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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of E&P Global Holdings Limited (the "**Company**") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2023 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Note	**2023** ***HK$'000*** **(Unaudited)**	2022 *HK$'000* (Unaudited)
Revenue	*5*	**353,724**	632,663
Cost of sales		**(349,917)**	(626,603)
Gross profit		**3,807**	6,060
Other income	*7*	**88**	8,204
Other gains and losses	*8*	**54,981**	934,015
Selling and distribution expenses		**(1,683)**	(1,777)
Administrative expenses		**(10,559)**	(8,543)
Other expenses		**—**	(241,422)
Finance costs	*9*	**(5,041)**	(4,972)
Profit before taxation	*10*	**41,593**	691,565
Income tax (expense) credit	*11*	**(1,446)**	1,701
Profit for the period		**40,147**	693,266

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2023

	Note	**2023** **HK$'000** **(Unaudited)**	2022 HK$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**41,107**	688,956
Non-controlling interests		**(960)**	4,310
		40,147	693,266
Profit for the period		**40,147**	693,266
Other comprehensive (expense) income for the period:			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements from functional currencies to presentation currencies		**(2,058)**	71,372
Total comprehensive income for the period		**38,089**	764,638
Total comprehensive income for the period attributable to:			
Owners of the Company		**32,755**	753,087
Non-controlling interests		**5,334**	11,551
		38,089	764,638
Earnings per share			
Basic (HK$)	*13*	**0.28**	4.75
Diluted (HK$)	*13*	**0.28**	4.55

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Note	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**22,603**	17,989
Right-of-use assets	*15*	**1,225**	1,360
Investment property		**31,120**	32,408
Intangible assets	*16*	**—**	—
Exploration and evaluation assets	*17*	**2,018,721**	1,969,122
Rental deposits	*19*	**182**	298
		2,073,851	2,021,177
Current assets			
Inventories		**50**	—
Trade receivables	*18*	**4,230**	3,530
Other receivables	*19*	**9,720**	14,954
Cash and cash equivalents		**2,290**	5,349
		16,290	23,833
LIABILITIES			
Current liabilities			
Trade payables	*20*	**9,797**	8,929
Other payables	*21*	**25,673**	23,661
Contract liabilities	*22*	**3,114**	4,006
Interest-bearing borrowings	*23*	**41,692**	41,028
Amounts due to shareholders	*24*	**38,829**	38,622
Amounts due to a related party	*25*	**15,833**	—
Purchase consideration payable for additional acquisition	*26*	**3,340**	3,349
Lease liabilities	*15*	**884**	686
Convertible notes payables	*27*	**3,591,498**	3,591,498
Promissory notes payables	*28*	**15,600**	15,600
Income tax payable		**97**	881
		3,746,357	3,728,260
Net current liabilities		**(3,730,067)**	(3,704,427)
Total assets less current liabilities		**(1,656,216)**	(1,683,250)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 30 September 2023

	Note	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
Non-current liabilities			
Amounts due to shareholders	24	**130,817**	127,475
Amounts due to a director	24	**1,910**	—
Amounts due to a related party	25	**—**	16,863
Interest-bearing borrowings	23	**20,404**	20,404
Other payables	21	**2,637**	2,126
Provision for close down, restoration and environmental costs	29	**1,284**	1,585
Lease liabilities	15	**353**	671
Deferred tax liabilities		**3,195**	2,531
		160,600	171,655
NET LIABILITIES		**(1,816,816)**	(1,854,905)
CAPITAL AND RESERVES			
Share capital	30	**290,034**	290,034
Reserves		**(2,075,935)**	(2,108,690)
Equity attributable to owners of the Company		**(1,785,901)**	(1,818,656)
Non-controlling interests		**(30,915)**	(36,249)
CAPITAL DEFICIENCIES		**(1,816,816)**	(1,854,905)

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Other reserve (Note b)	Equity-settled share option reserve	Capital reserve (Note a)	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2022 (Audited)	290,034	1,956,517	(97,911)	322,366	47	23,936	(4,863,630)	(2,368,641)	(13,447)	(2,382,088)
Profit for the period	–	–	–	–	–	–	688,956	688,956	4,310	693,266
Other comprehensive income for the period	–	–	64,131	–	–	–	–	64,131	7,241	71,372
Total comprehensive income for the period	–	–	64,131	–	–	–	688,956	753,087	11,551	764,638
As at 30 September 2022 (Unaudited)	290,034	1,956,517	(33,780)	322,366	47	23,936	(4,174,674)	(1,615,554)	(1,896)	(1,617,450)
As at 1 April 2023 (Audited)	**290,034**	**1,956,517**	**(98,137)**	**322,366**	**47**	**23,936**	**(4,313,419)**	**(1,818,656)**	**(36,249)**	**(1,854,905)**
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**41,107**	**41,107**	**(960)**	**40,147**
Other comprehensive expenses for the period	**–**	**–**	**(8,352)**	**–**	**–**	**–**	**–**	**(8,352)**	**6,294**	**(2,058)**
Total comprehensive income for the period	**–**	**–**	**(8,352)**	**–**	**–**	**–**	**41,107**	**32,755**	**5,334**	**38,089**
As at 30 September 2023 (Unaudited)	**290,034**	**1,956,517**	**(106,489)**	**322,366**	**47**	**23,936**	**(4,272,312)**	**(1,785,901)**	**(30,915)**	**(1,816,816)**

Notes:

a. At the end of reporting period, capital reserve of the Group represented: (i) the amount of interest charged on amount due to a shareholder of the Company that was waived as a result of early partial settlement on the principal loan due to the shareholder, which was accounted for as capital contributions from an equity participant of the Company for the prior periods; and (ii) the difference between the carrying amount of the Modified PN (as defined in Note 28) discharged and the fair value of the new ordinary shares of the Company issued as consideration for the early partial settlements of the Modified PN. This difference was accounted for as a contribution from an equity participant of the Company for the prior period.

b. Other reserve represented the excess of the share of the carrying value of the subsidiary's net assets acquired from the non-controlling interests of a subsidiary over the fair value of the consideration paid on the completion date of the acquisition and the subsequent adjustment to the consideration recognized by the Group upon fulfillment of certain conditions as set out in Note 26.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating activities		
Profit before income tax	**41,593**	691,565
Adjustments for:		
Amortisation of other intangible assets	**–**	241,422
Depreciation of property, plant and equipment	**128**	136
Depreciation of right-of-use assets	**452**	445
Impairment loss (Reversal of impairment loss) on trade and other receivables	**40**	(1,185)
Gain on disposal of property, plant and equipment	**–**	(90)
Finance costs	**5,041**	4,972
Interest income	**(50)**	(119)
Provision for close down, restoration and environmental cost	**33**	45
Reversal of impairment loss on exploration and evaluation assets	**(55,022)**	(672,254)
Reversal of impairment loss on intangible assets	**–**	(260,486)
Operating cash flows before working capital changes	**(7,785)**	4,451
Increase in inventories	**(50)**	–
(Increase) Decrease in trade receivables	**(1,546)**	5,711
Decrease in deposit for property, plant and equipment	**–**	3,314
Decrease (Increase) in deposits and other receivables	**9,441**	(4,328)
Increase (Decrease) in trade payables	**2,045**	(265)
(Decrease) Increase in contract liabilities	**(749)**	3,451
Increase (Decrease) in other payables	**1,240**	(5)
Cash generated from operating activities	**2,596**	12,329
Income tax paid	**(865)**	(756)
Interest paid	**–**	(12)
Net cash inflow from operating activities	**1,731**	11,561
Investing activities		
Purchase of property, plant and equipment	**(7,180)**	(1,109)
Purchase of right-of-use assets	**–**	(125)
Purchase of investment property	**–**	(29,403)
Proceeds from disposal of property, plant and equipment	**–**	155
Interest received	**50**	119
Net cash used in investing activities	**(7,130)**	(30,363)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*
For the six months ended 30 September 2023

	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Financing activities		
Repayment of lease liabilities	**(471)**	(463)
Proceeds from borrowings	**1,186**	26,578
Loans received from shareholders	**601**	5,409
Loans received from a director	**1,984**	–
Repayment of loan from a director	**(100)**	–
Repayment of loan from a related company	**(712)**	–
Repayment of borrowings	**–**	(3,562)
Proceeds from lease liabilities	**–**	129
Net cash inflow from financing activities	**2,488**	28,091
Net (decrease) increase in cash and cash equivalents	**(2,911)**	9,289
Cash and cash equivalents at beginning of the period	**5,349**	3,052
Effect of foreign exchange rate changes	**(148)**	(8,912)
Cash and cash equivalents, at the end of the period	**2,290**	3,429
Analysis of the balance of the cash and cash equivalents		
Cash and bank balances	**2,290**	3,429

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Going concern assumptions

As at 30 September 2023, the Group's current liabilities exceeded its current assets by approximately HK$3,730,067,000 (31 March 2023: HK$3,704,427,000) and there was a capital deficiency of approximately HK$1,816,816,000 (31 March 2023: HK$1,854,905,000). 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 27, 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.

2. BASIS OF PREPARATION *(Continued)*

Going concern assumptions *(Continued)*

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

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

— Prior consent had not been obtained from the Stock Exchange for any proposed change to the terms of convertible securities after issue and before the Company exercising its conversion right.

— Legal proceedings concerning the disputes among the previous and the present CN holders over ownership were still ongoing.

— The ownership of part of the CN transferred from Daily Loyal Limited to 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.

2. BASIS OF PREPARATION *(Continued)*

Going concern assumptions *(Continued)*

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$138,885,000 (equivalent to approximately HK$1,083,303,000) for the 18 months period commencing in June 2023.

(ii) As set out in Note 23, with regard to Other Loan 3 and Other Loan 4, the lenders have agreed not to demand for repayment for the amounts due before 31 January 2025. In the opinion of the Directors, a further extension can be obtained when necessary.

(iii) As set out in Note 24, with regard to amounts due to shareholders of the Company (the "**Shareholders**"), one of the Shareholders agreed not to demand for repayment of the amounts due before 31 January 2025.

(iv) As set out in Note 24, with regard to amounts due to a director of the Company, such Director agreed not to demand for repayment of certain amounts due before 31 January 2025.

(v) As set out in Note 25, with regard to amounts due to a related company of the Company, the related company agreed not to demand for repayment of the amounts due before 17 April 2024.

(vi) The Company has obtained additional loan facilities sufficient to support the continual normal operation of the Group for at least 12 months after the period end date.

With the successful implementation of the measures and funding and financial support obtained as set out above, in the opinion of the Directors, 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 consolidated financial statements on a going concern basis.

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023, except for the adoption of the amendments to the Hong Kong Financial Reporting Standards as set out in Note 4.

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

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2023.

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

5. REVENUE

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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of goods		
Sales of diesel	**273,935**	494,129
Sales of gasoline	**74,543**	120,904
Sales of others	**5,246**	17,630
	353,724	632,663

6. 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.

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

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

Segment revenue and results

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

For the six months ended 30 September 2023 (unaudited)

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

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 September 2022 (unaudited)

	Mining *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Segment revenue	—	632,663	632,663
Segment profit	697,148	4,630	701,778
Unallocated corporate expenses			(5,241)
Unallocated finance costs			(4,972)
Profit before income tax			691,565

There were no inter-segment sales for both periods.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit 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.

Segment assets and liabilities

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

Segment assets

	30 September 2023 ***HK$'000*** **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
Mining	**2,032,009**	1,986,047
Trading	**56,022**	57,181
Total segment assets	**2,088,031**	2,043,228
Corporate and other assets	**2,110**	1,782
Total assets	**2,090,141**	2,045,010

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

Segment liabilities

	30 September 2023 *HK$'000* **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
Mining	**43,744**	43,763
Trading	**47,170**	47,284
Total segment liabilities	**90,914**	91,047
Corporate and other liabilities	**3,816,043**	3,808,868
Total liabilities	**3,906,957**	3,899,915

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 and a related party, convertible notes payables, promissory notes payables, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's reportable segments for the six months ended 30 September 2023 and 2022.

For the six months ended 30 September 2023

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

For the six months ended 30 September 2022

	Mining *HK$'000* (Unaudited)	Trading *HK$'000* (Unaudited)	Consolidated total *HK$'000* (Unaudited)
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	—	1,109	1,109
Depreciation of property, plant and equipment	(6)	(130)	(136)
Depreciation of right-of-use assets	(362)	(83)	(445)
Amortisation of other intangible assets	(241,422)	—	(241,422)
Reversal of impairment loss on intangible assets	260,486	—	260,486
Reversal of impairment loss on exploration and evaluation assets	672,254	—	672,254
Reversal of impairment loss on trade and other receivables	—	1,185	1,185

6. SEGMENT INFORMATION *(Continued)*

Geographical information

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

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

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

Revenue from external customers

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Korea	**353,724**	632,663

Non-current assets

	30 September	31 March
	2023	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Russia	**2,031,133**	1,984,830
Korea	**42,536**	36,049
	2,073,669	2,020,879

Non-current assets excluded rental deposits.

7. OTHER INCOME

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**50**	119
Sundry income	**38**	34
Net exchange gains	**—**	8,051
	88	8,204

8. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reversal of impairment loss on intangible assets	**—**	260,486
Reversal of impairment loss on exploration and evaluation assets	**55,022**	672,254
(Impairment loss) Reversal of impairment loss on trade and other receivables	**(41)**	1,185
Gain on disposal of property, plant and equipment	**—**	90
	54,981	934,015

9. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
— Loan from third parties	**1,605**	2,130
— Loan from a Director	**26**	—
— Loan from a related company	**343**	—
— Loan from shareholders	**3,034**	2,832
— Lease liabilities	**33**	10
	5,041	4,972

10. PROFIT BEFORE INCOME TAX

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Employee benefits expenses		
Directors' emoluments	**390**	390
Salaries and wages	**1,858**	1,999
Pension fund contribution	**41**	105
	2,289	2,494
Amortisation for intangible assets (included in other expenses)	—	241,422
Depreciation		
— Property, plant and equipment	**128**	136
— Right-of-use assets	**452**	445
Auditor's remuneration	**318**	279
Provision for close down, restoration and environmental cost	**33**	45
Cost of inventories recognised as an expense	**349,917**	626,603

11. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Korea corporation tax		
— current period	**(99)**	(454)
Deferred taxation	**(1,347)**	2,155
	(1,446)	1,701

Notes:

(a) No Hong Kong profits tax and Russia profits tax has been provided for the periods ended 30 September 2023 and 2022 as the Hong Kong and Russia subsidiaries of the Group have no assessable profits subject to Hong Kong profits tax and Russia profits tax purposes in the current and prior periods.

(b) Taxation for the Russian and Korea subsidiaries are similarly charged at the appropriate current rates of 20% of taxation ruling in the relevant countries.

12. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

13. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share	**40,147**	688,956
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**145,017,062**	145,017,062
Effect of dilutive potential ordinary shares:		
Adjustments for convertible notes payables	**—**	6,506,338
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**145,017,062**	151,523,400

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired certain property, plant and equipment of HK$8,060,000 (six months ended 30 September 2022: HK$1,109,000).

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

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	30 September 2023 *HK$'000* **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
Building and equipment	**1,225**	1,360

The Group has lease arrangements for buildings and equipment. The lease terms are generally ranged from 1 to 2 years and 5 years, respectively.

Additions to the right-of-use assets for the period ended 30 September 2023 amounted to approximately HK$278,000 (31 March 2023: HK$48,000 for new lease of equipment) for rental of certain storage facility.

(ii) Lease liabilities

	30 September 2023 *HK$'000* **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
Non-current	**353**	671
Current	**884**	686
	1,237	1,357
Amounts payable under lease liabilities		
Within one year	**884**	686
After one year but within two years	**330**	644
After two years but within five years	**23**	27
	1,237	1,357
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(884)**	(686)
Amount due for settlement after 12 months	**353**	671

(iii) Amounts recognised in profit or loss

	Six months ended 30 September	
	2023 *HK$'000* **(Unaudited)**	2022 *HK$'000* (Unaudited)
Depreciation of right-of-use assets	**452**	445
Interest expense on lease liabilities	**33**	10

16. INTANGIBLE ASSETS

	Mining right
	HK$'000
Cost	
At 1 April 2022 (Audited)	1,152,848
Exchange realignments	129,454
At 31 March 2023 and 1 April 2023 (Audited)	1,282,302
Exchange realignments	(267,488)
At 30 September 2023 (Unaudited)	**1,014,814**
Accumulated amortisation and impairment loss	
At 1 April 2022 (Audited)	980,957
Charge for the year	175,921
Exchange realignments	125,424
At 31 March 2023 and 1 April 2023 (Audited)	1,282,302
Exchange realignments	(267,488)
At 30 September 2023 (Unaudited)	**1,014,814**
Carrying values	
At 30 September 2023 (Unaudited)	**—**
At 31 March 2023 (Audited)	—

Mining right

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

As the intangible assets (in relation to the mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) were fully amortized under the cost model as at 31 March 2023, the Directors considered impairment loss or reversal of impairment loss was not applicable as at 30 September 2023.

16. INTANGIBLE ASSETS *(Continued)*

Mining right *(Continued)*

In performing the impairment test for the year ended 31 March 2023, the Directors had engaged Ravia Global Appraisal Advisory Limited ("**Ravia**"), an independent firm of professional valuer in determining the recoverable amount of the mining right which was the higher of the asset's fair value less costs of disposal and its value in use. Given the development status of the mining rights as at 31 March 2023, the Directors had determined the fair value less costs of disposal to be its recoverable amount. The recoverable amount was derived by using a discounted cash flow ("**DCF**") analysis. The DCF analysis had 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 for the year ended 31 March 2023 included:

(i) Cash flow projection was determined for a period of 18 years up to 2040 with the first year of production taken to be from year 2030 based on the Director's current best estimated production plan.

(ii) Cost of production (including royalties) on average was taken as 26.53% of revenue.

(iii) The post-tax discount rate applied to the cash flow projection was 38.16%.

(iv) The Directors had assumed the yearly coal sales prices to have no change in 2023, to decrease 14.97% in 2024 and 6.45% in 2025, increase 0.30% in 2026 and 3.00% each year from 2027 to 2040, which was in line with the comparable market information.

(v) Coal sales prices used in the DCF for the year ended 31 March 2023 and prior periods were determined with reference to the coal price under latest market information at the respective valuation dates, which showed an increase of approximately 18.35% to 70.11% (depends on different type of coals) when compared to that of the year ended 31 March 2022.

(vi) The exchange rate for US$ to RUB with reference to the approximate spot rate as of 31 March 2023 was taken to be US$1.00 to RUB77.50.

(vii) The inflation rate on operating costs were 5.8%, 5.00% and 4.50% for 2023, 2024 and 2025 respectively, and 3.00% from 2026 to 2040.

(viii) The Group is able to renew the relevant licence for the mining right upon its existing expiry date.

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i) to (vii) mentioned above, other major assumptions used in the DCF analysis for the year ended 31 March 2023, 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 31 March 2022.

16. INTANGIBLE ASSETS *(Continued)*

Mining right *(Continued)*

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

17. EXPLORATION AND EVALUATION ASSETS

	Total
	HK$'000
Cost	
At 1 April 2022 (Audited)	3,636,254
Exchange realignments	2,624
At 31 March 2023 and 1 April 2023 (Audited)	3,638,878
Exchange realignments	(5,423)
At 30 September 2023 (Unaudited)	**3,633,455**
Accumulated impairment loss	
At 1 April 2022 (Audited)	2,381,547
Reversal of impairment loss recognized	(717,456)
Exchange realignments	5,665
At 31 March 2023 and 1 April 2023 (Audited)	1,669,756
Reversal of impairment loss	(55,022)
Exchange realignments	—
At 30 September 2023 (Unaudited)	**1,614,734**
Carrying values	
At 30 September 2023 (Unaudited)	**2,018,721**
At 31 March 2023 (Audited)	1,969,122

17. EXPLORATION AND EVALUATION ASSETS *(Continued)*

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

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

In performing the impairment test for current period, the Directors 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.

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

(i) Cash flow projection is determined for a period of 12 years up to 2034 (31 March 2023: a period of 12 years up to 2034) with the first year of production taken to be from year 2025 (31 March 2023: first year of production from year 2025) based on the Directors' current best estimated production plan.

(ii) Cost of production (including royalties) on average is taken as 16.97% (31 March 2023: 17.47%) of revenue.

(iii) The post-tax discount rate applied to the cash flow projection is 41.49% (31 March 2023: post-tax discount rate of 38.16%).

(iv) The Directors have assumed the yearly coal sales prices to have no change in 2023, to decrease 13.35% in 2024, 5.16% in 2025 and 0.96% in 2026, and then to increase 3.00% each year from 2027 to 2034 (31 March 2023: 0% in 2023, decrease 14.97% in 2024 and 6.45% in 2025, to increase 0.30% in 2026 and 3.00% each year from 2027 to 2034), 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 13.18% to 21.89% (depends on different type of coals) when compared to that of last period.

(vi) The exchange rate for US$ to RUB with reference to the approximate spot rate as of 30 September 2023 is taken to be US$1.00 to RUB96.54 (31 March 2023: US$1.00 to RUB77.50).

(vii) The inflation rate on operating costs are 5.8%, 5.6% and 4.1% for 2023, 2024 and 2025 respectively, and 3.00% from 2026 to 2034 (31 March 2023: 5.8%, 5.00% and 4.50% for 2023, 2024 and 2025 respectively, and 3.00% from 2026 to 2034).

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (ii) to (vii) mentioned above, other major assumptions used in the DCF analysis in current period, 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 31 March 2023.

17. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Directors are of the opinion that based on the valuation, the reversal of impairment loss of mining right amounted to approximately HK$55,022,000 (31 March 2023: the reversal of impairment loss of approximately HK$717,456,000) compared with its carrying value as at 30 September 2023. The reversal of impairment loss is mainly attributable to the net effects of change of expected first year of coal production to 2025, increase of the relevant coal prices, the depreciation of RUB to US$, 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 the increase in post-tax discount rate during the current period as compared to previous period.

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

18. 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 ageing analysis of trade receivables presented based on the invoice date, which approximated the respective recognition dates, and net of loss allowance, at the end of the reporting period.

	30 September 2023 *HK$'000* **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
0 to 90 days	**4,088**	3,489
91 to 180 days	**142**	—
181 to 365 days	**—**	41
	4,230	3,530

19. OTHER RECEIVABLES

	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
Deposits	182	299
Other loans receivables	963	1,878
Other receivables	1,795	1,240
Advance payments	4,806	10,027
Prepayments	2,156	1,808
	9,902	15,252
Less: Rental deposits classified as non-current assets	(182)	(298)
Current portion included in other receivables	9,720	14,954

20. TRADE PAYABLES

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

	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
0-90 days	9,797	8,929

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 timeframe.

21. OTHER PAYABLES

	30 September 2023 HK$'000 (Unaudited)	31 March 2023 HK$'000 (Audited)
Other payables	1,170	416
Accrued expenses	4,465	4,145
Interest payables	22,675	21,226
	28,310	25,787
Less: other payables classified as non-current liabilities	(2,637)	(2,126)
	25,673	23,661

22. CONTRACT LIABILITIES

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Advances from customers	**3,114**	4,006

In general, the Group receives certain percentage of the contract sum as advance payment from the customers upon signing of the sales contracts.

The changes in contract liabilities for the period ended 30 September 2023 were mainly due to decrease in purchases order from customers in the current period.

Revenue recognised during the period ended 30 September 2023 that was included in the contact liabilities as at 31 March 2023 was approximately HK$4,006,000 (31 March 2023: HK$591,000). There was no revenue recognised in the current period from performance obligations that were satisfied in prior period.

23. INTEREST-BEARING BORROWINGS

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Other loan 1 *(Note a)*	**28,561**	28,561
Other loan 2 *(Note b)*	**11,971**	12,467
Other loan 3 *(Note c)*	**17,404**	17,404
Other loan 4 *(Note d)*	**3,000**	3,000
Other loan 5 *(Note e)*	**1,160**	—
	62,096	61,432
Within one year	**41,692**	41,028
After one year but within two years	**20,404**	20,404
	62,096	61,432
Carrying amount of repayable within one year and amounts shown under current liabilities	**41,692**	41,028
Amounts shown under non-current liabilities	**20,404**	20,404
	62,096	61,432

23. INTEREST-BEARING BORROWINGS *(Continued)*

Notes:

(a) As at 30 September 2023, the aggregate amount of approximately HK$28,561,000 (31 March 2023: 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) As at 30 September 2023, the aggregate amount of KRW2,064,000,000 (equivalent to approximately HK$11,971,000) (31 March 2023: HK$12,467,000) ("**Other Loan 2**") was unsecured, bearing interest at 4.6% per annum and repayment on demand.

(c) As at 30 September 2023, the aggregate amount of approximately HK$17,404,000 (31 March 2023: HK$17,404,000) ("**Other Loan 3**") was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 January 2025.

(d) As at 30 September 2023, the aggregate amount of approximately HK$3,000,000 (31 March 2023: 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 2025.

(e) During the period ended 30 September 2023, a new loan in aggregate amount of KRW200,000,000 (equivalent to approximately HK$1,160,000) was obtained from an independent third party ("**Other Loan 5**") which was unsecured, bearing interest at 4.6% per annum and repayable upon maturity or on demand.

24. AMOUNTS DUE TO A DIRECTOR/SHAREHOLDERS

(a) As at 30 September 2023, the amount due to a shareholder amounting to HK$228,000 (31 March 2023: HK$228,000) was unsecured, interest free and repayable on demand.

(b) As at 30 September 2023, the amount due to a shareholder amounting to approximately HK$2,942,000 (31 March 2023: HK$2,853,000) was unsecured, bears interest at the weighted average effective interest rate of 10% per annum and repayable upon maturity or on demand.

(c) As at 30 September 2023, the amount due to a shareholder amounting to approximately HK$130,817,000 (31 March 2023: HK$127,475,000) was 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 2025.

(d) As at 30 September 2023, the amount due to a shareholder totaling approximately HK$35,659,000 (31 March 2023: HK$35,541,000), which is unsecured and bears interest at the rate of 0% - 8% per annum, was repayable within three years after the drawdown date.

(e) During the period ended 30 September 2023, new loans in aggregate amount of HK$1,984,000 were obtained from a Director which was unsecured, bearing interest at 5% per annum and repayable upon maturity or on demand. During the period ended 30 September 2023, part of amount due to a Director amounting to HK$100,000 has been repaid. As at 30 September 2023, the remaining unsettled amount due to a Director in aggregate amount was HK$1,884,000.

25. AMOUNTS DUE TO A RELATED PARTY

As at 31 March 2023, the amount due to a related company amounting to approximately KRW 2,620,000,000 (equivalent to approximately HK$15,825,000) was unsecured, bearing interest at 4.6% per annum and repayment on demand.

During the period ended 30 September 2023, part of amount due to a related company amounting to KRW120,000,000 (equivalent to approximately HK$696,000) has been repaid.

As at 30 September 2023, the remaining unsettled amount due to a related company was KRW2,500,000,000 (equivalent to approximately HK$14,500,000).

26. 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 License (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**").

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$3,340,000) (31 March 2023: HK$3,349,000).

During the period ended 30 September 2023, the Group has no further settlement on the 4th Adjusted Consideration.

27. CONVERTIBLE NOTES PAYABLES

Convertible notes

In April 2013, 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 reperformed results, impairment tests for the years ended 31 March 2013, 2014 and 2015 were re-assessed and adjustments were made to reflect the effect/cumulative effect of the re-performed impairment amounts for each of the said years.

On 22 August 2016, in response to the New Technical Report dated 11 August 2016, Cordia, Choi Sungmin, Grandvest, Daily Loyal 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.

27. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

In 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 43 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**").

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.

27. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

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.

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.

27. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

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 conversion price is HK$480 per share, being adjusted with the effect from the Company's share consolidation effective on 24 April 2020.

Measurement of convertible notes

The fair value of the derivative components of the Third Convertible Note was determined based on a professional valuation performed by Ravia using the Hull model at the date of issue. As at 30 September 2023, the total outstanding principal amount plus interests is US$460,448,500 (equivalent to HK$3,591,498,000) (31 March 2023: US$460,448,500 (equivalent to HK$3,591,498,000)).

27. CONVERTIBLE NOTES PAYABLES *(Continued)*

Measurement of convertible notes *(Continued)*

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

	Liabilities component *HK$'000*	**Derivative component** *HK$'000*	**Total** *HK$'000*
As at 1 April 2022 (Audited)	3,591,498	—	3,591,498
Imputed interest charged during the year	—	—	—
As at 31 March 2023 and 1 April 2023 (Audited)	3,591,498	—	3,591,498
Imputed interest charged during the period	—	—	—
As at 30 September 2023 (Unaudited)	**3,591,498**	**—**	**3,591,498**

28. PROMISSORY NOTES PAYABLES

	30 September 2023 ***HK$'000*** **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
At the beginning of the period/year and at the end of period/year	**15,600**	15,600

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.

28. PROMISSORY NOTES PAYABLES *(Continued)*

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 period, no imputed interest was charged to profit or loss. The remaining outstanding Modified PN is classified as 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 2023: HK$15,600,000).

29. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	Total
	HK$'000
At 1 April 2022 (Audited)	1,305
Provision during the year	158
Exchange realignments	122
At 31 March 2023 and 1 April 2023 (Audited)	1,585
Provision during the period	33
Exchange realignments	(334)
At 30 September 2023 (Unaudited)	**1,284**

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

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.

30. SHARE CAPITAL

	Number of shares		Nominal value	
	30 September 2023 (Unaudited)	31 March 2023 (Audited)	**30 September 2023 (Unaudited) *HK$'000***	31 March 2023 (Audited) *HK$'000*
Authorised:				
Ordinary shares of HK$2.00 each	**500,000,000**	500,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At the end of the period/year	**145,017,062**	145,017,062	**290,034**	290,034

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

31. RELATED PARTY TRANSACTIONS

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

(a) During the period, the Group had the following transactions with related parties, which in the opinion of the Directors, where conducted at arm's length and on normal commercial terms:

Name of Company	Relationship	Nature of transaction	Six months ended 30 September 2023 *HK$'000* (Unaudited)	2022 *HK$'000* (Unaudited)
Cordia Global Limited	Shareholder	Interest expenses thereto	**204**	204
First Glory Limited	Shareholder	Interest expenses thereto	**89**	89
Im Jonghak	Director	Interest expenses thereto	**26**	—
Space Hong Kong Enterprise Limited	Shareholder	Interest expenses thereto	**2,742**	2,539
EH Energy Limited	Related party	Interest expenses thereto	**343**	—

(b) Compensation of key management personal of the Group:

	Six months ended 30 September 2023 *HK$'000* (Unaudited)	2022 *HK$'000* (Unaudited)
Directors' remuneration		
— Executive directors	**180**	180
— Independent non-executive directors	**210**	210
	390	390

32. 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 since the year ended 31 March 2013.

The Group and the Second Claimant entered into an amicable agreement dated 11 July 2013 to settle the Second Claim by three instalments. In February 2014, US$100,000 (equivalent to approximately HK$780,000) was paid. The Second Claimant threatened to foreclose the registered capital of Lapi as the Group delayed in settlement of the remaining outstanding amount of the Second Claim. As of 30 September 2023, the outstanding amount of the Second Claim was US$188,600 (equivalent to approximately HK$1,471,080), 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 30 September 2023, 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.

32. LITIGATIONS *(Continued)*

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

HCA 672 of 2013 *(Continued)*

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

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

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

HCA 584 of 2016

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

As announced by the Company on 29 June 2016, Zhi Charles was subject to a Court Order in respect of the Company's legal action against him under action number HCMP 443 of 2015 (the "**Restrictive Court Order On Zhi Charles**"). Pursuant to such Restrictive Court Order On Zhi Charles, the Court ordered that, inter alia, (i) Zhi Charles be prohibited from commencing or issuing any fresh claims or proceedings in any Court in Hong Kong against the Company without the leave of one of the Designated Judges except where the originating process is signed by counsel or solicitors practising in Hong Kong who have read the Restrictive Court Order On Zhi Charles and the reasons therefor; 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.

32. LITIGATIONS *(Continued)*

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

HCA 584 of 2016 *(Continued)*

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.

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.

32. LITIGATIONS *(Continued)*

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

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

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.

32. LITIGATIONS *(Continued)*

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

HCA 3148 of 2016

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

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. 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.

32. LITIGATIONS *(Continued)*

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

HCA 3190 of 2016 *(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.

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

HCA 47 of 2017

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

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

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

HCMP 701 of 2017

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

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

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

32. LITIGATIONS *(Continued)*

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

HCMP 701 of 2017 *(Continued)*

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.

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.

32. LITIGATIONS *(Continued)*

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

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.

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.

32. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 *(Continued)*

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 announcement, 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.

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.

32. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 *(Continued)*

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

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, the Company on 20 April 2021 was served with a counterclaim in High Court Action No. 2077 of 2017 in which a company called Lucrezia Limited ("**Lucrezia**") claimed damages from the Company in respect of a dispute over a sale and purchase agreement between Gold Ocean (now known as "Solidarity Partnership") and Lucrezia for a promissory note in the amount of US$3,751,282 (equivalent to approximately HK$29,260,000) issued by the Company back in February 2013. Lucrezia first filed its counterclaim in the action against certain other parties on 28 March 2018 and it was not 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.

HCA 2079 of 2017

The Company on 18 June 2021 was 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 clear why it had waited more than 3 years before joining the Company as a co-defendant to the counterclaim.

32. LITIGATIONS *(Continued)*

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

HCA 2079 of 2017 *(Continued)*

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.

32. 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.

32. LITIGATIONS *(Continued)*

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

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

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

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

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

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

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

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.

32. LITIGATIONS *(Continued)*

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

HCA 2520 of 2018 *(Continued)*

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

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

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

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

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.

32. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff

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

As set out in the Company's announcement dated 25 November 2008, inter alia, the Securities and Futures Commission commenced proceedings in the High Court of Hong Kong to seek a disqualification order and a compensation order against three former executive directors of the Company (namely, Cheung Keng Ching, Chou Mei and Lau Ka Man Kevin) in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The financial impacts on the Group in relation to these transactions had already been provided for and reflected in the previous financial results of the Group and they 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.

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.

32. 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)*

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.

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 was fixed for 11 days commencing on 5 July 2022.

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

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

32. LITIGATIONS *(Continued)*

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

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.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, certain loan facilities of HK$57,000 were granted to the Company.

(b) As disclosed in the announcement of the Company dated 2 October 2023, the capital reorganization which involving (i) the reduction of the par value of each issued share of the Company from HK$2.00 to HK$0.50 and (ii) the sub-dividing of each authorized but unissued share of the Company into four unissued new shares with a par value of HK$0.50 each, had become effective on 3 October 2023.

EXTRACT FROM REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the independent auditor's review report on the Group's interim financial information for the six months ended 30 September 2023:

CONCLUSION

Conclusion

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

Material Uncertainty Related to the Going Concern

As at 30 September 2023, the Group had net current liabilities and net liabilities of approximately HK$3,730,067,000 and HK$1,816,816,000, respectively. These conditions, along with other matters as set forth in note 2 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the condensed financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Also, we draw attention to note 32 to the condensed consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not qualified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the six months period ended 30 September 2023, the Group recorded a total turnover of approximately HK$353.72 million (2022: HK$632.66 million), representing a decrease of approximately 44.09% as compared to last corresponding period.

The Group's total turnover composed of sales of diesel of approximately HK$273.93 million (2022: HK$494.13 million), sales of gasoline of approximately HK$74.54 million (2022: HK$120.90 million) and sales of other related petroleum products and services of approximately HK$5.25 million (2022: HK$17.63 million). In terms of product mix, sales of diesel, sales of gasoline and sales of other related petroleum products and services accounted for approximately 77.40% (2022: 78.10%), 21.10% (2022: 19.11%) and 1.50% (2022: 2.79%), respectively, of total turnover of the Group. The fine-tuning of product mix strategy coupled with decrease in average purchase price of petroleum products had improved the overall gross profit margin to 1.08% (2022: 0.96%). Due to the economic downturn in Korea, both the average selling price and average sales volume of petroleum products demonstrated a downtrend, which caused an overall decrease in total turnover. The decrease in sales of diesel was the prime contributor for the decrease in total turnover for the period under review.

Other Income

As no net exchange gains were recorded (2022: net exchange gains of HK$8.05 million) for the period under review, other income dropped substantially to approximately HK$0.09 million (2022: HK$8.20 million). Other income mainly composed of interest income and other sundry income.

Other Gains and Losses

During the period under review, other gains and losses of approximately HK$54.98 million (2022: HK$934.02 million) mainly composed of the reversal of 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$55.02 million (2022: HK$672.25 million) mainly due to the net effects of increase in coal sales prices of certain types of coals, depreciation of Russian Rubles to United States Dollars, 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 2025.

No impairment loss or reversal of impairment loss (2022: reversal of impairment loss of HK$260.49 million) was recorded on other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) during the period under review, as the other intangible assets had been fully amortized as at 31 March 2023.

Selling and Distribution Costs

The selling and distribution costs decreased to approximately HK$1.68 million (2022: HK$1.78 million), which was generally in line with the decrease in total turnover during the period under review, with freight and transportation expenses dropped to approximately HK$0.70 million (2022: HK$0.99 million) and sales staff salaries and allowances increased to approximately HK$0.70 million (2022: HK$0.55 million).

Administrative Expenses

During the period under review, total administrative expenses amounted to approximately HK$10.56 million (2022: HK$8.54 million). The increase was mainly due to the net effects of (i) net exchange losses of approximately HK$5.82 million (2022: no net exchange losses) mainly caused by depreciation of Russian Rubles to United States Dollars; (ii) decrease in legal and professional fees to approximately HK$1.32 million (2022: HK$3.57 million) as most major legal cases of the Company were still pending a case management hearing and showed no marked developments; and (iii) staff costs including pension fund contributions (excluding Directors remuneration) decreased to approximately HK$1.90 million (2022: HK$2.10 million) due to movements in employee headcounts during the period under review.

Other Expenses

During the period under review, there was no amortization (2022: amortization of HK$241.42 million) of other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) as the other intangible assets had been fully amortized as at 31 March 2023.

Finance Costs

During the period under review, total finance costs slightly increased to approximately HK$5.04 million (2022: HK$4.97 million), which was in line with the slightly overall increase in interest-bearing outstanding loan amounts as of 30 September 2023.

Profit Before Income Tax

For the six months period ended 30 September 2023, the profit before income tax of the Group was approximately HK$41.59 million (2022: HK$691.57 million). The decrease in profit before income tax was mainly attributable to the combined effects of the aforementioned factors. The Company would like to highlight that the reversal of impairment loss of approximately HK$55.02 million (2022: HK$672.25 million) on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) was just a non-cash item arising from the period end valuation exercise for accounting purposes, which would not affect the cashflow position of the Group.

OPERATION REVIEW

Trading

For the period 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.

With the lifting of COVID-19 quarantine measures, the global economy entered into the post COVID-19 pandemic era and showed signs of resilience. Yet the economic recovery was unfolded at a slower pace than originally anticipated with China experiencing a rather sluggish economy. Most central banks of western countries continued with the interest rate hikes to tame persistently high inflation. Geopolitical tensions of Russia and Ukraine and Sino-USA trade conflicts continued to develop.

Petroleum and liquefied natural gas are the major industries in the energy market and play an influential role in the global economy as the world's primary fuel sources. The global market paid a high price for Russia's unprovoked war against Ukraine. Global prices for middle distillates such as gasoline and diesel had been falling as the economy slowdown, more refineries came on stream, and exports from Russia had been re-routed and replaced by fuel from the Middle East. As the Group's diesel and gasoline trading business is highly dependent on the global market demand, the petroleum sales in general had been rather not very stable.

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

Coal Mining

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

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

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

Geographical

For the period under review, Korea was the Group's sole market segment which accounted for 100.00% (2022: 100.00%) of the total revenue.

PROSPECTS

Looking forward, the year ahead will remain challenging for the Group. Despite economic resilience earlier this year, it would be too pre-matured to conclude the start of a long term uninterrupted global economy recovery. In the post-pandemic era, economic activities growth is still overshadowed by the high interest rate. The Federal Reserve of the USA has once warned that the interest rate of USA will be "higher for longer". The recent military confrontation between Israel and Hamas, the persistent Russia-Ukraine military conflict and the ongoing Sino-USA trade conflict and the possible "decoupling risks" will continue to weigh on the global economic outlooks and post downside risks. Hence, all these will make the global economic trends rather volatile and uncertain, which would make the Group's diesel and gasoline trading business rather challenging and would also have impacts on the coal prices.

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

Trading

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

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

Coal Mining

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

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

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

Placing of Shares, Loan Capitalizations and The Third Convertible Note

To further improve the financial position, the Company will strive to grasp opportunities in possible loan capitalizations 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 30 September 2023, the Group had net current liabilities of HK$3,730.07 million (31 March 2023: HK$3,704.43 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 0.43% (31 March 2023: 0.64%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 8.72% (31 March 2023: 8.83%).

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

During the period under review, the Group recorded a net cash outflow of HK$2.91 million (2022: inflow of HK$9.29 million), while the total cash and cash equivalents decreased to HK$2.29 million (2022: increased to HK$3.43 million) as at the end of reporting period.

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 30 September 2023. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The Directors 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 period, the Company had raised several loans of HK$3.74 million in total (2022: HK$31.99 million) for the Group's daily operation, preparation works in relation to the Russian coal mines and renovation of an investment property in Korea.

In addition to the above measure to improve the liquidity of the Group, the Company also explores way to improve its overall financial position. In particular, the Company will communicate with 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 Korea Won ("**KRW**"). The exchange rates of USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater spread in the period. Therefore, the Shareholders should be aware that the exchange rate volatility of RUB and KRW against HKD may have favourable or adverse effects on the operating results of the Group.

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

LITIGATIONS

During the period and up to the date of this announcement, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 32 to the condensed consolidated financial statements.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no capital commitments in respect of the exploration related contracts (31 March 2023: Nil) and no capital commitments in acquisition of property, plant and equipment (31 March 2023: Nil).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 30 September 2023 and 31 March 2023.

SHARE OPTION SCHEME

The Group previously adopted a share option scheme whereby Directors, employees and consultants of the Group might be granted options to subscribe for the new shares of the Company for the purpose of providing incentives or rewards for their contribution to the development and growth of the Group. The share option scheme was effective for a period of 10 years commencing on 7 September 2012. The share option scheme had already ended on 7 September 2022.

MATERIAL ACQUISITION AND DISPOSAL

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

EMPLOYEES AND REMUNERATION POLICIES

As of 30 September 2023, the Group had approximately 13 (31 March 2023: 10) staff in Hong Kong, Russia and Korea. Remuneration policy is reviewed by the Directors 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. Employees benefit plans provided by the Group include provident fund scheme, medical insurance and subsidized trainings and seminars.

CAPITAL REORGANISATION

As announced by the Company on 19 January 2023, the Company proposed to conduct the share capital reorganization (the "**Capital Reorganisation**") of the Company by conducting (i) the capital reduction ("**Capital Reduction**") of the Company involving the reduction of the par value of each issued share of the Company from HK$2.00 to HK$0.50 by cancelling the paid up share capital of the Company to the extent of HK$1.50 per issued share so that following such Capital Reduction, each issued share with a par value of HK$0.50 in the share capital of the Company shall become one new issued share of the Company following the Capital Reorganisation becoming effective; and (ii) the share sub-division (the "**Share Sub-division**") by, immediately following the Capital Reduction becoming effective, sub-dividing each authorised but unissued share of the Company into four unissued new shares with a par value of HK$0.50 each. Please refer to the announcement of the Company dated 19 January 2023 and the circular of the Company dated 17 February 2023 for details. As announced by the Company on 13 March 2023, the proposed Capital Reorganisation was duly passed by the Shareholders by way of poll at the extraordinary general meeting of the Company held on 13 March 2023.

As further disclosed in the announcement of the Company dated 2 October 2023, a copy of the order of the Grand Court of the Cayman Islands (the "**Grand Court**") confirming the Capital Reorganisation dated 26 September 2023 (Cayman Islands time) and the minute approved by the Grand Court containing the particulars required under the Companies Act (2023 Revision) of the Cayman Islands with respect to the Capital Reorganisation were filed and duly registered with the Registrar of Companies in the Cayman Islands on 2 October 2023 (Cayman Islands time). As all the other conditions for the Capital Reorganisation have been fulfilled, the Capital Reorganisation has become effective before 9:00 a.m. on Tuesday, 3 October 2023 (Hong Kong time).

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND THE ARTICLES OF ASSOCIATION

As announced by the Company on 23 August 2023, the Company proposed to make certain amendments to the then existing amended and restated memorandum of association and articles of association of the Company (the "**Existing M&A**") by way of the adoption of the new amended and restated memorandum of association and articles of association (the "**New M&A**") of the Company in substitution for, and to the exclusion of, the Existing M&A to, among other things, (i) conform the Existing M&A to the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022; (ii) reflect certain updates in relation to the Listing Rules and the applicable laws of the Cayman Islands; and (iii) make other consequential and housekeeping improvements (collectively the "**Proposed Amendments**"). The Proposed Amendments by way of the adoption of the New M&A is subject to the approval of the Shareholders by passing a special resolution to be proposed in the 2023 annual general meeting of the Company to be held on 27 September 2023.

As announced by the Company on 27 September 2023, the Proposed Amendments by way of the adoption of the New M&A was duly passed as a special resolution by the Shareholders by way of poll at the annual general meeting of the Company held on 27 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

During the period under review, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules except for the deviations as described below:

(i) Under code provision C.1.6 of the CG Code, independent non-executive Directors ("**INEDs**") should attend the general meetings and develop a balanced understanding of the views of shareholders. However, three INEDs of the Company (Ms. Chen Dai, Mr. Kim Sung Rae and Mr. Leung Yau Wan John) were unable to attend the extraordinary general meeting of the Company held on 22 May 2023 due to other business engagement already scheduled, teaching schedule in Korea already set and still being abroad on the date of meeting. In additional, two INEDs of the Company (Ms. Chen Dai and Mr. Kim Sung Rae) were unable to attend the annual general meeting of the Company held on 27 September 2023 (the "**2023 AGM**") due to other schedule and class schedule.

(ii) Under code provision C.1.8 of the CG Code, a listed issuer should arrange appropriate insurance cover in respect of legal action against its directors. The previous yearly directors and officers liability insurance policy (the "**D&O Insurance**") of the Company covered the period from 22 December 2021 to 21 December 2022. Due to the sanctions on Russia by United States of America, European Union and major Western Governments, renewal of D&O Insurance was declined by the international insurance companies because of the Group's involvement of a Russian subsidiary (Lapi) and Russian assets (coal mining rights in Russia). Hence, D&O Insurance coverage ceased from 22 December 2022. Upon the signing of contract with a new insurance company, a yearly D&O Insurance policy has become effective from 23 August 2023, the Company since then has fully complied with the requirement of code provision C.1.8 of the CG Code.

(iii) Under code provision F.2.2 of the 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 2023 AGM due to other schedule.

Non-Compliance with Provisions of the Listing Rules

During the period under review, the Company did not have any non-compliance with provisions of the Listing Rules.

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 had complied with the required standards as set out in the Model Code.

Audit Committee

The Audit Committee consisted of three INEDs of the Company, chaired by Mr. Leung Yau Wan John and the other two members are Ms. Chen Dai and Mr. Kim Sung Rae.

The major functions of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control of the Group. The Audit Committee had reviewed this announcement and the unaudited interim results of the Group for the six months ended 30 September 2023 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosures thereof under the requirements of the Listing Rules.

REVIEW ON INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group have been reviewed by the Company's auditor, Prism Hong Kong and Shanghai Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of Entity" issued by the Hong Kong Institute of Certified Public Accountants. An extract from the report on review with modified opinion is shown hereinabove under the heading "Extract from Report on Review of Interim Financial Information" on page 55. The report on review will be included in the interim report for distribution to the Shareholders.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://enp.todayir.com, respectively. The interim report of the Company for the six months ended 30 September 2023 will be despatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 November 2023

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. Kim Sung Rae and Mr. Leung Yau Wan John as independent non-executive Directors.