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

(formerly known as Siberian Mining Group Company Limited 西伯利亞礦業集團有限公司)
 (incorporated in the Cayman Islands with limited liability)
 (Stock code: 1142)

**ANNUAL RESULTS ANNOUNCEMENT FOR
 THE YEAR ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of E&P Global Holdings Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Revenue	4	1,168,035	1,243,111
Cost of sales		<u>(1,159,112)</u>	<u>(1,235,769)</u>
Gross profit		8,923	7,342
Other income	6	365	791
Other gains and losses	7	(100,888)	648,583
Selling and distribution costs		(2,936)	(2,858)
Administrative expenses		(15,693)	(20,113)
Other expenses		(225,214)	(89,363)
Finance costs	8	<u>(12,576)</u>	<u>(8,099)</u>
(Loss) profit before income tax		(348,019)	536,283
Income tax (expenses) credit	9	<u>(1,551)</u>	<u>434</u>
(Loss) profit for the year	10	<u>(349,570)</u>	<u>536,717</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(343,499)	524,584
Non-controlling interests		<u>(6,071)</u>	<u>12,133</u>
		<u>(349,570)</u>	<u>536,717</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
(Loss) profit for the year		(349,570)	536,717
Other comprehensive (expense) income for the year:			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements from functional currencies to presentation currencies		<u>(39,637)</u>	<u>4,317</u>
Total comprehensive (expense) income for the year		<u>(389,207)</u>	<u>541,034</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<u>(380,250)</u>	<u>528,647</u>
Non-controlling interests		<u>(8,957)</u>	<u>12,387</u>
		<u>(389,207)</u>	<u>541,034</u>
(Loss) Earnings per share			
Basic (HK\$)	<i>12</i>	<u>(2.37)</u>	<u>2.38</u>
Diluted (HK\$)	<i>12</i>	<u>(2.37)</u>	<u>2.31</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	<i>13</i>	14,702	15,243
Right-of-use assets	<i>14</i>	656	1,104
Intangible assets	<i>15</i>	171,891	258,398
Exploration and evaluation assets	<i>16</i>	1,254,707	1,538,201
Deposit paid for acquisition of property, plant and equipment		3,037	—
Rental deposits	<i>18</i>	316	188
		1,445,309	1,813,134
<i>Current assets</i>			
Trade receivables	<i>17</i>	10,779	12,264
Other receivables	<i>18</i>	10,501	16,391
Cash and cash equivalents		3,052	2,145
		24,332	30,800
Liabilities			
<i>Current liabilities</i>			
Trade payables	<i>19</i>	287	68
Other payables	<i>20</i>	22,992	19,522
Contract liabilities		591	576
Interest-bearing borrowings	<i>21</i>	13,333	21,466
Amounts due to shareholders	<i>22</i>	37,940	2,728
Purchase consideration payable for additional acquisition	<i>23</i>	3,339	3,316
Lease liabilities	<i>14</i>	667	694
Promissory notes payables	<i>25</i>	15,600	—
Convertible notes payables	<i>24</i>	3,591,498	3,591,498
Income tax payable		891	198
		3,687,138	3,640,066
Net current liabilities		(3,662,806)	(3,609,266)
Total assets less current liabilities		(2,217,497)	(1,796,132)
<i>Non-current liabilities</i>			
Amounts due to shareholders	<i>22</i>	112,151	136,192
Interest-bearing borrowings	<i>21</i>	48,965	40,780
Promissory notes payables	<i>25</i>	—	15,600
Provision for close down, restoration and environmental costs	<i>26</i>	1,305	1,347
Lease liabilities	<i>14</i>	—	429
Deferred tax liabilities	<i>27</i>	2,170	2,453
		164,591	196,801
Net liabilities		(2,382,088)	(1,992,933)

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital and reserves			
Share capital	28	290,034	290,034
Reserves		(2,658,675)	(2,278,477)
		<hr/>	<hr/>
Equity attributable to owners of the Company		(2,368,641)	(1,988,443)
Non-controlling interests		(13,447)	(4,490)
		<hr/>	<hr/>
Capital deficiencies		(2,382,088)	(1,992,933)
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. CORPORATE INFORMATION

E&P Global Holdings Limited (formerly known as “Siberian Mining Group Company Limited”) (the “**Company**”) 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 (“**HKD**”) while that of the subsidiaries established in the Russia and Korea are Russian rubles (“**RUB**”) and South Korean won (“**KRW**”) respectively. For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) adopted HK\$ as its presentation currency, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern assumptions

As at 31 March 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$3,662,806,000 (2021: HK\$3,609,266,000) and there was a capital deficiency of approximately HK\$2,382,088,000 (2021: HK\$1,992,933,000). 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 24, 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.

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).

2. BASIS OF PREPARATION *(Continued)*

Going concern assumptions *(Continued)*

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 Gold Ocean Limited (“**Gold Ocean**”) (now known as Solidarity Partnership) and China Panda Limited (“**China Panda**”) (now known as 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 2022 (including the related interests thereof).

The Directors 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.

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

- (i) Executed various loan facilities agreements with different independent third parties, to provide continuous financial support to the Group. The total loans facilities will provide funding to the Group of up to approximately US\$106,920,000 (equivalent to approximately HK\$833,976,000) for the 18 months period commencing June 2022.
- (ii) As set out in Note 21, with regard to Others Loans 1, 3 and 4, the lenders have agreed not to demand for repayment for the amounts due before 31 January 2024. In the opinion of the Directors, a further extension can be obtained when necessary.

2. BASIS OF PREPARATION *(Continued)*

Going concern assumptions *(Continued)*

- (iii) As set out in Note 22(c), with regard to amounts due to shareholders, the shareholders agreed not to demand for repayment of the amounts due before 31 January 2024.
- (iv) The Company has obtained additional loan facilities sufficient to support the continual normal operation of the Group for at least 12 months after the year end date. For details, please refer to Note 30.

With the successful implementation of the measures and funding and financial support obtained as set out above, in the opinion of the Directors, 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 are of the view that it is appropriate to prepare the condensed consolidated interim 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 interim 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.

3. APPLICATION OF NEW AND AMENDMENTS TO THE HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) where are effective for the Group’s financial year beginning 1 April 2021:

Amendments to HKFRS 16	COVID-19 — Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied Amendment to HKFRS 16, COVID-19 — Related Rent Concessions, beyond 30 June 2021.

The application of the amendments to HKFRSs in the current year 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 consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO THE HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for common control combination that occur on or after beginning of the first annual report period on or after 1 January 2022.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. REVENUE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of diesel	816,078	827,972
Sales of gasoline	272,067	352,935
Sales of others	79,890	62,204
	<u>1,168,035</u>	<u>1,243,111</u>

The timing of revenue recognition of all revenue from contracts with customers is at a point in time.

During the years ended 31 March 2022 and 2021, all of the Group's revenue, based on the location of the operations, was generated in Korea.

Transaction price allocated to the remaining performance obligations

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

Information reported to the Directors, 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 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

5. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 March 2022

	Mining <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>—</u>	<u>1,168,035</u>	<u>1,168,035</u>
Segment (loss)/profit	<u>(336,016)</u>	<u>10,280</u>	<u>(325,736)</u>
Unallocated corporate expenses			(9,707)
Unallocated finance costs			<u>(12,576)</u>
Loss before income tax			<u><u>(348,019)</u></u>

For the year ended 31 March 2021

	Mining <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>—</u>	<u>1,243,111</u>	<u>1,243,111</u>
Segment profit	<u>552,211</u>	<u>1,673</u>	<u>553,884</u>
Unallocated corporate expenses			(9,502)
Unallocated finance costs			<u>(8,099)</u>
Profit before income tax			<u><u>536,283</u></u>

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

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mining	1,443,025	1,813,860
Trading	25,406	28,530
	<hr/>	<hr/>
Total segment assets	1,468,431	1,842,390
Corporate and other assets	1,210	1,544
	<hr/>	<hr/>
Total assets	<u>1,469,641</u>	<u>1,843,934</u>

Segment liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mining	41,905	41,423
Trading	18,908	25,407
	<hr/>	<hr/>
Total segment liabilities	60,813	66,830
Corporate and other liabilities	3,790,916	3,770,037
	<hr/>	<hr/>
Total liabilities	<u>3,851,729</u>	<u>3,836,867</u>

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

- All assets are allocated to operating segment, other than unallocated other receivables, bank balances and cash 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, 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.

5. 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 years ended 31 March 2022 and 2021.

	For the year ended 31 March 2022		
	Mining HK\$'000	Trading HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	541	893	1,434
Depreciation of property, plant and equipment	19	271	290
Depreciation of right-of-use assets	815	185	1,000
Amortisation of intangible assets	225,214	—	225,214
Reversal of impairment loss on intangible assets	(175,949)	—	(175,949)
Impairment loss on exploration and evaluation assets	281,569	—	281,569
Reversal of impairment loss on trade and other receivables	—	(574)	(574)
Amount regularly provided to the CODM but not included in the measure of segment profit or loss:			
Income tax expenses	91	1,460	1,551
	For the year ended 31 March 2021		
	Mining HK\$'000	Trading HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	—	1,173	1,173
Depreciation of property, plant and equipment	30	30	60
Depreciation of right-of-use assets	924	181	1,105
Amortisation of intangible assets	89,363	—	89,363
Reversal of impairment loss on intangible assets	(204,534)	—	(204,534)
Reversal of impairment loss on property, plant and equipment	(6,964)	—	(6,964)
Reversal of impairment loss on exploration and evaluation assets	(439,435)	—	(439,435)
Impairment loss on trade and other receivables	—	2,350	2,350
Amount regularly provided to the CODM but not included in the measure of segment profit or loss:			
Income tax (credit) expenses	(948)	514	(434)

5. 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Korea	<u>1,168,035</u>	<u>1,243,111</u>

Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	—	1,067
Russia	1,440,154	1,810,622
Korea	<u>1,802</u>	<u>1,257</u>
	<u>1,441,956</u>	<u>1,812,946</u>

Non-current assets excluded rental deposits and deposit paid for acquisition of property, plant and equipment.

Information about major customer

Details of the customer contributing over 10% of total revenue of the Group are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	206,699	251,256
Customer B ¹	<u>133,056</u>	<u>N/A²</u>

¹ Revenue from trading segment

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	330	446
Sundry income	35	36
Net exchange gains	—	309
	<u>365</u>	<u>791</u>

7. OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reversal of impairment loss on intangible assets	175,949	204,534
Reversal of impairment loss on property, plant and equipment	—	6,964
(Impairment loss) reversal of impairment loss on exploration and evaluation assets	(281,569)	439,435
Reversal of impairment loss (impairment loss) on trade and other receivables	574	(2,350)
Gain on disposal of financial assets at fair value through profit or loss	4,158	—
	<u>(100,888)</u>	<u>648,583</u>

8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on:		
— Loan from third parties	7,294	2,839
— Loan from shareholders	5,254	5,106
— Loan from a related party	—	106
— Lease liabilities	28	48
	<u>12,576</u>	<u>8,099</u>

9. INCOME TAX EXPENSES (CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Korea corporation tax	1,553	561
Deferred tax (<i>note 27</i>)	(2)	(995)
	<u>1,551</u>	<u>(434)</u>

10. (LOSS) PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging:		
Employee benefits expenses		
Directors' emoluments	780	775
Salaries and wages	4,027	3,872
Pension fund contribution	245	237
	<u>5,052</u>	<u>4,884</u>
Amortisation of intangible assets-mining rights (included in other expenses)	225,214	89,363
Depreciation		
— Property, plant and equipment	290	60
— Right-of-use assets	1,000	1,105
Auditor's remuneration	1,941	1,469
Provision for close down, restoration and environmental cost (<i>Note 26</i>)	121	48
Net exchange losses	1,734	—
Cost of inventories recognised as an expense	<u>1,159,112</u>	<u>1,235,769</u>

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

12. (LOSS) EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings attributable to owners of the Company, used in the basic and diluted (loss) earnings per share	<u>(343,499)</u>	<u>524,584</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	145,017,062	220,108,089
Effect of dilutive potential ordinary shares: Adjustments for convertible notes payables	<u>—</u>	<u>6,506,338</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>145,017,062</u>	<u>226,614,427</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress <i>HK\$'000</i>	Freehold land <i>HK\$'000</i>	Furniture and fixture <i>HK\$'000</i>	Equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 April 2020	12,133	1,280	131	201	150	13,895
Additions	—	—	—	—	1,173	1,173
Written-off	—	—	—	(7)	—	(7)
Exchange realignments	531	56	4	4	38	633
At 31 March 2021 and 1 April 2021	12,664	1,336	135	198	1,361	15,694
Additions	1,142	—	—	—	292	1,434
Written-off	—	—	—	(5)	—	(5)
Exchange realignments	(1,462)	(148)	(11)	(3)	(100)	(1,724)
At 31 March 2022	12,344	1,188	124	190	1,553	15,399
Accumulated depletion, depreciation and impairment losses						
At 1 April 2020	5,905	623	110	126	150	6,914
Charge for the year	—	—	13	28	19	60
Reversal of impairment losses	(6,299)	(665)	—	—	—	(6,964)
Written-off	—	—	—	(7)	—	(7)
Exchange realignments	394	42	3	2	7	448
At 31 March 2021 and 1 April 2021	—	—	126	149	176	451
Charge for the year	—	—	6	23	261	290
Written-off	—	—	—	(5)	—	(5)
Exchange realignments	—	—	(11)	(2)	(26)	(39)
At 31 March 2022	—	—	121	165	411	697
Carrying values						
At 31 March 2022	12,344	1,188	3	25	1,142	14,702
At 31 March 2021	12,664	1,336	9	49	1,185	15,243

Note:

As explained in note 15, impairment of property, plant and equipment associated with the mining right had been reversed for the year ended 31 March 2021.

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

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	20%
Equipment	10% to 20%
Motor vehicles	10% to 30%

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
As at 1 April	1,104	884
Modification	587	1,302
Depreciation	(1,000)	(1,105)
Exchange realignments	(35)	23
	<u>656</u>	<u>1,104</u>
As at 31 March	<u>656</u>	<u>1,104</u>

The Group has lease arrangements for buildings. The lease terms are generally ranged from 1 to 2 years.

(b) Lease liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total lease liabilities	667	1,123
Less: current portion	(667)	(694)
Net-current portion	<u>—</u>	<u>429</u>

(i) Amounts payable under lease liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	667	694
After one year but within two years	—	429
	<u>667</u>	<u>1,123</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(667)	(694)
Amount due for settlement after 12 months	<u>—</u>	<u>429</u>

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease liabilities (Continued)

(ii) Amount recognised in profit and loss

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation of right-of-use assets		
—Building	1,000	1,105
Interest expense on lease liabilities	28	48
	<u> </u>	<u> </u>

(iii) Others

During the year ended 31 March 2022, the total cash outflow for lease amounted to approximately HK\$1,057,000 (2021: HK\$1,141,000).

15. INTANGIBLE ASSETS

	Mining right <i>HK\$'000</i>
Cost	
At 1 April 2020	1,241,800
Exchange realignments	54,381
	<u> </u>
At 31 March 2021 and 1 April 2021	1,296,181
Exchange realignments	(143,333)
	<u> </u>
At 31 March 2022	1,152,848
	<u> </u>
Accumulated amortisation and impairment losses	
At 1 April 2020	1,102,830
Charge for the year	89,363
Reversal of impairment losses	(204,534)
Exchange realignments	50,124
	<u> </u>
At 31 March 2021 and 1 April 2021	1,037,783
Charge for the year	225,214
Reversal of impairment losses	(175,949)
Exchange realignments	(106,091)
	<u> </u>
At 31 March 2022	980,957
	<u> </u>
Carrying values	
At 31 March 2022	171,891
	<u> </u>
At 31 March 2021	258,398
	<u> </u>

15. INTANGIBLE ASSETS *(Continued)*

Mining rights

In prior years, 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.

In performing the impairment test for current year, the Directors have engaged Ravia Global Appraisal Advisory Limited (“**Ravia**”), an independent firm of professional valuer in determining the recoverable amount of the mining right 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 mining right, the Directors have determined the fair value less costs of disposal to be its recoverable amount. The recoverable amount is derived by using a discounted cash flow (“**DCF**”) analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the mining right’s fair value.

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

- (i) Cash flow projection is determined for a period of 18 years up to 2039 (2021: a period of 18 years up to 2038) with the first year of production taken to be from year 2029 (2021: first year of production from year 2028) based on the Director’s current best estimated production plan.
- (ii) Cost of production (including royalties) on average is taken as 34.88% (2021: 44.22%) of revenue.
- (iii) The post-tax discount rate applied to the cash flow projection is 38.42% (2021: post-tax discount rate of 23.26%).
- (iv) The Directors have assumed the average increment in coal sales prices to be 3% p.a. (2021: increment of 3% p.a.), 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 an increase of approximately 82% to 200% (depends on different type of coals) when compared to that of last year.
- (vi) The exchange rate for USD to RUB with reference to the approximate spot rate as of 31 March 2022 is taken to be US\$1.00 to RUB82.23 (2021: US\$1.00 to RUB75.55).
- (vii) The inflation rate on operating costs is 3% p.a. (2021: 3% p.a.)
- (viii) The Group is able to renew the relevant licence for the mining right upon its existing expiry date.

15. INTANGIBLE ASSETS (Continued)

Mining rights (Continued)

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i), (ii), (iii), (v) and (vi) mentioned above, other major assumptions used in the DCF analysis in current year, such as estimated production volumes, operation costs structure and relevant taxation rate, remained within more or less the same range when compared with that of last year.

The Directors are of the opinion that based on the valuation, the reversal of impairment loss of mining right by approximately HK\$175,949,000 (2021: reversal of impairment loss of approximately HK\$204,534,000) compared with its carrying amount as at 31 March 2022. The reversal of impairment loss is mainly attributable to the net effects of change of expected first year of coal production to 2039, the increase of the relevant coal prices, the depreciation of RUB to USD, the decrease in cost of production, the increase in post-tax discount rate, the change in expected future inflation rate of costs and the corresponding change in expected future growth rate of coal sales prices in the coming few years during the current year as compared to previous year.

The Directors are also of the opinion that based on the valuation above, property, plant and equipment associated with the mining right were partially impaired compared with their recoverable amounts as at 31 March 2022. No impairment loss (2021: impairment losses of approximately HK\$6,964,000) (note 13) was recognised for property, plant and equipment associated with the mining right during the current year.

Details of the Group's mining right are as follow:

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

16. EXPLORATION AND EVALUATION ASSETS

	Total <i>HK\$ '000</i>
Cost	
At 1 April 2020	3,638,058
Exchange realignments	1,102
	<hr/>
At 31 March 2021 and 1 April 2021	3,639,160
Exchange realignments	(2,906)
	<hr/>
At 31 March 2022	3,636,254
	<hr/>
Accumulated impairment losses	
At 1 April 2020	2,539,763
Reversal of impairment loss	(439,435)
Exchange realignments	631
	<hr/>
At 31 March 2021 and 1 April 2021	2,100,959
Impairment losses	281,569
Exchange realignments	(981)
	<hr/>
At 31 March 2022	2,381,547
	<hr/>
Carrying values	
At 31 March 2022	1,254,707
	<hr/> <hr/>
At 31 March 2021	1,538,201
	<hr/> <hr/>

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 year, the Directors of the Company have engaged Ravia to determine the recoverable amount of the exploration and evaluation asset which is the higher of the asset’s fair value less costs of disposal and its value in use. Given the current development status of the exploration and evaluation asset, the Directors 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.

16. EXPLORATION AND EVALUATION ASSETS *(Continued)*

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

- (i) Cash flow projection is determined for a period of 12 years up to 2033 (2021: a period of 12 years up to 2032) with the first year of production taken to be from year 2024 (2021: first year of production from year 2023) based on the Directors' current best estimated production plan.
- (ii) Cost of production (including royalties) on average is taken as 21.11% (2021: 26.85%) of revenue.
- (iii) The post-tax discount rate applied to the cash flow projection is 38.42% (2021: post-tax discount rate of 23.26%).
- (iv) The Directors have assumed the average increment in coal sales prices to be 3% p.a. (2021: increment of 3% p.a.), 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 an increase of approximately 81.58% to 136.96% (depends on different type of coals) when compared to that of last year.
- (vi) The exchange rate for USD to RUB with reference to the approximate spot rate as of 31 March 2022 is taken to be US\$1.00 to RUB82.23 (2021: US\$1.00 to RUB75.55).
- (vii) The inflation rate on operating costs is 3% p.a. (2021: 3% p.a.)

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i), (ii), (iii), (v) and (vi) mentioned above, other major assumptions used in the DCF analysis in current year, such as estimated production volumes, operation costs structure and relevant taxation rate, remained within more or less the same range when compared with that of last year.

The Directors of the Company are of the opinion that based on the valuation, the exploration and evaluation asset was evaluated upward. It thus would result in a impairment loss of approximately HK\$281,569,000 (2021: reversal of impairment loss of approximately HK\$439,435,000) compared with its carrying value as at 31 March 2022. The impairment loss is mainly attributable to the net effects of change of expected first year of coal production to 2033, increase of the relevant coal prices, the depreciation of RUB to USD and the increase in post-tax discount rate, the change in expected future inflation rate of costs and the corresponding change in expected future growth rate of coal sales prices in the coming few years during the current year as compared to previous year.

16. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Details of the Group's exploration and evaluation asset is as follow:

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

17. 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.

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 to 90 days	10,152	12,261
91 to 180 days	627	3
	10,779	12,264

18. OTHER RECEIVABLES

	2022 HK\$'000	2021 <i>HK\$'000</i>
Deposits	316	1,009
Other loans receivables	2,235	8,910
Other receivables	1,248	759
Advance payments	5,799	4,401
Prepayments	1,219	1,500
	10,817	16,579
Less: Rental deposits classified as non-current assets	(316)	(188)
Current portion included in other receivables	10,501	16,391

19. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	<u>287</u>	<u>68</u>

The average credit period on purchase of goods is from 30 days to 90 days. The Group has financial risk management policies or plans for its payables with respect to the credit time frame.

20. OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other payables	420	300
Accrued expenses	4,337	4,131
Interest payables	<u>18,235</u>	<u>15,091</u>
	<u>22,992</u>	<u>19,522</u>

21. INTEREST-BEARING BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other loan 1 (<i>Note a</i>)	28,561	28,561
Other loan 2 (<i>Note b</i>)	13,333	21,466
Other loan 3 (<i>Note c</i>)	17,404	9,219
Other loan 4 (<i>Note d</i>)	<u>3,000</u>	<u>3,000</u>
	<u>62,298</u>	<u>62,246</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	13,333	21,466
After one year but within two years	<u>48,965</u>	<u>40,780</u>
	<u>62,298</u>	<u>62,246</u>
Carrying amount of repayable within one year and amounts shown under current liabilities	13,333	21,466
Amounts shown under non-current liabilities	<u>48,965</u>	<u>40,780</u>
	<u>62,298</u>	<u>62,246</u>

21. 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:

	2022	2021
Effective interest rate:		
Fixed-rate borrowings	<u>4.6% - 6%</u>	<u>4.6% - 6%</u>

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

	2022 HK\$'000	2021 HK\$'000
HKD	8,480	8,000
USD	40,485	32,780
KRW	<u>13,333</u>	<u>21,466</u>
	<u>62,298</u>	<u>62,246</u>

Notes:

- (a) As at 31 March 2022, the aggregate amount of approximately HK\$28,561,000 (2021: HK\$28,561,000) ("**Other Loan 1**") was unsecured, bearing interest at 5%-6% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 January 2024.
- (b) In the previous year, the amount of KRW3,120,000,000 (equivalent to approximately HK\$21,466,000) ("**Other Loan 2**") was due to the lender and bearing interest at 4.6% per annum and repayable after 1 year from the date of drawdown or on demand.

During the year ended 31 March 2022, part of Other Loan 2 amounting to KRW1,056,000,000 (equivalent to approximately HK\$6,822,000) has been repaid.

As at 31 March 2022, the remaining unsettled Other Loan 2 in aggregate amount of KRW2,064,000,000 (equivalent to approximately HK\$13,333,000) was due to the lender.

- (c) As at 31 March 2022, the aggregate amount of approximately HK\$17,404,000 (2021: HK\$9,219,000) ("**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 January 2024.

21. INTEREST-BEARING BORROWINGS (Continued)

Notes: (Continued)

- (d) As at 31 March 2022, the aggregate amount of approximately HK\$3,000,000 (2021: 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 January 2024.
- (e) During the year ended 31 March 2022, a new loan amount of KRW8,000,000,000 (equivalent to approximately HK\$51,680,000) was obtained from an independent third party, which was secured, bearing interest at 9.6% per annum and repayable after 4 months from the date of drawdown or on demand. The loan (including interest payable) has been fully settled during the year ended 31 March 2022.
- (f) During the year ended 31 March 2022, a new loans in the aggregate amount of KRW9,300,000,000 (equivalent to approximately HK\$60,078,000) was obtained from an independent third party, which was secured, bearing interest at 9.6% per annum and repayable after 4 months from the date of drawdown or on demand. The loan (including interest payable) has been fully settled during the year ended 31 March 2022.

22. AMOUNTS DUE TO SHAREHOLDERS

- (a) As at 31 March 2022, the amount due to a shareholder amounting to HK\$228,000 (2021: HK\$228,000) was unsecured, interest free and repayable on demand.
- (b) As at 31 March 2022, the amount due to a shareholder amounting to approximately HK\$2,677,000 (2021: HK\$2,500,000) was unsecured, bearing interest at the weighted average effective interest rate of 10% per annum and repayable upon maturity or on demand.
- (c) As at 31 March 2022, the aggregate amount of approximately HK\$112,151,000 (2021: HK\$101,730,000) was unsecured, bearing interest at 5%-6% per annum and repayable after 12 months from the date of drawdown or on demand. The shareholder had agreed to extend the repayment date of all loans (including new addition loans) to 31 January 2024.
- (d) As at 31 March 2022, the amount due to a shareholder totaling approximately HK\$35,035,000 (2021: HK\$34,462,000), which is unsecured and bears interest at the rate of 0%-8% per annum, was repayable within three years after the drawdown date. The shareholder had agreed to extend the repayment date to 31 January 2023.

23. PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUISITION

Pursuant to the sales and purchases agreement dated 23 November 2009, Langfeld, a 90% indirectly owned subsidiary of the Company, acquired the remaining 30% equity interest in LLC “Shakhta Lapichevskaya” (“**Lapi**”) held by three Russians for a consideration of US\$9,490,600 (equivalent to approximately HK\$74,027,000) to be satisfied by payment of cash in four stages (the “**Additional Acquisition**”). The first and second stages of payments in aggregate amount of US\$4,095,300 (equivalent to approximately HK\$31,943,000) were made before 31 March 2010. The remaining consideration payable on the Additional Acquisition would be settled in two stages upon the fulfilment of the certain conditions as follows: (i) an amount of US\$4,095,300 (equivalent to approximately HK\$31,943,000) when the Group obtained the New Exploration and Mining Licence (the “**3rd Adjusted Consideration**”) and (ii) an amount of US\$1,300,000 (equivalent to approximately HK\$10,140,000) which would only be payable as and when the Group obtained the confirmation from the relevant tax authority in Russia of the taxation liabilities of Lapi (the “**4th Adjusted Consideration**”).

23. PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUISITION (Continued)

In prior year, the Group has recognised US\$1,300,000 (equivalent to approximately HK\$10,140,000) of the 4th Adjusted Consideration as purchase consideration payable for the acquisition of additional 30% equity interest in Lapi. The Group's share of the 4th Adjusted Consideration in the amount of HK\$9,126,000 was debited directly to other reserve in equity. The Group settled an aggregate amount of US\$873,400 (equivalent to approximately HK\$6,813,000) of the 4th Adjusted Consideration, the remaining balance of the 4th Adjusted Consideration is US\$426,600 (equivalent to approximately HK\$3,339,000 (31 March 2021: HK\$3,316,000)).

During the years ended 31 March 2022 and 2021, the Group has no further settlement on the 4th Adjusted Consideration.

24. CONVERTIBLE NOTES PAYABLES

Convertible notes

In prior year, the Third Convertible Note with a principal amount of US\$443,070,000 (equivalents 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, 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 results, 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.

24. CONVERTIBLE NOTES PAYABLES (Continued)

Convertible notes (Continued)

On 22 August 2016, in response to the New Technical Report dated 11 August 2016, Cordia, Choi Sungmin, Grandvest, Daily Loyal Limited 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 Limited 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 Limited agreed not to request for any compensation from any of the other parties for such reduction.

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 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. Details are disclosed in Note 29 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 Limited to China Panda, and (ii) US\$83,100,000 in aggregate principal amount of the Original Notes from Daily Loyal Limited to Gold Ocean (collectively, the “**Transferred Notes**”).

24. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

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.

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.

24. CONVERTIBLE NOTES PAYABLES (Continued)

Convertible notes (Continued)

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 (as defined hereinbelow), 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.

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 Limited, 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.

24. CONVERTIBLE NOTES PAYABLES (Continued)

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 31 March 2022, the total outstanding principal amount is US\$460,448,500 (equivalent to HK\$3,591,498,000) (2021: 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 being 12.01% (2021: 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 <i>HK\$'000</i>	Derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2020	3,591,498	—	3,591,498
Imputed interest charged during the year	—	—	—
As at 31 March 2021 and 1 April 2021	3,591,498	—	3,591,498
Imputed interest charged during the year	—	—	—
As at 31 March 2022	3,591,498	—	3,591,498

25. PROMISSORY NOTES PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the year and at the end of year	15,600	15,600

25. PROMISSORY NOTES PAYABLES (Continued)

In prior years, three unsecured promissory notes in the aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$273,000,000) (“**Modified PN**”) were issued by the Company to Cordia, a shareholder of the Company, pursuant to a conditional modification deed entered into between the Company and Cordia, the Modified PN was issued on 23 February 2010, and is non-interest-bearing and payable in one lump sum on maturity date of 25 May 2015. The principal amount of the Modified PN was US\$35,000,000 (equivalent to approximately HK\$273,000,000) and its fair value was US\$20,766,000 (equivalent to approximately HK\$161,973,000) as at the issue date. The fair value was determined by reference to a valuation carried out on the issue date by Vigers Appraisal and Consulting Limited. The effective interest rate of the Modified PN was determined to be 10.5% per annum.

During the year ended 31 March 2012, Cordia transferred part of the Modified PN with an aggregate principal amount of US\$9,000,000 (equivalent to approximately HK\$70,200,000) to the then three independent third parties (the “**Three New PN Holders**”).

The Three New PN Holders subsequently converted all the Modified PN into shares of the Company during year ended 31 March 2013.

On 20 February 2017, certain loan capitalisation agreements were signed with the two PN holders. Pursuant to the agreement, the two PN holders had agreed to, among other things, subscribe for new shares of the Company by apply the entire outstanding principals of the promissory notes as subscription monies at a price of HK\$0.325 per capitalisation share.

During the year, no imputed interest was charged to profit or loss. The remaining outstanding Modified PN is classified as non-current liabilities and carried on the amortised cost basis until extinguished on redemption. As at the end of the reporting period, the carrying amount of the Modified PN was HK\$15,600,000 (31 March 2021: HK\$15,600,000).

26. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	2022	2021
	HK\$'000	HK\$'000
As at 1 April	1,347	1,245
Provision during the year (<i>note 10</i>)	121	48
Exchange realignments	(163)	54
	<hr/>	<hr/>
As at 31 March	<u>1,305</u>	<u>1,347</u>

The provision for close down, restoration and environmental costs related to the Russian mine.

26. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS (Continued)

Under the existing Russian law, the Directors believed that there were no probable liabilities in respect of environmental liabilities that would have a material adverse effect on the financial position or results of operations of the Group. The Russian government, however, moved and may move further towards the adoption of more stringent environmental standards. Environmental liabilities were subject to considerable uncertainties which affected the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, coal mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites.

The provision for close down, restoration and environmental cleanup costs is determined by the Directors based on their past experience and best estimate of future expenditure by discounting the expected expenditure to their net present value. However, in so far as the effect of the land and the environment from the mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean-up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions were updated accordingly.

27. DEFERRED TAX LIABILITIES

	<i>HK\$'000</i>
As at 1 April 2020	3,295
Charged to profit or loss (<i>note 9</i>)	(995)
Exchange realignments	153
	<hr/>
As at 31 March 2021 and 1 April 2021	2,453
Charged to profit or loss (<i>note 9</i>)	(2)
Exchange realignments	(281)
	<hr/>
As at 31 March 2022	2,170
	<hr/> <hr/>

28. SHARE CAPITAL

	Number of shares		Nominal value	
	2022	2021	2022 HK\$'000	2021 HK\$'000
Authorised:				
Ordinary shares of HK\$2.00 each	<u>500,000,000</u>	<u>500,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
At beginning of the year	145,017,062	1,450,170,627	290,034	290,034
Share consolidation (<i>Note (i)</i>)	—	(1,305,153,565)	—	—
At the end of the year	<u>145,017,062</u>	<u>145,017,062</u>	<u>290,034</u>	<u>290,034</u>

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

Note:

- (i) Effective from 24 April 2020, every ten issued and unissued ordinary shares of the Company of nominal value of HK\$0.20 each were consolidated into one consolidated ordinary share of nominal value of HK\$2.00 each.

29. 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\$5,252,520) (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\$2,251,080) (the “**Second Claim**”) and the Third Claimant claimed US\$338,000 (equivalent to approximately HK\$2,636,400) (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 for the year ended 31 March 2013.

29. LITIGATIONS *(Continued)*

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

Legal Proceedings Taken By Former Shareholders of a Russian Subsidiary (Continued)

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 registered capital of Lapi as the Group delayed in settlement of the remaining outstanding amount of the Second Claim. As of 31 March 2022, the outstanding amount of the Second Claim was US\$188,600 (equivalent to approximately HK\$1,471,080), 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 registered capital of Lapi as the Group delayed in settlement of the remaining outstanding amount of the Third Claim. As of 31 March 2022, the outstanding amount of the Third Claim was US\$238,000 (equivalent to approximately HK\$1,856,400), which had also been fully provided for since 31 March 2013.

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.

29. LITIGATIONS *(Continued)*

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

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 had 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.

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.

29. LITIGATIONS *(Continued)*

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

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 and 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 in 2016 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 solicitor acting for the existing Director and Grandvest International Limited 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 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 an 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.

29. LITIGATIONS *(Continued)*

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

HCA 2397 of 2016 (Continued)

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.

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 in 2015 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.

29. LITIGATIONS *(Continued)*

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

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 an existing Director of the Company. 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.

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.

29. LITIGATIONS *(Continued)*

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

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 solicitor 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 solicitor 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.

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.

29. LITIGATIONS *(Continued)*

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

HCA 1050 of 2017 (Continued)

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.

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.

29. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 (Continued)

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. Daily Loyal 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.

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.

29. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 (Continued)

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.

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 will take out a summons to strike out such legal action.

HCA 2077 of 2017

As announced by the Company on 30 April 2021, Company on 20 April 2021 was purportedly 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 not immediately clear why it had waited more than 3 years before joining the Company as a co-defendant to the counterclaim.

The Company is in the process of taking legal advice on such counterclaim made by Lucrezia.

29. LITIGATIONS *(Continued)*

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

HCA 2079 of 2017

The Company on 18 June 2021 was 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.

The Company is in the process of taking legal advice on such counterclaim made by Token Century.

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 first plaintiff) and Gold Ocean (now known as “Solidarity Partnership”) (as the second 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.

29. LITIGATIONS *(Continued)*

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

HCA 2501 of 2017 (Continued)

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.

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.

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 first defendant and Tso Chi Ming (also known as Herman Tso) as the second 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.

29. LITIGATIONS *(Continued)*

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

Fourth Party Notices in Relation to HCA 51 of 2017 (Continued)

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.

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.

29. LITIGATIONS *(Continued)*

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

HCA 2520 of 2018 (Continued)

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 HCA2520/2018) 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.

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.

(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 would 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.

29. 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 15 April 2010, the Company commenced civil proceedings (HCA 706 of 2010) against these three former executive directors 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. 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 first defendant) and Chou Mei (as the second 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.

On 31 March 2017, the Company was informed by the legal adviser of Cheung Keng Ching (as the first defendant) and Chou Mei (as the second 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.

29. 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)

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. The pre-trial review hearing was held on 26 April 2022. Trial hearing has been fixed to be heard for 11 days commencing on 5 July 2022.

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 first defendant and Herman Tso (also known as Tso Chi Ming) as the second 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.

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 first defendant and Tso Chi Ming (also known as Herman Tso) (“**Herman Tso**”) as the second 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.

30. EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the end of the reporting period, certain loans of US\$143,500 (equivalent to approximately HK\$1,119,000 in total were granted to the Company.
- (b) Subsequent to the end of the reporting period, certain lenders had agreed to further extend the due dates of the loans (and the related interests payables where applicable) to 31 January 2024. Please refer to Note 2 for more information.
- (c) On 8 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$7,264,000 (equivalent to approximately HK\$56,659,000).
- (d) On 8 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$23,977,000 (equivalent to approximately HK\$187,020,000).
- (e) On 8 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$4,846,000 (equivalent to approximately HK\$37,798,000).
- (f) On 8 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$3,395,000 (equivalent to approximately HK\$26,481,000).
- (g) On 17 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$5,791,000 (equivalent to approximately HK\$45,169,000).
- (h) On 21 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$25,850,000 (equivalent to approximately HK\$201,630,000).
- (i) On 21 June 2022, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$35,797,000 (equivalent to approximately HK\$279,216,000).

30. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

- (j) On 11 April 2022, Global Power Asia Co., Ltd. (a wholly-owned subsidiary of the Company) and C-Rights Inc. (an independent third party) entered into the real estate sales agreement, pursuant to which Global Power Asia Co., Ltd. agreed to purchase and C-Rights Inc. agreed to sell a certain Korea residential property at the consideration of KRW4,700,000,000 (equivalent to approximately HK\$30,080,000). Please refer to the announcement of the Company dated 11 April 2022 for details.

- (k) The growing geopolitical tensions and the recent developments in Ukraine have had a negative impact on the Russian economy, including difficulties in obtaining international funding, significant increase in volatility on the securities and currency markets as well as significant devaluation of national currency and high inflation. The United States of America and the European Union imposed sanctions against a number of Russian banks, which restrict their access to European financial markets, foreign assets were frozen for certain banks, and sanctions were introduced that restrict the access of Russian organisations to Euro and US dollar markets. A number of other countries announced new packages of sanctions against certain Russian legal entities and personal sanctions against a number of individuals. If the situation persists or continues to develop significantly, including the loss of significant parts of foreign markets, which cannot be reallocated to new markets, it may affect the Group's business, financial condition, prospects and results of operations. The Group regards these events as non-adjusting events after the reporting period. Additional sanctions and restrictions on the business activity of Russian legal entities and individuals, as well as counter measures from Russian authorities might be introduced, the full range and possible consequences of which cannot be assessed.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

Basis for Opinion

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

Emphasis of Matter

Development of Russia – Ukraine War

We draw attention to Note 30 “Events subsequent to the reporting date” to the consolidated financial statements which describes the development of geopolitical tensions related to situation in Ukraine and sanctions imposed by certain countries that have affected and could significantly affect in the future the Russian economy, as well as the activity of the Group. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to the Going Concern

As at 31 March 2022, the Group had net current liabilities and net liabilities of approximately HK\$3,662,806,000 and HK\$2,382,088,000 respectively. These conditions, along with other matters as set forth in note 2 to the 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 consolidated 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 29 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2022, the Group recorded a total turnover of approximately HK\$1,168.04 million (2021: HK\$1,243.11 million), representing a decrease of approximately 6.04% as compared to last corresponding year. The continuous challenges from COVID-19 pandemic affected the Group's turnover and resulted in a slight decrease in turnover for the year under review.

The Group's total turnover composed of sales of diesel of approximately HK\$816.08 million (2021: HK\$827.97 million), sales of gasoline of approximately HK\$272.07 million (2021: HK\$352.94 million) and sales of other related petroleum products and services of approximately HK\$79.89 million (2021: HK\$62.20 million). In terms of product mix, sales of diesel, sales of gasoline and sales of other related petroleum products and services accounted for approximately 69.87% (2021: 66.61%), 23.29% (2021: 28.39%) and 6.84% (2021: 5.00%), respectively, of total turnover of the Group. The decrease in sales of gasoline was the main cause for the decrease in total turnover for the year under review.

Other Income

Other income during the year under review mainly represented interest income of approximately HK\$0.33 million (2021: HK\$0.45 million) and there were no net exchange gains for the year under review (2021: net exchange gains of HK\$0.31 million).

Other Gains and Losses

During the year under review, (i) the reversal of impairment loss on intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) amounted to approximately HK\$175.95 million (2021: HK\$204.53 million) mainly due to the net effects of increase in coal sales prices of certain type of coals with reference to import coal prices, the depreciation of Russian Rubles to United States Dollars, the increase in post-tax discount rate, the change in expected future inflation rate of costs and the corresponding change in expected future growth rate of coal sales prices in the coming few years, and change of the expected first year of coal production to 2029; and (ii) the impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) amounted to approximately HK\$281.57 million (2021: reversal of impairment loss of HK\$439.44 million) also mainly due to the net effects of increase in coal sales prices of certain types of coals with reference to import coal prices, the depreciation of Russian Rubles to United States Dollars, the increase in post-tax discount rate, the change in expected future inflation rate of costs and the corresponding change in expected future growth rate of coal sales prices in the coming few years, and change of the expected first year of coal production to 2024.

Selling and Distribution Costs

The selling and distribution costs for the year under review amounted to approximately HK\$2.94 million (2021: HK\$2.86 million). The increase in selling and distribution costs was mainly due to the increase in salaries and allowances of sales and marketing staff.

Administrative Expenses

During the year under review, total administrative expenses amounted to approximately HK\$15.69 million (2021: HK\$20.11 million). The decrease was mainly due to the net effects of (i) a decrease in legal and professional fees from approximately HK\$11.64 million to approximately HK\$4.49 million; (ii) staff costs including pension fund contributions (excluding directors' remuneration) slightly increased to approximately HK\$4.27 million (2021: HK\$4.11 million) due to the fluctuations in employees headcount during the year; and (iii) net exchange losses of approximately HK\$1.73 million (2021: net exchange gains of approximately HK\$0.31 million) for the year under review mainly due to the depreciation of Russian Rubles to United States Dollars.

Other Expenses

During the year under review, other expenses represented the amortization of intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) of approximately HK\$225.21 million (2021: HK\$89.36 million). The increase in carrying value of intangible assets in previous year end as of 31 March 2021 caused corresponding increase in the related amortization expense.

Finance Costs

During the year under review, total finance costs amounted to approximately HK\$12.56 million (2021: HK\$8.10 million). The increase in outstanding interest-bearing borrowings during the year caused corresponding increase in overall loan interest expenses.

Loss Before Income Tax

For the year ended 31 March 2022, the loss before income tax of the Group was approximately HK\$348.02 million (2021: profit before income tax of HK\$536.28 million). The turnaround from profit to loss was mainly attributable to the combined effects of the aforementioned factors.

The Company would like to highlight that (i) the reversal of impairment loss of approximately HK\$175.95 million (2021: HK\$204.53 million) on intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines); and (ii) the impairment loss of approximately HK\$281.57 million (2021: reversal of impairment loss of HK\$439.43 million) on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) were just non-cash items arising from year end valuation exercises for accounting purposes, which would not affect the cashflow position of the Group.

OPERATION REVIEW

Trading

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

Ripple impacts of COVID-19 pandemic fueled by the outbreaks of new COVID-19 strain surged in Korea and marked the peak during the year under review, and the Group's trading business, especially the sales of gasoline, was restricted due to various reasons. Despite the given situation, the Group was able to manage well the operational cycles on the timing of purchases and sales of diesel, gasoline and the related petroleum products. A stable supply of various products was successfully maintained. The lead time and costs in delivery of various products from oil refinery to petrol stations were minimized. The Group was also developing the related OMS (Oil Money Service) business and financial services to support smooth transactions, and helped oil refinery collect money faster and in return could enable the Group to earn commission profits.

Coal Mining

Lot 1 and Lot 1 Extension underground mining plan was heading towards the first year of coal production in around 2029, the Group had been trying to consult with experts in all aspects to find out the best way in causing the least adverse effects on environment. Public hearings were held several times and the opinion of residents were listened. By convincing that the mine business would revitalize regional economy and society, the Group would be able to secure a basis for business.

In respect of open-pit mining in certain area of Lot 2, as the Group showed concern for the public and had been trying to consult with experts in all aspects to find out the best way in causing the least adverse effects on environment. Other than the Group's efforts in concern for the environment, the Group had been communicating with regional society personnel. The Group tried to prove to them that the Group's business operation would not bring a significant adverse effect in regional environment, but rather, it would be a big step in enhancing regional economic growth.

In respect of underground mining of Lot 2, similarly, the Group had been listening to regional society's opinion and concerned about possible environmental pollution. The Group similarly tried to prove that the Group's business operation would not bring a significant adverse effect in regional environment, but instead, would assist in enhancing regional economic growth.

Geographical

In the year under review, Korea was the Group's sole market segment which accounted for 100.00% (2021: 100.00%) of the total revenue.

PROSPECTS

Looking forward, the year ahead will remain challenging for the Group. The new COVID-19 strain will continue to influence market sentiments, coupled with the outbreak of geopolitical tensions in Ukraine, which seems will not end shortly. Various commodity prices are soaring to near record high and in turn causing general inflation in most countries, which eventually caused the start of interest rate hikes of the United States of America and in various countries.

Based on the information current available on the recent development of the COVID-19 pandemic situation on the major geographical operations of the Group and the recent growing geopolitical tensions in Ukraine, the preliminary assessment of their impacts might suggest that COVID-19 pandemic and tensions in Ukraine might not have very significant adverse impacts on the Group's trading business in Korea in terms of the operating margins and results, financial resources, cashflows and future operating plans. The ripple effects of COVID-19 pandemic and the tensions in Ukraine might have certain impacts on the trends of coal prices which might affect the future valuations of coal mining rights and exploration rights (which anyway will be non-cash items), might create certain complications in remittance of funds to the Group's Russian subsidiary and might affect the volatility of the exchange rate of Russian Rubles, but up to this moment, the quantitative financial impacts on such are still too pre-matured to be measured.

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 Korea Government lifted the outdoor mask mandate and other social distancing regulations in May 2022. It is expected that the demand for diesel and gasoline will increase subsequently, especially with various holidays in Korea from now on to the end of 2022.

The Group will further strengthen the trading business in Korea by continuously providing competitive prices for individual petrol stations, stabilizing supply at petrol stations, purchasing products in larger volume during upcoming lowered tax period for diesel and gasoline to draw more profit, broadening customer base by finding more petrol stations, keeping trust-based business with customers, minimizing the lead time to help petrol stations replenish supplies as soon as possible, reducing cost of goods sold, and continuing the engagement with prospective customers in online social media. The Group is planning to find a possible lot area for diesel storage. In addition, the Group will find new customers of OMS (Oil Money Service) business and will help oil refinery collect money faster, both of these will enhance the Group's commission profits.

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 the government personnel and experts from the field of law, the environment and the economics. The Group is planning to hold more public hearings this year. It is expected that the Group can communicate with regional society well and get support of regional society.

Open-pit mining in certain area of Lot 2 requires more effort in sustaining environment than that of the underground mining, the Group will focus more on its development plan. For a smooth start of the project, the Group will consistently cooperate with regional government and regional society.

In respect of underground mining of Lot 2, similarly, before starting the project, the Group will consistently cooperate with regional government and regional society to show to them that the Group is open to hear their opinions and concerns on mining projects.

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 and potential equity funding such as issuance of new shares under specific mandate and/or general mandate. In addition, the Company will try its best to maintain proper communications with the holders of the Third Convertible Note to resolve the alleged disputes in an amicable manner, and may explore the possibility of possible conversion of a significant portion of convertible note and/or the possible extension of the maturity date.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had net current liabilities of HK\$3,362.81 million (2021: HK\$3,609.27 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 0.66% (2021: 0.85%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 9.67% (2021: 8.11%).

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.

The Directors will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities position of the Group as at 31 March 2022. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. The Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund raising exercises including placement of new shares as well as other pre-emptive offers. The Company will closely monitor the market situation and take prompt actions when such opportunities arise. During the year, the Company has raised several loans of HK\$129.24 million in total (2021: HK\$17.52 million) for the Group's daily operation and preparation works in relation to the Russian coal mines.

In addition to the above measure to improve the liquidity of the Group, the Company also explores ways to improve its overall financial position. In particular, the Company will communicate with specific 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 a significant portion 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.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("HKD"), United States dollars ("USD"), Russia rubles ("RUB") and Korean won ("KRW"). The exchange rates of USD against HKD remained relatively stable during the year under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater spread during the year. Therefore, shareholders of the Company 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 year and up to the date of this announcement, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 29 to the financial statements.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no capital commitments in respect of the exploration related contracts (31 March 2021: Nil) and no capital commitments in acquisition of property, plant and equipment (31 March 2021: Nil).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 31 March 2021 or 31 March 2022.

CHANGE OF COMPANY NAME AND STOCK SHORT NAME

As announced by the Company on 31 January 2022, the English name of the Company had been changed from “Siberian Mining Group Company Limited” to “E&P Global Holdings Limited” and the Chinese name “能源及能量環球控股有限公司” had been adopted and registered as the new dual foreign name of the Company to replace its previous Chinese name “西伯利亞礦業集團有限公司” (which was used for identification purposes only) with effect from 5 January 2022. The shares of the Company were traded on the Stock Exchange under the new English stock short name of “E&P GLOBAL” and Chinese stock short name of “能源及能量環球” in place of “SIBERIAN MINING” in English and “西伯利亞礦業” in Chinese, with effect from 9:00 a.m. on 8 February 2022. The stock code of the Company on the Stock Exchange remained unchanged.

SHARE OPTION SCHEME

The Group has adopted a share option scheme whereby Directors, employees and consultants of the Group may be granted options to subscribe for the new shares of the Company. For details, please refer to the 2021 annual report of the Company.

MATERIAL ACQUISITION AND DISPOSAL

During the reporting year, in August 2021, a wholly-owned Korean subsidiary of the Company (“GPA”) acquired certain convertible bonds of a Korean company listed on the Korean Securities Dealers Automated Quotations for an aggregate consideration of KRW17,641,080,460 (approximately HK\$119.25 million), converted such convertible bonds into a total of 7,934,974 Korean listed shares. In September 2021, GPA disposed of all such Korean listed shares to a purchaser, but such disposal transaction was cancelled and terminated in November 2021, and all the 7,934,974 Korean listed shares were returned to GPA. Through a series of transactions by GPA from November 2021 to January 2022, GPA had disposed of all such Korean listed shares through the open market. For more details, please refer to the announcement of the Company dated 14 April 2022.

Save for the material acquisition and disposal mentioned hereinabove, the Group was neither involved in any other significant investments, nor any material acquisitions and disposals of any subsidiaries or joint venture company.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2022, the Group had approximately 15 (2021: 17) staff in Hong Kong, Russia and Korea. Remuneration policy is reviewed by the directors of the Group periodically and is determined by reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance. Share options may also be granted to eligible employees of the Group. Employees benefit plans provided by the Group include provident fund scheme, medical insurance and subsidized training programs and seminars.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

DIVIDENDS

The Board does not recommend the payment of a dividend in respect of the financial year ended 31 March 2022 (2022: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

During the year under review, the Company has complied with the predecessor code provisions set out in the Corporate Governance Code (the “**CG Code**”) applicable to the Company for the year ended 31 March 2022 contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) except for the deviation as described below. The requirements under the current CG Code which came into effect on 1 January 2022 shall apply to the Company's corporate governance report for the financial year commencing on 1 April 2022.

- (i) Under code provision A.6.7 of the CG Code (updated reference of code provision C.1.6 of the current CG Code), independent non-executive Directors (“**INEDs**”) should attend the general meetings and develop a balanced understanding of the views of shareholders. However, one of the INEDs of the Company (Ms. Chen Dai) was unable to attend the extraordinary general meetings of the Company held on 13 May 2021 and 29 December 2021, and the 2021 annual general meeting of the Company held on 14 September 2021 due to flight restriction under COVID-19 pandemic situation in the People's Republic of China.
- (ii) Under code provision E.1.2 of the CG Code (updated reference of code provision F.2.2 of the current CG Code), the Chairman of the Board should attend the annual general meeting. However, the Chairman of the Board of the Company (Mr. Lee Jaeseong) was unable to attend the 2021 annual general meeting of the Company held on 14 September 2021 due to flight restriction under COVID-19 pandemic situation in Korea.

Non-compliance with Provisions of the Listing Rules

During the year under review, the Company has the following non-compliance with provisions of the Listing Rules:

- (i) On 11 August 2021, GPA (a wholly-owned Korean subsidiary of the Company) entered into the acquisition sale and purchase agreements with certain vendors, pursuant to which it acquired the convertible bonds (the “**Kanglim CB**”) of a Korean company (the “**CB Issuer**”) listed on the Korean Securities Dealers Automated Quotations for an aggregate consideration of KRW17,641,080,460 (approximately HK\$119.25 million). Such acquisition was financed by the certain secured loan agreements. On 12 August 2021 and 18 August 2021, GPA converted the Kanglim CB into a total of 7,934,974 shares (the “**Kanglim Shares**”) of the CB Issuer. On 10 September 2021, GPA entered into the disposal sale and purchase agreement with a purchaser in relation to the disposal of the Kanglim Shares at a consideration of KRW19,996,134,480 (approximately HK\$132.97 million). On 12 November 2021, GPA entered into the termination agreement with the same purchaser to terminate the disposal sale and purchase agreement signed previously. Through a series of transactions by GPA from November 2021 to January 2022, GPA had disposed of all the Kanglim Shares through the open market. As at 31 March 2022, GPA did not hold any Kanglim Shares and had repaid all loans and interests pursuant to the loan agreements. Since one or more of the applicable percentage ratios under the Listing Rules in respect of the above-mentioned acquisitions and disposals, when aggregated or on a standalone basis, exceeded 25% but are less than 75%, such transactions constituted major transactions of the Company and are subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. Since these transactions took place without the knowledge of the Directors of the Company, the Company could not able to comply with such reporting, announcement and shareholders’ approval requirements under the Listing Rules. For more details, please refer to the announcement of the Company dated 14 April 2022.

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 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2022.

Audit Committee

During the year under review, the audit committee of the Company (the “**Audit Committee**”) consisted of three independent non-executive Directors (“**INEDs**”) of the Company, chaired by Mr. Kwok Kim Hung Eddie and the other members were Ms. Chen Dai and Mr. Leung Yau Wan John.

The annual results of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee.

AUDITOR

The consolidated financial statements for the year ended 31 March 2022 have been audited by UniTax Prism (HK) CPA Limited (“**UniTax Prism CPA**”) (formerly known as “Prism CPA Limited”) who will retire and being eligible, offer itself for reappointment at the forthcoming annual general meeting of the Company.

SCOPE OF WORK OF UNITAX PRISM (HK) CPA LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2022 have been agreed by the Group’s auditor, UniTax Prism CPA, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by UniTax Prism CPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by UniTax Prism CPA on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://enp.todayir.com>, respectively. The annual report of the Company for the year ended 31 March 2022 will be despatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our utmost gratitude to our valued customers, suppliers, shareholders of the Group and business associates for their continued support for and confidence in the Group. I also wish to express our sincere appreciation to our management and employees of the Group for their endeavours and contributions over the year.

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

Hong Kong, 30 June 2022

As at the date of this announcement, the Board consists of Mr. Lee Jaeseong and Mr. Im Jonghak as executive directors, and Ms. Chen Dai, Mr. Kwok Kim Hung Eddie and Mr. Leung Yau Wan John as independent non-executive directors.