Amendment Agreement**”), which provided, among other things, to (i) extend the maturity dates of the Outstanding Third Convertible Note for at least another two years before the Outstanding Third Convertible Note becomes a current liability of the Company; (ii) convert the Outstanding Third Convertible Note except for the principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000) at the conversion price of HK\$48 per share within three business days upon signing of the Amendment Agreement; and (iii) agree on no demand of the remaining outstanding principal amount of the Outstanding Third Convertible Note on the maturity dates.

However, Daily Loyal (as the plaintiff) subsequently alleged that its sole director (Mr. Chan Chun Wah) signed the Amendment Agreement in August 2016 (leaving the document undated, the “**Undated Amendment Agreement**”) based on an understanding that such document only served as a memorandum for discussion purpose and was not intended to be binding, and that the Company and Mr. Hong Sang Joon (a former Director of the Company) should not fill in the date of the document. Besides, Daily Loyal was of the view that the validity of the Undated Amendment Agreement was contrary to the Additional Agreement entered into by it with Cordia, Choi Sungmin, Grandvest International Limited (a subsidiary of the Company) and the Company on 22 August 2016.

Daily Loyal also alleged that (i) the placing and issue of new shares by the Company as announced by the Company on 24 October 2016; (ii) the placing and issue of new shares by the Company as announced by the Company on 24 January 2017; and (iii) the issue of new shares upon loan capitalizations as announced by the Company on 20 February 2017 were conducted without the prior consent or authorization of Daily Loyal and were in breach of a convertible note agreement (the “**Convertible Note Agreement**”) dated 3 April 2013 between the Company and Cordia in relation to the Third Convertible Note. Details are disclosed in Note 24 in relation to legal action HCA 1071 of 2017.

On 19 October 2018, the Company announced that it has received transfer documents together with note certificates in respect of an aggregate US\$309,270,000 in principal amount of the Original Notes, with instructions to transfer (i) US\$226,170,000 in aggregate principal amount of the Original Notes from Daily Loyal to China Panda, and (ii) US\$83,100,000 in aggregate principal amount of the Original Notes from Daily Loyal to Gold Ocean (collectively, the “**Transferred Notes**”).

The Company had accordingly registered the transfer of the Transferred Notes in the Register of Noteholders of the Company. Subsequently, the Company also received transfer documents together with note certificates in respect of an aggregate principal amount of US\$20,000,000 with instructions to transfer such US\$20,000,000 in notes from China Panda to Gold Ocean. The Company registered the transfer of such notes in the Register of Noteholders of the Company.

On 19 October 2018, the Company and holders of not less than 75% in aggregate principal amount of the Original Notes amended the Note Instrument Constituting the Secured Convertible Notes in the Principal Amount of US\$443,070,000 Due on the Date Falling Five Years After the Date of the Issue of the Convertible Notes dated 3 April 2013 (the “**Original Note Instrument**”) constituting the Original Notes, pursuant to Condition 14 of the Original Note Instrument, by entering into the Amended and Restated Note Instrument Constituting Convertible Notes in the Principal Amount of US\$400,390,000 (the “**Amended Note Instrument**”). In consequence of such amendment, the Amended Note Instrument amended, superseded and replaced the Original Note Instrument in its entirety, and the convertible notes reconstituted under Amended Note Instrument (the “**Amended Notes**”) replace the Original Notes in their entirety.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

The principal changes made by the Amended Note Instrument to the Original Note Instrument were as follows:

1. The principal amount of the notes had been updated to a reduced principal amount of US\$400,390,000 to reflect conversions of and adjustments to the Original Notes since their original issuance.
2. The maturity date of the Original Notes was five years after the date of issue of the Original Notes, or 3 April 2018. The Amended Note Instrument extended the maturity date of the Notes to the date falling one year after the date of the Amended Note Instrument without interest, or 19 October 2019.
3. The Original Note Instrument gave holders of the Original Notes the right to require conversion of the Original Notes. The Amended Note Instrument granted holders of the Amended Notes, as well as the Company, to require conversion of the Amended Notes.
4. The Original Notes were secured by certain share charges as provided in condition 6 thereunder. Pursuant to the Amended Note Instrument, the parties agreed to release and discharge such share charges immediately after execution of the Amended Note Instrument.
5. Condition 14 of the Original Note Instrument provided that the terms and conditions of the Original Note Instrument may be amended by agreement in writing between the Company and the noteholders holding in aggregate not less than 75% in outstanding principal amount of the Original Notes. The Amended Note Instrument provided that the terms and conditions of the Amended Note Instrument may be amended by agreement in writing between the Company and noteholders holding in aggregate not less than 65% in outstanding principal amount of the Amended Notes.
6. Certain provisions under the Original Note Agreement requiring the approval of the noteholders thereunder (including the appointment of a Calculation Agent as defined thereunder, and other provisions for the protection of noteholders), were amended to require the approval of noteholders holding in aggregate not less than 65% in outstanding principal amount of the Amended Notes.

All other material terms of the Original Notes, including the conversion price thereunder of HK\$48 at that time (now becoming HK\$480 after the share consolidation of the Company being effective from 24 April 2020), remained unchanged.

Immediately following the Amended Note Instrument becoming effective, the Company exercised its right to require conversion of US\$340,390,000 in principal amount of the notes, by delivering conversion notices to all the noteholders.

The conversion of the notes thereby effected had resulted in the issuance of 55,313,376 Conversion Shares, and left US\$60,000,000 in principal amount of the Amended Notes outstanding.

On 22 October 2018, the Company announced that it had exercised its rights under the Amended Note Instrument to require conversion of US\$340,390,000 (equivalent to approximately HK\$2,655,042,000) in the principal amount of the Amended Notes at a conversion price of HK\$48 per Conversion Share, by delivering conversion notices to all noteholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. CONVERTIBLE NOTES PAYABLES (Continued)

Convertible notes (Continued)

The Company on 22 October 2018 allotted 55,313,376 Conversion Shares, of which 27,656,688 Conversion Shares were allotted to China Panda, 14,640,844 Conversion Shares were allotted to Gold Ocean and 13,015,844 Conversion Shares were allotted to Daily Loyal, and relevant share certificates were issued in name of each of them accordingly. The Conversion Shares ranked *pari passu* with all the existing shares at the date of allotment and issue and among themselves in all respects.

The outstanding principal amount of the Amended Notes after the conversion was US\$60,000,000 (equivalent to approximately HK\$468,000,000).

On 20 May 2019, the Company announced in relation to, amongst other things, the amendments of the terms and conditions of the convertible notes (the “**Amendments**”), the partial conversion of the convertible notes (the “**Conversion**”), the issuance of conversion shares pursuant to the Conversion (the “**Conversion Shares**”) and the cancellation agreement entered into by the Company on 16 May 2019 reversing the Amendments and the Conversion (“**Cancellation Agreement**”).

Pursuant to the Cancellation Agreement, the Amendments and all transactions carried out pursuant thereto, including the Conversion, would be reversed and cancelled *ab initio*. As a result, the issued share capital of the Company would with immediate effect revert to the original status before the shares conversion.

All the other terms and conditions of the Original Notes remain unchanged and the independent third-party investors can convert the convertible notes into ordinary shares of the Company at a conversion price of HK\$480 per share, being adjusted with the effect from the Company’s share consolidation effective on 24 April 2020.

Measurement of convertible notes

The fair value of the derivative components of the Third Convertible Note was determined based on a professional valuation performed by Ravia using the Hull model at the date of issue. As at 30 September 2024, the total outstanding principal amount plus interests is US\$460,448,500 (equivalent to HK\$3,591,498,000) (31 March 2024: US\$460,448,500 (equivalent to HK\$3,591,498,000)) with the effective interest rate of the liability component of the Third Convertible Note was 12.01% (31 March 2024: 12.01%).

The expected volatility was determined by taking into account the historical ordinary share prices of the Company before the date of valuation.

Movement of the different components of the convertible notes

	Liabilities component HK\$'000	Derivative component HK\$'000	Total HK\$'000
As at 1 April 2023, 31 March 2024 and 1 April 2024	3,591,498	–	3,591,498
Imputed interest charged during the period	–	–	–
As at 30 September 2024 (Unaudited)	3,591,498	–	3,591,498

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE CAPITAL

	Numbers of shares		Nominal value	
	30 September 2024 (Unaudited)	31 March 2024 (Audited)	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Authorised: Ordinary shares of HK\$0.50 each	2,000,000,000	2,000,000,000	1,000,000	1,000,000
Issued and fully paid: At the end of the period/year	145,017,062	145,017,062	72,509	72,509

All shares issued by the Company rank *pari passu* with the then existing shares in all respect.

22. CAPITAL COMMITMENTS

There was no capital expenditure contracted for but not provided in the consolidated financial statements as at 30 September 2024 and 31 March 2024.

23. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those related party transactions disclosed elsewhere in these condensed financial statements, details of transactions between the Group and other related parties are disclosed below.

- (a) In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the Company entered into the following transactions with its related parties during the period:

Name of Company	Relationship	Nature of transactions	Six months ended 30 September	
			2024 HK'000 (Unaudited)	2023 HK'000 (Unaudited)
Cordia Global Limited	Shareholder	Interest expenses thereto	202	204
First Glory Limited	Shareholder	Interest expenses thereto	89	89
Im Jonghak	Director	Interest expenses thereto	65	26
Space Hong Kong Enterprise Limited	Shareholder	Interest expenses thereto	2,765	2,742
EH Energy Limited	Related party	Interest expenses thereto	330	343

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) Compensation of key management personnel of the Group:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Directors' remuneration		
— Executive directors	180	180
— Independent non-executive directors	210	210
	390	390

24. LITIGATIONS

(i) The Company/its Subsidiary as the Defendant

Legal Proceedings Taken By Former Shareholders of a Russian Subsidiary

A former shareholder, Tannagashev Ilya Nikolaevich (the "**First Claimant**"), of the Group's Russian subsidiary company, LLC "Shakhta Lapichevskaya" ("**Lapi**"), submitted a claim to the Russian Court in March 2012 for his share in the final 4th stage payment amounting to US\$673,400 (equivalent to approximately HK\$5,252,000) (the "**First Claim**") in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Russian Court in August 2012 passed a judgment in favour of the First Claimant. The Group had fully provided for the full amount of the First Claim in the financial statements for the 6 months ended 30 September 2012. By three partial payments, the Group fully settled the First Claim in November 2013, and the case was thus resolved.

In March 2013, the other two former shareholders of Lapi, namely, Demeshonok Konstantin Yur'evich (the "**Second Claimant**") and Kochkina Ludmila Dmitrievna (the "**Third Claimant**") submitted their claims to the Russian Court for their respective shares in the final 4th stage payment in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Second Claimant claimed US\$288,600 (equivalent to approximately HK\$2,251,000) (the "**Second Claim**") and the Third Claimant claimed US\$338,000 (equivalent to approximately HK\$2,636,000) (the "**Third Claim**"). The Group had fully provided for the full amount of both the Second Claim and the Third Claim in the financial statements since the year ended 31 March 2013.

The Group and the Second Claimant entered into an amicable agreement dated 11 July 2013 to settle the Second Claim by three instalments. In February 2014, US\$100,000 (equivalent to approximately HK\$780,000) was paid. The Second Claimant threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the remaining outstanding amount of the Second Claim. As of 30 September 2023, the outstanding amount of the Second Claim was US\$188,600 (equivalent to approximately HK\$1,471,000), which had been fully provided for since 31 March 2013.

The Group and the Third Claimant entered into an amicable agreement dated 13 May 2013 to settle the Third Claim by three instalments. In February 2014, US\$100,000 (equivalent to approximately HK\$780,000) was paid. The Third Claimant also threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the remaining outstanding amount of the Third Claim. As of 30 September 2023, the outstanding amount of the Third Claim was US\$238,000 (equivalent to approximately HK\$1,856,000), which had also been fully provided for since 31 March 2013.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 672 of 2013

As announced by the Company on 30 April 2013, Cordia Global Limited (“**Cordia**”) on 23 April 2013 issued a writ of summons in the High Court of Hong Kong (HCA 672 of 2013) against certain parties and the Company. Cordia also took out an inter partes summons to seek, inter alia, an injunction against certain parties to restrain them from disposing of their shares in the Company and/or exercising their voting rights under those shares.

On 26 April 2013 at the hearing of the inter partes summons, the High Court of Hong Kong granted an interim injunction restraining, among other things, certain shareholders of the Company from (a) disposing of or in any way dealing with, and (b) exercising voting rights of, their respective shares in the Company until further order (the “**Injunction Order**”).

As further announced by the Company on 14 May 2015, the parties therein applied to the Court to discharge the Injunction Order and it was approved by the Court on 11 May 2015. The proceedings had been dormant since May 2015.

The Company was sued as a nominal defendant only as the disputes concern the ownership of the shares in the Company. Preliminary assessment reveals that the legal action is unlikely to have any unfavourable outcome on the Company. Nevertheless, the Company is in the process of liaising with Cordia in an attempt to ask Cordia to discontinue such legal action against the Company.

HCA 584 of 2016

As announced by the Company on 14 March 2016, the Company on 8 March 2016 received a writ of summons issued by Zhi Charles (as the plaintiff) in the High Court of Hong Kong (HCA 584 of 2016) against certain parties, including the Company. The plaintiff was seeking various orders on the defendants in respect of, inter alia, the Company’s very substantial acquisition in relation to the Russian coal mines in 2008, and certain technical reports and valuation reports relating to the Russian coal mines.

As announced by the Company on 29 June 2016, Zhi Charles was subject to a Court Order in respect of the Company’s legal action against him under action number HCMP 443 of 2015 (the “**Restrictive Court Order On Zhi Charles**”). Pursuant to such Restrictive Court Order On Zhi Charles, the Court ordered that, inter alia, (i) Zhi Charles be prohibited from commencing or issuing any fresh claims or proceedings in any Court in Hong Kong against the Company without the leave of one of the Designated Judges except where the originating process is signed by counsel or solicitors practising in Hong Kong who have read the Restrictive Court Order On Zhi Charles and the reasons therefore; and (ii) a stay be granted on certain legal actions against the Company by Zhi Charles. Hence, there has been a stay of all further proceedings as against the Company in action HCA 584 of 2016.

As announced by the Company on 5 May 2017, the Company obtained a bankruptcy order against Zhi Charles on 26 April 2017 under bankruptcy number HCB 5395 of 2016 (the “**Bankruptcy Order Against Zhi Charles**”). The Trustee in Bankruptcy so appointed is now the trustee of the property of Zhi Charles and his property including all things in action has vested in the Trustee.

The Company is in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, the Company will ask the Trustee to discontinue such legal action.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 1195 of 2016

As announced by the Company on 11 May 2016, the Company on 6 May 2016 received a writ of summons issued by Zhi Charles (as the plaintiff) in the High Court of Hong Kong (HCA 1195 of 2016) against certain parties, including the Company. The plaintiff was seeking various orders on the defendants in respect of, inter alia, certain technical report and certain valuation report on the Company's Russian coal mines.

As announced by the Company on 29 June 2016, pursuant to the Restrictive Court Order On Zhi Charles under action number HCMP 443 of 2015, there has been a stay of all further proceedings as against the Company in action HCA 1195 of 2016. Subsequent to the Bankruptcy Order Against Zhi Charles, the Trustee in Bankruptcy so appointed is now the trustee of the property of Zhi Charles and his property including all things in action has vested in the Trustee.

The Company is in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, the Company will ask the Trustee to discontinue such legal action.

HCA 1618 of 2016

As announced by the Company on 29 June 2016, the Company on 22 June 2016 received a writ of summons issued by Zhi Charles (as the plaintiff) in the High Court of Hong Kong (HCA 1618 of 2016) against certain parties, including the Company. The plaintiff was seeking various orders on the defendants in respect of, inter alia, the investigation on the Company's mining assets, the Company's financial statements, certain securities issued by the Company, and the trading of the Company's shares.

Subsequent to the Bankruptcy Order Against Zhi Charles, the Trustee in Bankruptcy so appointed is now the trustee of the property of Zhi Charles and his property including all things in action has vested in the Trustee.

The Company is in the process of liaising with the Trustee. As the Trustee has no objection to discontinue the legal action, the Company will proceed to discontinue such legal action.

HCA 2380 of 2016

As announced by the Company on 21 September 2016, Zhi Charles (as the plaintiff) on 14 September 2016 issued a writ of summons in the High Court of Hong Kong under action number HCA 2380 of 2016 to certain parties, including an existing Director of the Company Grandvest International Limited (a wholly-owned subsidiary of the Company). For avoidance of doubt, the Company was not a defendant in such action. The plaintiff was seeking various orders on the defendants in respect of, inter alia, the New Technical Report conducted by the New Technical Expert engaged by the Company and certain agreements relating to the Third Convertible Note and certain proposed loan capitalizations transactions as disclosed in the Company's announcement of 1 December 2015.

Subsequent to the Bankruptcy Order Against Zhi Charles, the Trustee in Bankruptcy so appointed is now the trustee of the property of Zhi Charles and his property including all things in action has vested in the Trustee.

The solicitors acting for the existing Director of the Company and Grandvest International Limited are in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, the solicitor will ask the Trustee to discontinue such legal action.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 2397 of 2016

As announced by the Company on 27 September 2016, the Company received on 20 September 2016 a writ of summons issued by Zhi Charles (as the plaintiff) in the High Court of Hong Kong under action number HCA 2397 of 2016 to certain parties, including one existing Director of the Company. For avoidance of doubt, the Company was not a defendant in such action. The plaintiff was seeking various orders on the defendants in respect of, inter alia, the Company's audit reports of 2013, 2014 and 2015.

Subsequent to the Bankruptcy Order Against Zhi Charles, the Trustee in Bankruptcy so appointed is now the trustee of the property of Zhi Charles and his property including all things in action has vested in the Trustee.

The solicitor acting for the existing Director is in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, the solicitor will ask the Trustee to discontinue such legal action.

HCA 2633 of 2016

As announced by the Company on 18 October 2016, the Company received on 11 October 2016 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 2633 of 2016 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, disclosure of interests in the shares of the Company by certain alleged investors, certain loans made available to the Company, and the Third Convertible Note issued by the Company.

As announced by the Company on 19 June 2017, the Company obtained a bankruptcy order against Kim Sungho on 7 June 2017 under bankruptcy number HCB 377 of 2017 (the "**Bankruptcy Order Against Kim Sungho**"). The Official Receiver is now the provisional trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company will ask the Official Receiver to discontinue such legal action.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 3148 of 2016

As announced by the Company on 14 December 2016, the Company received on 1 December 2016 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 3148 of 2016 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, certain alleged transfers of funds for alleged payments of expenses in relation to the resumption of trading in the Company's shares on The Stock Exchange of Hong Kong Limited and the Company's proposed loan capitalizations transactions as disclosed in the Company's announcement of 1 December 2015.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company will ask the Official Receiver to discontinue such legal action.

HCA 3160 of 2016

As announced by the Company on 14 December 2016, the Company received on 2 December 2016 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 3160 of 2016 to certain parties, including the Company and former Director of the Company (Mr. Kwok Kim Hung, Eddie). The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, certain accounting information and certain valuation reports used by the Company.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company will ask the Official Receiver to discontinue such legal action.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 3190 of 2016

As announced by the Company on 14 December 2016, the Company received on 6 December 2016 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 3190 of 2016 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, the use of certain technical and valuation reports by the Company.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company will ask the Official Receiver to discontinue such legal action.

HCA 47 of 2017

As announced by the Company on 16 January 2017, the Company received on 9 January 2017 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 47 of 2017 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, certain technical reports on the Company's Russian coal mines, the First Convertible Note and the Third Convertible Note.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company will ask the Official Receiver to discontinue such legal action.

HCMP 701 of 2017

As announced by the Company on 16 May 2017, the Company received on 2 May 2017 originating summons issued by Kim Sungho, Cho Seong Woo, Kim Kyungsoo, Lim Hang Young and Joung Jong Hyun (as the plaintiffs) in the High Court of Hong Kong under action number HCMP 701 of 2017 on 27 March 2017 to certain parties, including the Company and Grandvest International Limited (a subsidiary of the Company). The plaintiffs were seeking Court orders for the Company to produce to them, inter alia, information about the new technical report issued to the Company on 11 August 2016.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The solicitors acting for the Company and Grandvest International Limited is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the solicitors will ask the Official Receiver to discontinue such legal action.

The Company and Grandvest International Limited will take out a summons to strike out such legal action raised by Cho Seong Woo, Kim Kyungsoo, Lim Hang Young and Joung Jong Hyun.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 814 of 2017

As announced by the Company on 20 April 2017, the Company received on 5 April 2017 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 814 of 2017 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, a technical report issued to the Company and certain shares issued pursuant to certain loan capitalizations of the Company.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company will ask the Official Receiver to discontinue such legal action.

HCA 1050 of 2017

As announced by the Company on 16 May 2017, the Company received on 2 May 2017 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 1050 of 2017 to certain parties, including Grandvest International Limited (a subsidiary of the Company). The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, certain technical report issued to the Company.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

Grandvest International Limited is in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, Grandvest International Limited will ask the Official Receiver to discontinue such legal action.

HCA 1071 of 2017

As announced by the Company on 12 May 2017, the Company received on 26 April 2017 a writ of summons issued by Daily Loyal Limited ("**Daily Loyal**") (as the plaintiff) in the High Court of Hong Kong under action number HCA 1071 of 2017 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, the Third Convertible Note issued by the Company.

As announced by the Company on 13 April 2017, Daily Loyal and the Company entered into the undated Amendment Agreement, among other things, to (i) extend the maturity dates of the Outstanding Third Convertible Note for at least another two years before the Outstanding Third Convertible Note becomes a current liability of the Company; (ii) convert the Outstanding Third Convertible Note except for the principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000) at the conversion price of HK\$48 per share (now it would become HK\$480 per share after the share consolidation becoming effective on 24 April 2020) within three business days upon signing of the Amendment Agreement; and (iii) agree on no demand of the remaining outstanding principal amount of the Outstanding Third Convertible Note on the maturity dates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) The Company/its Subsidiary as the Defendant *(Continued)*

HCA 1071 of 2017 *(Continued)*

However, Daily Loyal (as the plaintiff) subsequently alleged that its sole director (Mr. Chan Chun Wah) signed the Amendment Agreement in August 2016 (leaving the document undated, the “**Undated Amendment Agreement**”) based on an understanding that such document only served as a memorandum for discussion purpose only and was not intended to be binding, and that the Company would not fill in the date of the document. Besides, Daily Loyal was of the view that the validity of the Undated Amendment Agreement was contrary to the Additional Agreement entered into by it with Cordia Global Limited (“**Cordia**”), Choi Sungmin, Grandvest International Limited (a subsidiary of the Company) and the Company on 22 August 2016.

Daily Loyal also alleged that (i) the placing and issue of new shares by the Company as announced by the Company on 24 October 2016; (ii) the placing and issue of new shares by the Company as announced by the Company on 24 January 2017; and (iii) the issue of new shares upon loan capitalizations as announced by the Company on 20 February 2017 were conducted without the prior consent or authorization of Daily Loyal and were in breach of a convertible note agreement (the “**Convertible Note Agreement**”) dated 3 April 2013 between the Company and Cordia in relation to the Third Convertible Note.

Daily Loyal (as the plaintiff) was seeking, among other things, (i) damages for breach of the Convertible Note Agreement and/or the Additional Agreement; (ii) a declaration that the Undated Amendment Agreement and the dated Amendment Agreement were null and void *ab initio*; and (iii) alternatively, a declaration that the dated Amendment Agreement and/or the Undated Amendment Agreement had been rescinded.

As announced by the Company on 16 June 2017, the Company received a letter from Daily Loyal's legal advisers on 9 June 2017. In that letter, Daily Loyal alleged that it had sold the Outstanding Third Convertible Note as to an aggregate principal amount of US\$103,000,000 (equivalent to approximately HK\$803,400,000) and therefore it currently held the Outstanding Third Convertible Note as to a principal amount of US\$297,390,000 (equivalent to approximately HK\$2,319,642,000) (the “**Alleged Current Outstanding Amount**”). Further, Daily Loyal also demanded the Company to (i) repay the Alleged Current Outstanding Amount within 14 days from 9 June 2017; (ii) pay any interest accrued in full; and (iii) indemnify Daily Loyal for all costs and expenses incurred, among other things, for collection of the Alleged Current Outstanding Amount and the enforcement of the Convertible Note Agreement. The primary ground relied upon by Daily Loyal was that the Company did not obtain its prior consent or authorization in the previous placing and issue of new shares and the issue of new shares upon loan capitalizations, that was one of Daily Loyal's allegations as set out in the announcement of 12 May 2017.

The Company filed the defence and counterclaim on 18 July 2017. The plaintiff filed the reply and defence to counterclaim on 9 November 2017.

As announced by the Company on 12 March 2018, the Company received a demand letter from Daily Loyal's legal advisers on 6 March 2018 where Daily Loyal demanded the Company to repay US\$297,390,000 (equivalent to approximately HK\$2,319,642,000) (which was alleged by Daily Loyal to be the current outstanding principal amount of the portion of the Third Convertible Note held by Daily Loyal) together with any interest accrued in full and in cash on or before 3 April 2018. Up to the date of this report, Daily Loyal has not taken any steps further after 3 April 2018 in respect of its alleged demand for repayment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 1071 of 2017 *(Continued)*

Daily Loyal on 6 March 2019 filed its amended statement of claim, the Company in response filed its amended defence and counterclaim on 22 March 2019, and Daily Loyal then filed its amended reply and defence to counterclaim on 22 May 2019. Parties to this legal action had exchanged the signed witness statements on 5 June 2019 and this legal action is ready to be set down for trial.

As announced by the Company on 3 October 2019, the Court on 19 September 2019 directed that an application by Daily Loyal to have HCA 1071/2017, HCA 2501/2017 (Counterclaim) and HCA 2520/2018 heard together and tried by the same judge (the “**Consolidation Applications**”) be adjourned for directions on 21 October 2019. As directed by the Court, substantive hearing of the Consolidation Applications originally set down for 28 February 2020 was adjourned to 21 May 2020 due to general adjournment of court proceedings under the COVID-19 situation. At the hearing of 21 May 2020, it was ordered by the Court that the three legal actions (i.e. HCA 1071/2017, HCA 2501/2017 (Counterclaim) and HCA 2520/2018) be heard together by the same judge. On 8 November 2021, the Court ordered that this HCA 1071/2017 be consolidated with HCA 2501/2017 and HCA 2520/2018.

Consolidated pleadings were filed and served in early 2022 and consolidated witness statements were exchanged in late March 2022. This legal case is pending a case management hearing.

Due to the length of the trial and the congested court diary, it is expected that this legal case is unlikely to progress to trial until 2024 at the earliest.

As announced by the Company on 18 November 2024, an order made before Master S.P. Yip of the High court in Chambers dated 13 November 2024 concerning HCA 1071 of 2017, it was by consent ordered that the litigation be wholly discontinued and no order as to costs for the application for the discontinuance of HCA 1071 of 2017.

HCA 1521 of 2017

As announced by the Company on 10 July 2017, the Company received a writ of summons issued by Lim Hang Young (as plaintiff) in the Court of First Instance of the High Court of Hong Kong under action number HCA 1521 of 2017 on 28 June 2017 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, the Third Convertible Note issued by the Company.

The Company take out a summons to strike out such legal action.

HCA 2077 of 2017

As announced by the Company on 30 April 2021, the Company on 20 April 2021 was served with a counterclaim in High Court Action No. 2077 of 2017 in which a company called Lucrezia Limited (“**Lucrezia**”) claimed damages from the Company in respect of a dispute over a sale and purchase agreement between Gold Ocean (now known as “Solidarity Partnership”) and Lucrezia for a promissory note in the amount of US\$3,751,282 (equivalent to approximately HK\$29,260,000) issued by the Company back in February 2013. Lucrezia first filed its counterclaim in the action against certain other parties on 28 March 2018 and it was immediately clear why it had waited more than 3 years before joining the Company as a co-defendant to the counterclaim.

As announced by the Company on 18 November 2024, an order made before Master S.P. Yip of the High court in Chambers dated 13 November 2024 concerning HCA 2077 of 2017, it was by consent ordered that the litigation be wholly discontinued and no order as to costs for the application for the discontinuance of HCA 2077 of 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 2079 of 2017

The Company on 18 June 2021 purportedly served with a counterclaim in High Court Action No. 2079 of 2017 in which a company called Token Century Limited ("**Token Century**") claimed damages from the Company in respect of a dispute over a sale and purchase agreement between Gold Ocean (now known as "Solidarity Partnership") and Token Century for a promissory note in the amount of US\$3,500,000 (equivalent to approximately HK\$27,300,000) issued by the Company back in February 2013. Token Century first filed its counterclaim in the action against certain other parties on 21 March 2018 and it was not immediately clear why it had waited more than 3 years before joining the Company as a co-defendant to the counterclaim.

As announced by the Company on 18 November 2024, an order made before Master S.P. Yip of the High court in Chambers dated 13 November 2024 concerning HCA 2079 of 2017, it was by consent ordered that the litigation be wholly discontinued and no order as to costs for the application for the discontinuance of HCA 2079 of 2017.

HCA 2501 of 2017

As announced by the Company on 14 November 2017, the Company on 3 November 2017 received a writ of summons issued by China Panda Limited (now known as "Golden China Circle Holdings Company Limited") (as the 1st plaintiff) and Gold Ocean (now known as "Solidarity Partnership") (as the 2nd plaintiff) in the Court of First Instance of the High Court of Hong Kong under action number HCA 2501 of 2017 to certain parties, including the Company. The plaintiffs were seeking various court orders and declarations in respect of certain portions of the Third Convertible Note issued by the Company in April 2013, including the court order for the Company to issue certificates for those portions of the Third Convertible Note to the plaintiffs. The Company was sued as a nominal defendant only.

The Company filed the defence on 11 January 2018. Daily Loyal (as the defendant) filed the defence and counterclaim on 9 February 2018. The plaintiffs filed the reply and defence to counterclaim of Daily Loyal on 12 June 2018.

Daily Loyal made its counterclaim in February 2018 to certain parties, including the Company, but such counterclaim was not served to the Company within the statutory stipulated time period. Only in February 2019, Daily Loyal attempted to serve its counterclaim to the Company, which is more than 14 months out of time and was thus in contravention of the Rules of the High Court. The Company applied to the Court for dismissal of Daily Loyal's counterclaim for abuse of process, and the Court declined to grant Daily Loyal an extension of time for its counterclaim pending the outcome of the Company's dismissal application.

As announced by the Company on 3 October 2019, further to an earlier notice of discontinuance filed on 24 June 2019, the Company received an order of the High Court sealed on 25 September 2019, pursuant to which leave was granted to China Panda Limited and Gold Ocean to wholly discontinue the original action in HCA 2501/2017 ("**HCA 2501/2017 (Original Action)**"). Notwithstanding the discontinuance of HCA 2501/2017 (Original Action), the counterclaim of Daily Loyal against China Panda Limited, Gold Ocean and the Company in HCA 2501/2017 ("**HCA 2501/2017 (Counterclaim)**"), which also involves similar issues and disputes over the ownership of the Third Convertible Note, is still ongoing. Separately, the Court on 19 September 2019 directed that an application by Daily Loyal to have HCA 1071/2017, HCA 2501/2017 (Counterclaim) and HCA 2520/2018 heard together and tried by the same judge (the "**Consolidation Applications**") be adjourned for directions on 21 October 2019. As directed by the Court, substantive hearing of the Consolidation Applications originally set down for 28 February 2020 was adjourned to 21 May 2020 due to general adjournment of court proceedings under the COVID-19 situation. At the hearing of 21 May 2020, it was ordered by the Court that the three legal actions (i.e. HCA 1071/2017, HCA 2501/2017 (Counterclaim) and HCA 2520/2018) be heard together by the same judge. On 8 November 2021, the Court ordered that this HCA 2501/2017 be consolidated with HCA 1071/2017 and HCA 2520/2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 2501 of 2017 *(Continued)*

Consolidated pleadings were filed and served in early 2022 and consolidated witness statements were exchanged in late March 2022. This legal case is pending a case management hearing.

As announced by the Company on 18 November 2024, an order made before Master S.P. Yip of the High court in Chambers dated 13 November 2024 concerning HCA 2501 of 2017, it was by consent ordered that the litigation be wholly discontinued and no order as to costs for the application for the discontinuance of HCA 2501 of 2017.

Fourth Party Notices in Relation to HCA 51 of 2017

As announced by the Company on 7 February 2017, the Company took legal action against Newborn Global Energy Limited (formerly known as "HASS Natural Resources Limited") ("**Newborn Global**") as the 1st defendant and Tso Chi Ming (also known as Herman Tso) as the 2nd defendant under action number HCA 51 of 2017. Subsequently, Kim Sungho and Zhi Charles were purportedly joined as the third parties to such legal action by Herman Tso.

As announced by the Company on 7 February 2017, by a Fourth Party Notice dated 16 January 2017, Zhi Charles purported to join 9 parties as the fourth parties and such fourth parties include Grandvest International Limited (a wholly-owned subsidiary of the Company). In such Fourth Party Notice, Zhi Charles was seeking various declarations against these fourth parties in respect of, inter alia, the HASS Report on the Company's Russian coal mines.

Subsequent to the Bankruptcy Order Against Zhi Charles, the Trustee in Bankruptcy so appointed is now the trustee of the property of Zhi Charles and his property including all things in action has vested in the Trustee.

Grandvest International Limited is in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, Grandvest International Limited will ask the Trustee to discontinue such legal action.

As announced by the Company on 13 February 2017, the Company on 6 February 2017 received a Fourth Party Notice dated 25 January 2017 from Kim Sungho whereby he purported to join 10 parties as the fourth parties and such parties include the Company and Grandvest International Limited in the same legal action HCA 51 of 2017. In such Fourth Party Notice, Kim Sungho was seeking various declarations against those 10 parties in respect of, inter alia, the HASS Report on the Company's Russian coal mines.

Subsequent to the Bankruptcy Order Against Kim Sungho, the Official Receiver is now the trustee of the property of Kim Sungho and his property including all things in action has vested in the Official Receiver.

The Company and Grandvest International Limited are in the process of liaising with the Official Receiver. If the Official Receiver indicates not to proceed with the legal action, the Company and Grandvest International Limited will ask the Official Receiver to discontinue such legal action.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(i) **The Company/its Subsidiary as the Defendant** *(Continued)*

HCA 2520 of 2018

As announced by the Company on 2 November 2018, the Company received on 26 October 2018 a writ of summons issued by Daily Loyal Limited (“**Daily Loyal**”) (as the plaintiff) in the Court of First Instance of the High Court of Hong Kong under action number HCA 2520 of 2018 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs and orders against the defendants in respect of, inter alia, the transfers of convertible notes, the amendments of convertible note instrument and the conversion notices as disclosed in the Company’s announcement on 19 October 2018, and the conversion shares as disclosed in the Company’s announcement on 22 October 2018.

As announced by the Company on 23 November 2018, 27 November 2018 and 24 December 2018, respectively, Daily Loyal in contravention of the Rules of the High Court failed to file and serve its statement of claim on the Company within the statutory stipulated time period and accordingly the Company took out an application to dismiss the legal action. Daily Loyal subsequently applied to the Court for an extension of time of 28 days to file its statement of claim, but the Court granted Daily Loyal an extension of time of 14 days. However, Daily Loyal failed to file its statement of claim within the extended time and, instead applied for a further extension of time of 21 days. The High Court granted Daily Loyal a further extension of time of 21 days subject to an “unless order”, meaning that unless Daily Loyal filed and served its statement of claim by 9 January 2019, the Action would automatically be dismissed.

Daily Loyal eventually filed and served its statement of claim on 9 January 2019. The Company would defend vigorously and has already filed its defence.

As announced by the Company on 3 October 2019, the Court on 19 September 2019 directed that an application by Daily Loyal to have HCA 1071/2017, HCA 2501/2017 (Counterclaim) and HCA 2520/2018 heard together and tried by the same judge (the “**Consolidation Applications**”) be adjourned for directions on 21 October 2019. As directed by the Court, substantive hearing of the Consolidation Applications originally set down for 28 February 2020 was adjourned to 21 May 2020 due to general adjournment of court proceedings under the COVID-19 situation. At the hearing of 21 May 2020, it was ordered by the Court that the three legal actions (i.e. HCA 1071/2017, HCA 2501/2017 (Counterclaim) and HCA 2520/2018) be heard together by the same judge. On 8 November 2021, the Court ordered that this HCA 2520/2018 be consolidated with HCA 1071/2017 and HCA 2501/2017.

Consolidated pleadings were filed and served in early 2022 and consolidated witness statements were exchanged in late March 2022. This legal case is pending a case management hearing.

As announced by the Company on 18 November 2024, an order made before Master S.P. Yip of the High court in Chambers dated 13 November 2024 concerning HCA 2520 of 2018, it was by consent ordered that the litigation be wholly discontinued and no order as to costs for the application for the discontinuance of HCA 2520 of 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff

HCA 706 of 2010 (Civil Proceedings Taken by the Company Against Three Former Directors of the Company) and HCMP 762 of 2017 (Related Intended Appeal Action by Cheung Keng Ching and Chou Mei)

As set out in the Company's announcement dated 25 November 2008, inter alia, the Securities and Futures Commission commenced proceedings in the High Court of Hong Kong to seek a disqualification order and a compensation order against three former executive Directors of the Company (namely, Cheung Keng Ching, Chou Mei and Lau Ka Man Kevin) in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The financial impacts on the Group in relation to these transactions had already been provided for and reflected in the previous financial results of the Group and they shall have no further adverse effects on the existing financial position of the Group.

As set out in the Company's announcement dated 22 March 2010, the judgment of the High Court of Hong Kong delivered on 18 March 2010, inter alia, (i) directed the Company to commence civil proceedings against these three former executive Directors of the Company to recover loss attributable to their mis-management of the Company in entering into certain transactions for and on behalf of the Group during the period between late 2002 and late 2005; and (ii) ordered that any settlement of this civil action by the Company should be subject to the Court's approval.

On 15 April 2010, the Company commenced civil proceedings (HCA 706 of 2010) against these three former executive Directors of the Company to claim damages in the total sum of approximately HK\$18,980,000. Mediation was conducted with a view to settling the matter as required under the Civil Justice Reform. Although it was the opinion from the Senior Counsel that an amicable settlement would be preferred for the purposes of saving time and costs, no settlement arrangement had been reached. The Company proceeded further with the action against these three former Directors of the Company. All the pleadings were filed, and discovery was completed with the witness statements of the parties duly exchanged. A trial judge was assigned for the case on 25 March 2014. As a result of the solicitors ceasing to act for the Company from 9 February 2015, the hearing on the case management conference originally fixed on 11 February 2015 was adjourned pending an application by the Company to act in person or the Company's engagement of new solicitors.

On 27 April 2015, the Company finalized the engagement of new solicitors to act for the Company so as to further proceed with the case.

Upon the hearing on 30 July 2015, the Company would file a summons for application to amend the Indorsement of Claim and Statement of Claim. Hearing on the application of the Company to obtain leave to amend the Indorsement of Claim and Statement of Claim was held on 26 January 2017 with reserved judgment, and the related judgment was handed down on 10 February 2017, pursuant to which leave be granted to the Company to amend the Indorsement of Claim and Statement of Claim. Accordingly, the Amended Indorsement of Claim and Amended Statement of Claim had been filed.

The application of Cheung Keng Ching (as the 1st defendant) and Chou Mei (as the 2nd defendant) for leave to appeal against the Ruling dated 10 February 2017 (regarding leave be granted to the Company to amend the Indorsement of Claim and Statement of Claim) was dismissed by the Court on 17 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff *(Continued)*

HCA 706 of 2010 (Civil Proceedings Taken by the Company Against Three Former Directors of the Company) and HCMP 762 of 2017 (Related Intended Appeal Action by Cheung Keng Ching and Chou Mei) (Continued)

On 31 March 2017, the Company was informed by the legal adviser of Cheung Keng Ching (as the 1st defendant) and Chou Mei (as the 2nd defendant) on an intended appeal action under HCMP 762 of 2017 for leave to appeal against the Ruling dated 10 February 2017 and also the Ruling dated 17 March 2017. At a court hearing in the Court of Appeal held on 14 June 2017, the application for leave to appeal under HCMP 762 of 2017 was dismissed by the Court with costs payable by Cheung Keng Ching and Chou Mei to the Company.

On 10 October 2017, upon the application by the Company, the Court ordered that, inter alia, the case management conference hearing on HCA 706 of 2010 be fixed and heard on 24 April 2018.

An order was made by the Court on the 24 April 2018 case management conference hearing that (i) the case be referred to the Listing Judge for further direction; and (ii) all parties be at the liberty to arrange the second mediation before the next case management conference.

Second mediation was conducted on 18 September 2018, but no settlement arrangement could be reached. The case management conference hearing was scheduled on 8 May 2019. Upon subsequent hearings, the case management conference hearing was adjourned to 15 August 2019 and further adjourned to 3 January 2020. Eventually, the pre-trial review hearing has been fixed to be heard on 26 April 2022 and the trial hearing has been fixed to be heard for 11 days commencing on 5 July 2022.

The trial hearing eventually commenced on 11 July 2022 (delayed for 6 days as a result of the 1st defendant, Cheung Keng Ching, had been contracting COVID-19) and was concluded on 19 July 2022. The Judge reserved judgment. The judgment was originally expected to be handed down by early January 2023. Subsequently, the Judge indicated that he would issue the judgement by mid-July 2023.

The Judge eventually issued the judgement dated 18 July 2023, pursuant to which the claim of the Company against the three defendants (Cheung Keng Ching, Chou Mei and Lau Ka Man Kevin) was dismissed and the Judge made an order *nisi* that there be no order as to costs of this legal action.

HCA 1016 of 2016

As announced by the Company on 18 April 2016, the Company (as the plaintiff) has commenced a legal action against HASS Natural Resources Limited (“**HASS**”) (now known as “Newborn Global Energy Limited”) as the 1st defendant and Herman Tso (also known as Tso Chi Ming) as the 2nd defendant in the High Court of Hong Kong under action number HCA 1016 of 2016 on 18 April 2016. The Company was seeking various reliefs including, inter alia, a declaration that HASS and Herman Tso are not entitled to withdraw the HASS Reports or to assert the HASS Reports being void, an order that they retract their letters dated 1 April 2016 and 11 April 2016, respectively, for withdrawing the HASS Reports, and an order for payment of the original principal amount of the Third Convertible Note of US\$443,070,000 (equivalent to approximately HK\$3,455,946,000) as damages. Herman Tso in his defence statement made counter claims of US\$443,070,000 (equivalent to approximately HK\$3,455,946,000) as damages.

The action has been dormant since March 2017 and by now it has largely been superseded by events. The Company is in the process of discontinuing the proceedings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff *(Continued)*

HCA 51 of 2017

As announced by the Company on 7 February 2017, the Company (as the plaintiff) commenced a legal action against Newborn Global Energy Limited (“**Newborn Global**”) (formerly known as “HASS Natural Resources Limited”) as the 1st defendant and Tso Chi Ming (also known as Herman Tso) (“**Herman Tso**”) as the 2nd defendant in the Court of First Instance of the High Court of Hong Kong under action number HCA 51 of 2017 on 10 January 2017. Herman Tso was one of the directors of Newborn Global at all material times.

In such action, the Company pointed out, among other things, that Herman Tso misrepresented to the Company that he was a “Competent Person” as defined in Chapter 18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited when the Company entered into an agreement with HASS Natural Resources Limited (“**HASS**”) in 2013 to engage HASS to provide a technical report on the Company’s Russian mines (i.e. the HASS Report). The Company was therefore seeking the repayment of the sums made to HASS under such agreement and damages for misrepresentation from both HASS and Herman Tso.

The action has been dormant since June 2017. The Company is in the process of discontinuing the proceedings.

25. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (i) On 18 November 2024, the Company announced several ongoing litigations be wholly discontinued and no order as to costs for the application for the discontinuance of each of the litigations and the discontinuance of each of the litigations per se. The Company still remains liable to pay for the indebtedness under the Third Convertible Note issued by the Company despite the discontinuance of the consolidated action. For details please refer to the announcement of the Company dated 18 November 2024.
- (ii) On 26 November 2024, the Company proposed capital reorganisation by reduction of the par value of each of the issued shares from HK\$0.50 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.49 per issued share, each issued share shall become one reduced share with a par value of HK\$0.01 each in the share capital of the Company. The capital reduction becoming effective, the sub-division of each of the authorized but unissued shares of the Company into fifty (50) reduced shares with a par value of HK\$0.01 each. The current intention of the Company is that the Proposed Capital Reorganisation will provide the Directors of the Company with greater flexibility to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future or issue new shares in the future, subject to the Company’s financial performance and when the Board considers that it is appropriate to do so in the future. For details please refer to the announcement of the Company dated 26 November 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the six months period ended 30 September 2024, the Group recorded a total turnover of approximately HK\$240.83 million (2023: approximately HK\$353.72 million), representing a decrease of approximately 31.92% as compared to last corresponding period.

The Group's total turnover composed of sales of diesel of approximately HK\$188.54 million (2023: approximately HK\$273.93 million), sales of gasoline of approximately HK\$49.17 million (2023: approximately HK\$74.54 million) and sales of other related petroleum products and services of approximately HK\$3.12 million (2023: approximately HK\$5.25 million). In terms of product mix, sales of diesel, sales of gasoline and sales of other related petroleum products and services accounted for approximately 78.30% (2023: 77.40%), 20.40% (2023: 21.10%) and 1.30% (2023: 1.50%), respectively, of total turnover of the Group. The decrease in turnover was mainly due to the decline in sales of diesel and gasoline to the Group's certain top customers for the period ended 30 September 2024.

Other Gains and Losses

During the period under review, other gains and losses is approximately loss of HK\$84.51 million (2023: approximately gain of HK\$54.98 million). The loss was mainly due to impairment loss on exploration and evaluation assets of approximately HK\$131.07 million for the period ended 30 September 2024 (2023: reversal of impairment approximately HK\$55.02 million) and offset by gain from write off of interest-bearing borrowings of approximately HK\$46.10 million (2023: nil).

Selling and Distribution Costs

The selling and distribution costs increased to approximately HK\$1.90 million (2023: approximately HK\$1.68 million), which was due to increase in freight and transportation expenses.

Administrative Expenses

During the period under review, total administrative expenses amounted to approximately HK\$4.46 million (2023: approximately HK\$10.56 million). The decrease in administrative expenses was primarily attributed to a reduction in net exchange losses, driven by the relatively stable exchange rate between the Russian Ruble and the United States Dollar during the current period, compared to the prior period. Additionally, the Group implemented stringent cost control measures across its operations, which further contributed to the reduction in administrative expenses.

Finance Costs

During the period under review, total finance costs amounted to approximately HK\$4.99 million (2023: approximately HK\$5.04 million). No material fluctuation was noted between the two periods.

(Loss) Profit Before Income Tax

For the six months ended 30 September 2024, the loss before income tax of the Group was approximately HK\$92.26 million (2023: profit before income tax of approximately HK\$41.59 million), representing decrease of approximately HK\$133.85 million. The decrease in profit before income tax was mainly attributable to the combined effects of impairment loss on exploration and evaluation assets of approximately 131.07 million (2023: reversal impairment of approximately HK\$55.02 million), gain from write off of interest-bearing borrowings of approximately HK\$46.10 million (2023: nil) and decrease in net exchange losses.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Trading

For the period under review, the trading business of diesel, gasoline and related petroleum products and services in Korea was the prime contributor to the Group's turnover.

Petroleum and liquefied natural gas are the major industries in the energy market and play an influential role in the global economy as the world's primary fuel sources. During the period, military confrontation between Israel and Hamas, the persistent Russia-Ukraine military conflict, and the economic downturn affected the oil prices.

Despite such unprecedented global issues, the Group continued to stabilize its trading businesses by (i) achieving competitive price for individual petrol stations by time management of the purchases and sales; (ii) maintaining a stable supply of diesel and gasoline; (iii) minimizing the lead time and cost through direct delivery from oil refinery to petrol stations; (iv) engaging with social media users as "untact marketing" in search of prospective customers; (v) focusing on aggressive sales to the petrol stations; and (vi) keeping inventory in preparation for the end of the fuel tax cut.

Coal Mining

Lot 1 and Lot 1 Extension underground mining plan was heading towards the first year of coal production in around 2030. The Group had been working in consultation with experts, in order to minimize the negative impacts of mine development on the environment. To prove it, the Group was currently conducting an analysis of technical documents which indicating that the Group would be complying with environmental standards. The Group was also studying new approaches to mine ventilation, the filling mined-out space, the creating of underground repair shops and storage points for fuels and lubricants. Analysis of the carrying and throughput capacities of transport infrastructure (in particular coal) both in the western and eastern directions had been performed, due to the changed situation in the world. The Group was evaluating the possibility of complete import substitution of equipment provided for in the project. The Group is in the process of renewing the license of the mining rights and aims to complete the renewal before license expiry.

In respect of open-pit mining in certain area of Lot 2, as the Group cared for the public, the Group consulted with experts on all fronts to find out how best to minimize the impacts on the environment. To prove this, similarly the Group analyzed technical documents that mine development would not adversely affect the environment and studied new approaches to mine ventilation, the filling mined-out space, the creating of underground repair shops and storage points for fuels and lubricants. Similarly, analysis was conducted on the carrying and throughput capacities of transport infrastructure (in particular coal) both in the western and eastern directions as the changed situation in the world, and exploring the possibility of complete import substitution of equipment provided for in the project.

In respect of underground mining of Lot 2, similarly, the Group listened to the opinions and concerns of the local community about the possibility of environmental contamination. To prove this, similarly the Group was conducting an analysis of technical documents proving compliance with environmental standards and was studying new approaches to mine ventilation, the filling of mined-out space, the creating of underground repair shops and storage points for fuels and lubricants. Similarly, analysis of the carrying and throughput capacities of transport infrastructure (in particular coal) both in the western and eastern directions was conducted as the changed situation in the world, and possibility of complete import substitution of equipment provided for in the project was evaluated.

Geographical

For the period under review, Korea was the Group's sole market segment which accounted for 100.00% (2023: 100.00%) of the total revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking forward, macroeconomic environment will remain complicated and challenging as high interest rates persists despite of latest interest rates cut by US Federal Reserve, two wars, and the continuing economic slump in mainland China, and the ongoing Sino-USA trade conflict. Hence, all these will make the global economic situation volatile and uncertain, which might result in the Group's diesel and gasoline trading business challenging and would also have impact on the coal prices as the demand in the respective coal products.

Therefore, the Company, apart from focusing on its core businesses of trading and coal mining, may also consider diversification into other business areas when opportunities arise.

Trading

The Group will further strengthen the trading business in Korea by (i) continuously providing competitive prices for individual petrol stations; (ii) ensuring the stable supply at petrol stations; (iii) improving the quality of petroleum products; (iv) offering exceptional customer services; (v) standing out from market competition; (vi) reducing cost of goods sold; (vii) operating more petrol stations; (viii) going to the customers by advertising; (ix) continuing the engagement with prospective customers in online social media; and (x) finding a possible lot area for storage of diesel.

In parallel, the Group will also strive to meet the needs of different customers looking for diversified products, and it will not hesitate to further diversify its trading business into other products when opportunities arise.

Coal Mining

In respect of Lot 1 and Lot 1 Extension underground mining, the Group will continue to consult with government officials and experts in the fields of law, environment and economy, despite the war between Russia and Ukraine may make the current situation in Russia rather unstable both internally and externally. The Group also plans to hold more public hearings this year and looks forward to communicating well with the community and gaining support from the community.

Because open pit mining in certain area of Lot 2 requires more effort to maintain the environment than that of underground mining, the Group will focus more on developing development plans that comply with environmental standards and will continue to cooperate with local governments and local communities for a smooth start of the business. In addition, the Group will research the possibility, based on an existing project, of introducing automation tools designed to increase production efficiency and minimize labor costs for ordinary operations.

In respect of underground mining of Lot 2, the Group will actively consider the opinions and concerns of local residents about the mining industry, prepare evidence for compliance with environmental standards, and work continuously with local governments and local communities. Similarly, the Group will research the possibility, based on an existing project, of introducing automation tools designed to increase production efficiency and minimize labor costs for ordinary capitalised operations.

Placing of Shares, Loan Capitalizations and the Third Convertible Note

To further improve the financial position, the Company will strive to grasp opportunities in possible loan capitalizations of certain loans and the Third Convertible Note as well as potential equity funding such as issuance of new shares under specific mandate and/or general mandate. In addition, the Company will consider capital reorganisation to provide greater flexibility to undertake any corporate exercise that requires the use of distributable reserves or the issue of new shares in the future. The Directors of the Company are of the view that high par value of the Shares restricts the Company from conducting further equity fundraising to address its financial issues. Also, the Company will try its best to maintain proper communications with the holders of the Third Convertible Note to explore the possibility of the conversion of the outstanding convertible note.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES

As at 30 September 2024, the Group had net current liabilities of HK\$3,660.26 million (31 March 2024: HK\$3,705.06 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 0.45% (31 March 2024: 0.39%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 1.02% (31 March 2024: 2.87%).

The Group generally finances its operations with internally generated cash flows, loans from a substantial shareholder and its associates, and independent third parties, and through the capital market available to listed companies in Hong Kong.

As at 30 September 2024, the interest-bearing borrowings of the Group amounted to HK\$20.40 million (31 March 2024: HK\$62.10 million), was repayable within a period of more than one year but not exceeding two years (31 March 2024: majority repayable within a period of more than one year but not exceeding two years). As at 30 September 2024, amounts due to Shareholders amounted to HK\$177.26 million (31 March 2024: HK\$172.66 million), the majority of which was repayable within a period of more than one year but not exceeding two years (31 March 2024: majority repayable within a period of more than one year but not exceeding two years).

The Directors of the Company will endeavour to enhance the Group's financial strength to address the net current liabilities as at 30 September 2024. Cost control measures have been implemented to monitor daily operational and administrative expenses. The Directors of the Company will continue to review the Group's financial resources with caution, seeking opportunities for financing from financial institutions and equity funding. They will closely monitor market conditions and take prompt actions when such opportunities arise.

In addition to the above measure to improve the liquidity of the Group, the Company also explores way to improve its overall financial position. In particular, the Company will communicate with the holders of the Third Convertible Note, with an aim to deal with such major liability of the Group including but not limited to the possible conversion of the outstanding Third Convertible Note. The Company believes that such conversion, if happened, will be beneficial to the Company, its Shareholders and other stakeholders of the Company (including the holders of the Third Convertible Note) as a whole as the overall gearing of the Group will be improved and the equity base of the Company will be strengthened. The Company may then be able to improve its overall financial position.

CAPITAL STRUCTURE

As at 30 September 2024, the authorized share capital of the Company was HK\$1,000,000,000 (31 March 2024: HK\$1,000,000,000) divided into 2,000,000,000 shares (31 March 2024: 2,000,000,000 shares) of the Company with par value of HK\$0.5 each (31 March 2024: HK\$0.5 each) and the issued share capital was approximately HK\$72.51 million (31 March 2024: approximately HK\$72.51 million).



MANAGEMENT DISCUSSION AND ANALYSIS

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong Dollars ("HK\$"), United States Dollars ("US\$"), Russia Rubles ("RUB") and Korea Won ("KRW"). The exchange rates of USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater spread in the period. Therefore, the Shareholders should be aware that the exchange rate volatility of RUB and KRW against HKD may have favourable or adverse effects on the operating results of the Group.

Taking into consideration of the amount of revenue and expenses involved, the Group at present has no intention to hedge its exposure from foreign currency exchange rate risk involving RUB and KRW. However, the Group will constantly review exchange rate volatility and will consider using financial instruments for hedging when necessary.

LITIGATIONS

During the period and up to the date of this report, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 24 to the condensed consolidated interim financial statements.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group had no capital commitments in respect of the exploration related contracts (31 March 2024: Nil) and no capital commitments in acquisition of property, plant and equipment (31 March 2024: Nil).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 30 September 2024 and 31 March 2024.

MATERIAL ACQUISITION AND DISPOSALS

The Group was neither involved in any significant investments, nor any material acquisitions and disposals of any subsidiaries or joint venture company during the reporting period.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 September 2024, the Group had approximately 11 (31 March 2024: 13) staff in Hong Kong, Russia and Korea. Remuneration policy is reviewed by the Directors periodically and is determined with reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance. Employees benefit plans provided by the Group include provident fund scheme, medical insurance and subsidized trainings and seminars.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, none of the Directors or any of their associates or chief executives of the Company (as defined in the Listing Rules) had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to SFO (including interests which they are taken or deemed to have under SFO) or which are, pursuant to Section 352 of the SFO, entered in the register referred to therein or, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, the register of interests in shares and short positions required to be kept by the Company under Section 336 of the SFO showed that the following persons (other than the Directors or chief executives of the Company) had disclosed to the Stock Exchange and/or the Company an interest of 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company.

(i) Long position in shares of HK\$0.5 each in the Company

Name of Shareholders	Capacity	Number of issued ordinary shares held	Percentage of the shareholding
Space Hong Kong Enterprise Limited (Note 1)	Beneficial owner	43,134,137	29.74%
Onface Co., Limited (Note 2)	Beneficial owner	24,169,510	16.67%
Lucrezia Limited (Note 3)	Beneficial owner	9,003,076	6.21%
Token Century Limited	Beneficial owner	8,400,000	5.79%
Kim Wuju	Beneficial owner	7,440,000	5.13%
HCMP SPC Ltd. (Note 1)	Interest in controlled corporation	43,134,137	29.74%
BSE CMP Value-up Private Equity Fund (Note 1)	Interest in controlled corporation	43,134,137	29.74%
Cheon Ji In M Partners Co Ltd (Note 1)	Interest in controlled corporation	43,134,137	29.74%
Park Kyung Hyun (Note 2)	Interest in controlled corporation	24,169,510	16.67%
Yang Xiaolian (Note 3)	Interest in controlled corporation	9,003,076	6.21%

Note 1: HCMP SPC Ltd. held approximately 67.78% interest in Space Hong Kong Enterprise Limited. HCMP SPC Ltd. was a 100% wholly-owned subsidiary company of BSE CMP Value-up Private Equity Fund. BSE CMP Value-up Private Equity Fund was in turn a 100% wholly-owned subsidiary company of Cheon Ji In M Partners Co Ltd. By virtue of the SFO, each of HCMP SPC Ltd., BSE CMP Value-up Private Equity Fund and Cheon Ji In M Partners Co Ltd is deemed to be interested in these 43,134,137 shares which Space Hong Kong Enterprise Limited has beneficial interest in.

Note 2: Park Kyung Hyun held approximately 96.2% interest in Onface Co., Limited. By virtue of the SFO, Park Kyung Hyun is deemed to be interested in these 24,169,510 shares which Onface Co., Limited has beneficial interest in.

Note 3: Yang Xiaolian held 100% interest in Lucrezia Limited. By virtue of the SFO, Yang Xiaolian is deemed to be interested in these 9,003,076 shares which Lucrezia Limited has beneficial interest in.

OTHER INFORMATION

(ii) Long position in underlying shares of HK\$0.5 each in the Company

Name of shareholders	Capacity	Number of underlying shares held	Percentage of shareholding
N/A	N/A	N/A	N/A

Save as disclosed above, as at 30 September 2024, no other party was recorded in the register of interests in shares and short positions kept pursuant to Section 336 of SFO as having an interest in 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2024 (2023: Nil).

CORPORATE GOVERNANCE

During the period under review, the Company had complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules except for the code provision C.1.8 of the CG Code, that the Company should arrange appropriate insurance cover in respect of legal action against its directors. The directors and officers liability insurance policy ("**D&O Insurance**") was terminated due to the premium payment was mistakenly not made by the due date. The Company promptly arranged the premium payment to provide D&O Insurance coverage to the Directors in October 2024.

NON-COMPLIANCE WITH LISTING RULES

Reference is made to the announcement of the Company dated 18 October 2024 (the "**Announcement**"). As disclosed in the announcement and as at the date of this report, the Board noted the followings:

- there are only two independent non-executive Directors serving on the Board, and the number of the independent non-executive Directors falls below the minimum number required under Rule 3.10 (1) of the Listing Rules;
- there is no independent non-executive Director who has professional qualifications or accounting, or related financial management expertise ("**Qualification**") as stated and required under Rule 3.10 (2) of the Listing Rules;
- the audit committee of the Board (the "**Audit Committee**") comprises no independent non-executive Director with the Qualification as required under Rule 3.21 of the Listing Rules; and
- the Audit Committee only has two members, and the number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

OTHER INFORMATION

The Company shall make every effort to ensure that a suitable candidate be appointed to fulfill the requirements set out in Rules 3.10 and 3.21 as soon as practicable and in any event within three months as required under Rules 3.11 and 3.23 of the Listing Rules. Further announcement will be made by the Company as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries, the Company has obtained confirmation from the Directors that they have complied with the required standards as set out in the Model Code during the reporting period except Mr. Liu Wai Shing, Peter and Ms. Sun Meng who have been appointed as Directors on 4 November 2024.

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

On 31 December 2023, the Listing Rules were amended to implement the paperless listing regime. Before the annual general meeting on 27 September 2024, the Board proposed to make certain amendments to the amended and restated memorandum of association and amended and restated articles of association of the Company (the “**Memorandum and Articles**”) in order to, among other things, (i) reflect and align with the latest regulatory requirement in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules; and (ii) align with other relevant requirements of the Listing Rules and company law of the Cayman Islands and incorporate certain corresponding and housekeeping amendments. On 27 September 2024, a special resolution was passed at the annual general meeting to approve the proposed amendments to the Memorandum and Articles.

The Company has published its updated and consolidated version of Memorandum and Articles of Association on the websites of the Stock Exchange and the Company.

CHANGE IN THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors since the date of the 2024 Annual Report is set out below:

Mr. Leung Yau Wan John resigned as an independent non-executive Director and ceased to be the chairman of the Audit Committee and members of the remuneration committee and nomination committee of the Company with effect from 18 October 2024.

Ms. Chen Dai was appointed as the chairman of the Audit Committee with effect from 18 October 2024.

Mr. Liu Wai Shing, Peter was appointed as an executive Director with effect from 4 November 2024.

Ms. Sun Meng was appointed as a non-executive Director with effect from 4 November 2024.

DIRECTOR'S INTERESTS IN CONTRACTS

No contracts of significance to which any holding company, subsidiaries was a party and in which a Director or the Director had a material interest, whether directly or indirectly, subsisted as the end of the period or at any time during the period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.



OTHER INFORMATION

REVIEW ON INTERIM RESULTS

The Audit Committee consisted of two independent non-executive Directors, namely Ms. Chen Dai (chairlady of Audit Committee) and Mr. Kim Sung Rae.

The major functions of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control of the Group. The Audit Committee had reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2024, which are contained in this interim report, and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosures thereof under the requirements of the Listing Rules.

The unaudited condensed consolidated interim results of the Group have been reviewed by the Company's auditor, Prism Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of Entity" issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on pages 2 and 3 of this interim report.

By Order of the Board
E&P Global Holdings Limited
Lee Jaeseong
Chairman

Hong Kong, 29 November 2024

Note: Should there be any discrepancies with the Chinese version of the report, the English version will prevail.