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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 MARCH 2025**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of E&P Global Holdings Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	4	489,447	664,701
Cost of sales		<u>(483,260)</u>	<u>(657,049)</u>
Gross profit		6,187	7,652
Other income	6	6,431	153
Other gains and losses, net	7	(305,504)	129,734
Selling and distribution costs		(3,659)	(3,769)
Administrative expenses		(13,399)	(14,992)
Finance costs	8	(19,070)	(10,120)
(Loss) profit before income tax		(329,014)	108,658
Income tax expenses	9	(328)	(3,028)
(Loss) profit for the year	10	<u>(329,342)</u>	<u>105,630</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(329,045)	106,899
Non-controlling interests		(297)	(1,269)
(Loss) profit for the year		<u>(329,342)</u>	<u>105,630</u>

		2025 HK\$'000	2024 HK\$'000
	<i>Notes</i>		
Other comprehensive income (expense) for the year:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>101,987</u>	<u>(1,527)</u>
Total comprehensive (expense) income for the year		<u><u>(227,355)</u></u>	<u><u>104,103</u></u>
Total comprehensive (loss) income for the year attributable to:			
Owners of the Company		(226,357)	103,937
Non-controlling interests		<u>(998)</u>	<u>166</u>
		<u><u>(227,355)</u></u>	<u><u>104,103</u></u>
(Loss) earnings per share			
Basic (HK\$)	12	<u><u>(2.27)</u></u>	<u><u>0.74</u></u>
Diluted (HK\$)	12	<u><u>(2.27)</u></u>	<u><u>0.74</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	13	15,639	12,411
Right-of-use assets		41	755
Investment property		26,011	28,188
Intangible assets	14	—	—
Exploration and evaluation assets	15	1,423,165	2,107,606
Rental deposits		189	187
		<u>1,465,045</u>	<u>2,149,147</u>
<i>Current assets</i>			
Inventories		5	1,799
Trade receivables	16	1,927	4,999
Other receivables		7,095	7,422
Cash and cash equivalents		2,443	228
		<u>11,470</u>	<u>14,448</u>
Liabilities			
<i>Current liabilities</i>			
Trade payables	17	7,887	10,771
Other payables		8,497	28,828
Contract liabilities		516	618
Interest-bearing borrowings	18	73,099	28,561
Amounts due to shareholders	19	4,926	39,097
Amount due to a director	20	229	—
Purchase consideration payable for additional acquisition		3,338	3,338
Lease liabilities		58	750
Convertible notes payables	22	—	3,591,498
Promissory notes payables		—	15,600
Income tax payable		39	449
		<u>98,589</u>	<u>3,719,510</u>
Net current liabilities		<u>(87,119)</u>	<u>(3,705,062)</u>
Total assets less current liabilities		<u>1,377,926</u>	<u>(1,555,915)</u>

		2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
	<i>Notes</i>		
<i>Non-current liabilities</i>			
Amounts due to shareholders	19	146,836	133,559
Amount due to a director	20	—	2,596
Amount due to a related party	21	15,312	16,167
Interest-bearing borrowings	18	—	33,535
Other payables		16,838	3,230
Convertible notes payables	22	3,170,231	—
Provision for close down, restoration and environmental costs		1,434	1,315
Lease liabilities		—	27
Deferred tax liabilities	23	5,433	4,458
		<u>3,356,084</u>	<u>194,887</u>
Net liabilities		<u>(1,978,158)</u>	<u>(1,750,802)</u>
Capital and reserves			
Share capital	24	1,450	72,509
Reserves		<u>(1,942,527)</u>	<u>(1,787,228)</u>
Equity attributable to owners of the Company		(1,941,077)	(1,714,719)
Non-controlling interests		<u>(37,081)</u>	<u>(36,083)</u>
Capital deficiencies		<u>(1,978,158)</u>	<u>(1,750,802)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business of the Company is 1703, 17/F, Cheong Tai Commercial Building, Nos. 287-289 Reclamation Street, Kowloon, Hong Kong.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern assumptions

The Group recorded a loss attributable to owners of the Company of approximately HK\$329,045,000 for the year ended 31 March 2025. As at 31 March 2025, the Group’s current liabilities exceeded its current assets by approximately HK\$87,119,000 (2024: HK\$3,705,062,000) and there was a capital deficiency of approximately HK\$1,978,158,000 (2024: HK\$1,750,802,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

As described more fully in Note 22, the Third Convertible Note (the “**CN**”) was issued on 3 April 2013 at zero coupon rate with an original maturity date on 3 April 2018.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)

Going concern assumptions (*Continued*)

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

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

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

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

On 2 December 2024, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with A Mark Limited, Ocean Resources Int’l Investment Group Limited and Wayside Holdings Limited (the “**Subscribers**”), pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the convertible notes (the “**Convertible Notes**”) in an aggregate principal amount of US\$400,390,000, or HK\$3,123,042,000 equivalent, in full and final settlement of the indebtedness of approximately HK\$3,591,498,000 under the CN. The Convertible Notes will mature on the fifth anniversary from the date of the Subscription Agreement, with a conversion price of HK\$0.25 per share. On 28 March 2025 and, subsequently, 22 May 2025, the Company received the conversion notices (the “**Conversion notices**”) in relation to the convertible notes issued by the Company on 17 March 2025 (the “**Convertible Notes**”) from A Mark Limited, Ocean Resources Int’l Investment Group Limited and Wayside Holdings Limited (the “**Proposed Conversion**”). Please refer to Note 26 for further details.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern assumptions (Continued)

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

- (i) As set out in Note 18, with regard to Other Loans 3 and 4, the lenders have agreed not to demand for repayment for the amount due before 31 December 2025. In the opinion of the directors of the Company, a further extension can be obtained when necessary.
- (ii) As set out in Note 19, with regard to amounts due to shareholders, one of the shareholders agreed not to demand for repayment of the amount due before 31 December 2026.
- (iii) As set out in Note 20, with regard to amount due to a director, the director agreed not to demand for repayment of the amount due before 31 December 2025.
- (iv) As set out in Note 21, with regard to amount due to a related party, the related party agreed not to demand for repayment of the amount due before 31 December 2026.
- (v) The Company has obtained loan facilities sufficient to support the continual normal operation of the Group for at least 12 months after the year end date. For details, please refer to Note 26.

With the successful implementation of the measures and funding and financial support obtained as set out above, in the opinion of the directors of the Company, the Group will have sufficient funds to satisfy its future working capital and other financial commitments as and when they fall due. Accordingly, the directors of the Company are of the view that it is appropriate to prepare the 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. APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS (“HKFRSs”) (Continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group’s financial statements.

Amendments to HKFRSs issued but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2025

⁴ No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of diesel	369,329	510,957
Sales of gasoline	99,017	123,339
Sales of others	21,101	30,405
	<u>489,447</u>	<u>664,701</u>

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

During the years ended 31 March 2025 and 2024, all of the Group's revenue, based on the location of the operations, was generated in Korea.

Transaction price allocated to the remaining performance obligations

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

5. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

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

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

5. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the year ended 31 March 2025

	Mining HK\$'000	Trading HK\$'000	Total HK\$'000
Segment revenue	<u>—</u>	<u>489,447</u>	489,447
Segment (loss) profit	<u>(786,012)</u>	<u>1,560</u>	(784,452)
Unallocated corporate income			474,508
Unallocated finance costs			<u>(19,070)</u>
Loss before income tax			<u><u>(329,014)</u></u>

For the year ended 31 March 2024

	Mining HK\$'000	Trading HK\$'000	Total HK\$'000
Segment revenue	<u>—</u>	<u>664,701</u>	664,701
Segment profit (loss)	<u>136,346</u>	<u>(10,843)</u>	125,503
Unallocated corporate expenses			(6,725)
Unallocated finance costs			<u>(10,120)</u>
Profit before income tax			<u><u>108,658</u></u>

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

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2025 HK\$'000	2024 HK\$'000
Mining	1,438,162	2,120,872
Trading	36,759	41,054
	<hr/>	<hr/>
Total segment assets	1,474,921	2,161,926
Corporate and other assets	1,594	1,669
	<hr/>	<hr/>
Total assets	<u>1,476,515</u>	<u>2,163,595</u>

Segment liabilities

	2025 HK\$'000	2024 HK\$'000
Mining	45,715	46,029
Trading	40,472	45,551
	<hr/>	<hr/>
Total segment liabilities	86,187	91,580
Corporate and other liabilities	3,368,486	3,822,817
	<hr/>	<hr/>
Total liabilities	<u>3,454,673</u>	<u>3,914,397</u>

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

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

5. SEGMENT INFORMATION (Continued)

Other segment information

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's reportable segments for the years ended 31 March 2025 and 2024.

	For the year ended 31 March 2025		
	Mining HK\$'000	Trading HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	834	1,756	2,590
Depreciation of property, plant and equipment	—	411	411
Depreciation of right-of-use assets	699	260	959
Impairment loss on exploration and evaluation assets	786,775	—	786,775
Impairment loss on trade and other receivables	—	20	20
	<u> </u>	<u> </u>	<u> </u>
Amount regularly provided to the CODM but not included in the measure of segment profit or loss:			
Income tax expenses (credit)	453	(125)	328
	<u> </u>	<u> </u>	<u> </u>
For the year ended 31 March 2024			
	Mining HK\$'000	Trading HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	4	7,452	7,456
Depreciation of property, plant and equipment	2	249	251
Depreciation of right-of-use assets	698	249	947
Reversal of impairment loss on exploration and evaluation assets	(142,912)	—	(142,912)
Reversal of impairment loss on trade and other receivables	—	(8)	(8)
	<u> </u>	<u> </u>	<u> </u>
Amount regularly provided to the CODM but not included in the measure of segment profit or loss:			
Income tax expenses	2,518	510	3,028
	<u> </u>	<u> </u>	<u> </u>

5. SEGMENT INFORMATION (Continued)

Geographical information

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

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

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

Revenue from external customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Korea	<u>489,447</u>	<u>664,701</u>

Non-current assets

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Russia	1,437,125	2,120,224
Korea	<u>27,731</u>	<u>28,736</u>
	<u>1,464,856</u>	<u>2,148,960</u>

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

Information about major customer

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A ¹	—	75,096
Customer B ¹	62,124	65,935
Customer C ¹	<u>48,771</u>	<u>—</u>

¹ Revenue from trading segment

6. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income	92	98
Sundry income	3,347	55
Net exchange gains	2,992	—
	<u>6,431</u>	<u>153</u>

7. OTHER GAINS AND LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Impairment loss) reversal of impairment loss on exploration and evaluation assets	(786,775)	142,912
(Impairment loss) reversal of impairment loss on trade and other receivables	(20)	8
Fair value gain (loss) of investment properties	389	(13,186)
Gain from write-off of interest-bearing borrowings	49,718	—
Loss on extinguishment of convertible notes	(37,272)	—
Waiver of interest charged on convertible notes	468,456	—
	<u>(305,504)</u>	<u>129,734</u>

8. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on:		
— Loan from third parties	2,300	3,233
— Loan from shareholders	6,110	6,067
— Loan from a director	77	80
— Loan from a related party	636	683
— Lease liabilities	30	57
— Convertible notes payables	9,917	—
	<u>19,070</u>	<u>10,120</u>

9. INCOME TAX EXPENSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax:		
Korea corporation tax	59	563
Over-provision in prior years:		
Korea corporation tax	(224)	—
Deferred tax (<i>Note 23</i>)	493	2,465
	<u>328</u>	<u>3,028</u>

10. (LOSS) PROFIT FOR THE YEAR

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses		
Directors' emoluments	914	780
Salaries and wages	2,068	3,727
Pension fund contribution	111	80
	<u>3,093</u>	<u>4,587</u>
Depreciation		
— Property, plant and equipment	411	251
— Right-of-use assets	959	947
Auditor's remuneration	1,950	1,410
Net exchange (gain) losses	(2,992)	4,646
Cost of inventories recognised as an expense	<u>483,260</u>	<u>657,049</u>

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

12. (LOSS) EARNINGS PER SHARE

	2025 HK\$'000	2024 HK\$'000
(Loss) Profit		
(Loss) profit attributable to owners of the Company, used in the basic and diluted (loss) earnings per share	(329,045)	106,899
	Number of shares	
	2025	2024

Shares

Weighted average number of ordinary shares outstanding for the purpose of basic and diluted (loss) earnings per share	145,017,062	145,017,062
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During year ended 31 March 2025, because the diluted loss per share amount is increased when taking convertible notes into account, the convertible notes had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount is based on the loss for the year of HK\$329,045,000, and the weighted average number of ordinary shares of 145,017,062 outstanding during the year.

During the year ended 31 March 2025, there were no dilutive potential ordinary shares. Therefore, the diluted loss per share was the same as basic loss per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress <i>HK\$'000</i>	Freehold land <i>HK\$'000</i>	Furniture and fixture <i>HK\$'000</i>	Equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 April 2023	15,907	1,321	34	190	1,248	18,700
Additions	7,452	—	—	4	—	7,456
Transfer	(10,237)	—	—	—	—	(10,237)
Exchange realignments	(2,291)	(228)	—	(2)	(50)	(2,571)
At 31 March 2024 and 1 April 2024	10,831	1,093	34	192	1,198	13,348
Additions	834	—	—	1,756	—	2,590
Transfer	—	—	—	—	—	—
Exchange realignments	1,063	98	—	(92)	(109)	960
At 31 March 2025	12,728	1,191	34	1,856	1,089	16,898
Net of accumulated depreciation and impairment						
At 1 April 2023	—	—	34	179	498	711
Charge for the year	—	—	—	7	244	251
Exchange realignments	—	—	—	(1)	(24)	(25)
At 31 March 2024 and 1 April 2024	—	—	34	185	718	937
Charge for the year	—	—	—	182	229	411
Exchange realignments	—	—	—	(13)	(76)	(89)
At 31 March 2025	—	—	34	354	871	1,259
Net carrying values						
At 31 March 2025	12,728	1,191	—	1,502	218	15,639
At 31 March 2024	10,831	1,093	—	7	480	12,411

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

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

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

14. INTANGIBLE ASSETS

Mining right *HK\$'000*

Cost

At 1 April 2023	1,282,302
Exchange realignments	(218,407)
	<hr/>
At 31 March 2024 and 1 April 2024	1,063,895
Exchange realignments	95,980
	<hr/>
At 31 March 2025	1,159,875
	<hr/> <hr/>

Accumulated amortisation

At 1 April 2023	1,282,302
Exchange realignments	(218,407)
	<hr/>
At 31 March 2024 and 1 April 2024	1,063,895
Exchange realignments	95,980
	<hr/>
At 31 March 2025	1,159,875
	<hr/> <hr/>

Net carrying values

At 31 March 2025	<hr/> <hr/>
At 31 March 2024	<hr/> <hr/>

14. INTANGIBLE ASSETS (Continued)

Mining rights

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

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 2025, the directors of the Company considered impairment loss or reversal of impairment loss was not applicable as at 31 March 2025.

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

Intangible asset	Location	Expiry Date
Mining right		
Lapichevskaya Mine	Industrial area, Kemerovo district, Kemerovo region, 650906, Russia	1 January 2029

15. EXPLORATION AND EVALUATION ASSETS

	Total <i>HK\$'000</i>
Cost	
At 1 April 2023	3,638,878
Exchange realignments	(4,428)
	<hr/>
At 31 March 2024 and 1 April 2024	3,634,450
Exchange realignments	1,946
	<hr/>
At 31 March 2025	<u><u>3,636,396</u></u>
Accumulated impairment loss	
At 1 April 2023	1,669,756
Reversal of impairment loss	(142,912)
	<hr/>
At 31 March 2024 and 1 April 2024	1,526,844
Impairment loss	786,775
Exchange realignments	(100,388)
	<hr/>
At 31 March 2025	<u><u>2,213,231</u></u>
Net carrying values	
At 31 March 2025	<u><u>1,423,165</u></u>
At 31 March 2024	<u><u>2,107,606</u></u>

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

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

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

15. EXPLORATION AND EVALUATION ASSETS *(Continued)*

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

- (i) Cash flow projection is determined for a period of 10 years up to 2035 (2024: a period of 12 years up to 2035) with the first year of production taken to be from year 2026 (2024: first year of production from year 2026) based on the directors' current best estimated production plan.
- (ii) Cost of production (including royalties) on average is taken as 30.1% (2024: 16.79%) of revenue.
- (iii) The post-tax discount rate applied to the cash flow projection is 38.00% (2024: 37.00%).
- (iv) The directors of the Company have assumed the yearly coal sales prices have increase 20.21% and 18.34% in 2025 and 2026 and to increase 4% each year from 2027 to 2035 (2024: have no change in 2024 and 2025 and to increase 1.95% each year from 2026 to 2040), which is in line with the comparable market information.
- (v) Coal sales prices used in the DCF in the current and prior years are determined with reference to the coal price under current market information at the respective valuation dates, which show an increase of approximately -6% to 3% (depends on different type of coals) when compared to that of last year.
- (vi) The exchange rate for US\$ to RUB with reference to the approximate spot rate as of 31 March 2025 is taken to be US\$1.00 to RUB84.64 (2024: US\$1.00 to RUB96.54).
- (vii) The yearly inflation rate on operating costs is 5.30% and 4.37% for 2025 and 2026 respectively, and 4.00% from 2026 to 2040 (2024: 5.30% and 4.37% for 2024 and 2025, respectively, and 4.00% from 2026 to 2040).

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

The directors of the Company are of the opinion that based on the valuation, the exploration and evaluation asset was evaluated downward. It thus would result in a impairment loss of approximately HK\$786,775,000 (2024: reversal of impairment loss of approximately HK\$142,912,000) compared with its carrying value as at 31 March 2025. The impairment loss is mainly attributable to the net effects of change of expected first year of coal production to 2026, decrease of the relevant coal prices, the change in expected future inflation rate of costs and the corresponding change in expected future growth rate of coal sales prices in the coming few years, the increase in the cost of production and the increase in post-tax discount rate during the current year as compared to previous year.

15. EXPLORATION AND EVALUATION ASSETS *(Continued)*

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

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

16. TRADE RECEIVABLES

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 90 days	1,915	4,994
91 to 180 days	7	5
181 to 365 days	5	—
	<u>1,927</u>	<u>4,999</u>

17. TRADE PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 90 days	<u>7,887</u>	<u>10,771</u>

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

18. INTEREST-BEARING BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Other loan 1 (Note a)	—	28,561
Other loan 2 (Note b)	—	13,131
Other loan 3 (Note c)	17,404	17,404
Other loan 4 (Note d)	3,000	3,000
Other loan 5 (Note e)	2,379	—
Other loan 6 (Note f)	3,400	—
Other loan 7 (Note g)	15,600	—
Other loan 8 (Note h)	31,316	—
	<u>73,099</u>	<u>62,096</u>

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

	2025 HK\$'000	2024 HK\$'000
Within one year	73,099	28,561
After one year but within two years	—	33,535
	<u>73,099</u>	<u>62,096</u>
Less: Amounts shown under non-current liabilities	<u>—</u>	<u>(33,535)</u>
Amounts shown under current liabilities	73,099	28,561
Less: The carrying amount of other borrowing that is repayable on demand due to loan defaults	<u>—</u>	<u>(28,561)</u>
Amounts shown under current liabilities		
For the other borrowing that is repayable within one year or on demand	<u>73,099</u>	<u>—</u>

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

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	<u>4.6% - 10%</u>	<u>4.6% - 6%</u>

18. INTEREST-BEARING BORROWINGS (Continued)

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

	2025 HK\$'000	2024 HK\$'000
HK\$	9,259	8,480
US\$	63,840	40,485
KRW	—	13,131
	<u>73,099</u>	<u>62,096</u>

Notes:

- (a) As at 31 March 2024, borrowings with an aggregate carrying amount of approximately HK\$28,561,000 (“**Other Loan 1**”) had been outstanding over 6 years from the date of respective agreement. The lender was dissolved and did not demand the Group on loan repayment. Directors of the Company consider the chance of demand on repayment is remote and write off the loan during the year ended 31 March 2025.
- (b) During the year ended 31 March 2025, an additional loan amount of KRW100,000,000 (equivalent to approximately HK\$528,000) was obtained. As at 1 August 2024, the Group has entered a lease agreement with the lenders-two independent parties and the borrowing amount of KRW2,364,000,000 (equivalent to approximately HK\$12,472,000) (“**Other Loan 2**”) had been transferred to security deposit of this lease agreement.
- (c) As at 31 March 2025, borrowings with an aggregate amount of approximately HK\$17,404,000 (2024: approximately HK\$17,404,000) (“**Other Loan 3**”) was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 December 2025.
- (d) As at 31 March 2025, borrowings with an aggregate amount of approximately HK\$3,000,000 (2024: HK\$3,000,000) (“**Other Loan 4**”) was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 December 2025.
- (e) As at 31 March 2025, borrowings with an aggregate amount of approximately HK\$2,379,000 (2024: Nil) (“**Other Loan 5**”) was unsecured, bearing interest at 10% per annum and repayment on demand.
- (f) As at 31 March 2025, borrowings with an aggregate amount of approximately HK\$3,400,000 (2024: Nil) (“**Other Loan 6**”) was unsecured, bearing interest at 10% per annum and repayment on demand.
- (g) As at 31 March 2025, borrowings with an aggregate amount of approximately HK\$15,600,000 (2024: Nil) (“**Other Loan 7**”) was unsecured, interest free and repayment within one year.
- (h) As at 31 March 2025, borrowings with an aggregate amount of approximately HK\$31,316,000 (2024: Nil) (“**Other Loan 8**”) was unsecured, bearing interest at 8% per annum and repayment on demand.

19. AMOUNTS DUE TO SHAREHOLDERS

- (a) As at 31 March 2025, there was no amount due to a shareholder (2024: amounting to HK\$228,000 was unsecured, interest free and repayable on demand).
- (b) As at 31 March 2025, there was no amount due to a shareholder (2024: amounting to approximately HK\$3,030,000 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 31 March 2025, the aggregate amount of approximately HK\$146,836,000 (2024: HK\$133,559,000) was bearing interest at 5%-6% (2024: 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 December 2026.
- (d) As at 31 March 2025, the amount due to a shareholder totaling approximately HK\$4,926,000 (2024: HK\$35,839,000), which was unsecured, bears interest at the rate of 0%-8% (2024: 0%-8%) per annum and repayable on demand.

20. AMOUNT DUE TO A DIRECTOR

As at 31 March 2025, the amount due to a director amounting to HK\$229,000 was unsecured, interest free and repayment on demand (2024: amounting to HK\$2,596,000 was unsecured, bearing interest at 5% per annum and repayment on demand).

21. AMOUNT DUE TO A RELATED PARTY

As at 31 March 2025, the aggregate amount of approximately KRW2,500,000,000 (equivalent to approximately HK\$13,190,000) (2024: KRW2,500,000,000 (equivalent to HK\$14,500,000)) was obtained from a related party, which was unsecured, bearing interest at 4.6% per annum. The lender had agreed to extend the repayment date to 31 December 2026.

22. CONVERTIBLE NOTES PAYABLES

Convertible notes

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

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

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

In April 2016, HASS Natural Resources Limited (“**HASS**”) (now known as Newborn Global Energy Limited) and Herman Tso (also known as Tso Chi Ming) 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 (the “**New Technical Expert**”) to perform another technical report (the “**New Technical Report**”) on the basis of the JORC Code prevailing at the time when the Third Convertible Note was issued on 3 April 2013.

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

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

22. CONVERTIBLE NOTES PAYABLES (Continued)

Convertible notes (Continued)

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

However, Daily Loyal (as the plaintiff) subsequently alleged that its sole director (Mr. Chan Chun Wah) signed the Amendment Agreement in August 2016 (leaving the document undated, the “**Undated Amendment Agreement**”) based on an understanding that such document only served as a memorandum for discussion purpose and was not intended to be binding, and that the Company and Mr. Hong Sang Joon (a former director of the Company) should not fill in the date of the document. Besides, Daily Loyal was of the view that the validity of the Undated Amendment Agreement was contrary to the Additional Agreement entered into by it with Cordia, Choi Sungmin, Grandvest 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 32 in relation to legal action HCA 1071 of 2017.

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

The Company has 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.

22. 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 amends, 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 are as follows:

1. The principal amount of the notes has 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.

22. CONVERTIBLE NOTES PAYABLES (Continued)

Convertible notes (Continued)

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

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

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

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

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

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

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

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

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

On 2 December 2024, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with A Mark Limited, Ocean Resources Int’l Investment Group Limited and Wayside Holdings Limited (the “**Subscribers**”), pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the convertible notes (the “**Convertible Notes**”) in an aggregate principal amount of US\$400,390,000, or HK\$3,123,042,000 equivalent, in full and final settlement of the indebtedness of approximately HK\$3,591,498,000 under the Third Convertible Note. The Convertible Notes will mature on the fifth anniversary from the date of the Subscription Agreement, with a conversion price of HK\$0.25 per share. On 28 March 2025 and, subsequently, 22 May 2025, the Company received the conversion notices (the “**Conversion notices**”) in relation to the convertible notes issued by the Company on 17 March 2025 (the “**Convertible Notes**”) from A Mark Limited, Ocean Resources Int’l Investment Group Limited and Wayside Holdings Limited (the “**Proposed Conversion**”). Please refer to Note 26 for further details.

22. CONVERTIBLE NOTES PAYABLES (Continued)

Measurement of convertible notes

The recognition of the Convertible Notes were valued on 17 March 2025 based on a valuation performed by an independent professionally qualified valuer, ValQuest Advisory (Hong Kong) Limited, at HK\$3,160,314,000.

The major inputs to value the Convertible Notes were based on the following parameters:

	Date of issue At 17 March 2025
Expected volatility	117.86%
Expected life	5.0 years
Risk-free rate	4.09%
Expected dividend yield	Nil
Bond yield	13.19%

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

Movement of the different components of the convertible notes

	Liabilities component HK\$'000	Derivative component HK\$'000	Total HK\$'000
As at 1 April 2022, 31 March 2023, and 1 April 2023	3,591,498	—	3,591,498
Imputed interest charged during the year	—	—	—
As at 31 March 2024	3,591,498	—	3,591,498
Settlement during the year	(3,123,042)	—	(3,123,042)
Waiver of interest charged	(468,456)	—	(468,456)
Issue of the convertibles notes	3,160,314	—	3,160,314
Imputed interest charged during the year	9,917	—	9,917
At 31 March 2025	3,170,231	—	3,170,231

23. DEFERRED TAX LIABILITIES

	<i>HK\$'000</i>
As at 1 April 2023	2,531
Charged to profit or loss (<i>Note 9</i>)	2,465
Exchange realignments	(538)
	<hr/>
As at 31 March 2024 and 1 April 2024	4,458
Charged to profit or loss (<i>Note 9</i>)	493
Exchange realignments	482
	<hr/>
As at 31 March 2025	<u>5,433</u>

At 31 March 2025, the Group had unused tax losses of approximately HK\$28,232,000 (2024: HK\$28,232,000) available for offset against future profits indefinitely. No deferred tax asset has been recognised at 31 March 2025 and 2024 in respect of such losses and temporary differences due to the unpredictability of future profit streams of the respective group entities.

As at 31 March 2025, the Group has deductible temporary differences of approximately HK\$3,832,160,000 (2024: HK\$3,173,830,000). As at 31 March 2025, no deferred asset has been recognised in relation to such deductible temporary difference and it is not considered probable that taxable profits will be available against which such deductible temporary differences can be utilised.

There was no other significant unrecognised deferred tax as at 31 March 2025 and 2024.

24. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares	Amount HK\$'000
Authorised:			
At 1 April 2022, 31 March 2023 and 1 April 2023	2.00	500,000,000	1,000,000
Share sub-division (<i>Note a(ii)</i>)	N/A	1,500,000,000	—
At 31 March 2024 and 1 April 2024	0.50	2,000,000,000	1,000,000
Share sub-division (<i>Note b(ii)</i>)	N/A	98,000,000,000	—
At 31 March 2025	0.01	100,000,000,000	1,000,000
Issued:			
At 1 April 2022, 31 March 2023 and 1 April 2023	2.00	145,017,062	290,034
Capital reduction (<i>Note a(i)</i>)	N/A	—	(217,525)
At 31 March 2024	0.50	145,017,062	72,509
Capital reduction (<i>Note b(i)</i>)	N/A	—	(71,059)
At 31 March 2025	0.01	145,017,062	1,450

Notes:

- (a) Pursuant to special resolution passed in the extraordinary general meeting held on 13 March 2023, the Company proceeded with capital reorganisation (the “**Capital Reorganisation 2023**”) involving, among others, the following:
- (i) capital reduction whereby the par value of each of the issued shares be reduced from HK\$2.00 to HK\$0.50 per issued share by cancelling the paid up share capital to the extent of HK\$1.50 per issued share;
 - (ii) share sub-division whereby each of the authorised but unissued shares with par value of HK\$2.00 each be sub-divided into four (4) new shares with par value of HK\$0.50 each; and
 - (iii) transfer of all the credits arising from the capital reduction to the accumulated losses account of the Company.

Further details of the Capital Reorganisation 2023 are set out in the Company’s circular dated 17 February 2023.

24. SHARE CAPITAL (Continued)

Notes: (Continued)

(a) (Continued)

Implementation of the Capital Reorganisation 2023 will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the shareholders, except for the payment of the related expenses.

On 2 October 2023, all the conditions precedent of the implementation of the Capital Reorganisation 2023 has been fulfilled and has become effective on 2 October 2023.

(b) Pursuant to special resolution passed in the extraordinary general meeting held on 30 December 2024, the Company proceeded with capital reorganisation (the “**Capital Reorganisation 2025**”) involving, among others, the following:

- (i) capital reduction whereby the par value of each of the issued shares be reduced from HK\$0.50 to HK\$0.01 per issued share by cancelling the paid up share capital to the extent of HK\$0.49 per issued share;
- (ii) share sub-division whereby each of the authorised but unissued shares with par value of HK\$0.50 each be subdivided into fifty (50) new shares with par value of HK\$0.01 each; and
- (iii) transfer of all the credits arising from the capital reduction to the accumulated losses account of the Company.

Further details of Capital Reorganisation 2025 are set out in the Company’s circular dated 6 December 2024.

Implementation of the Capital Reorganisation 2025 will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the shareholders, except for the payment of the related expenses.

On 17 March 2025, all the conditions precedent of the implementation of the Capital Reorganisation 2025 has been fulfilled and has become effective on 17 March 2025.

(c) Each of the New Shares arising from the Capital Reorganisation shall rank pari passu in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

25. LITIGATIONS

(i) The Company/its Subsidiary as the Defendant

Legal Proceedings Taken By Former Shareholders of a Russian Subsidiary

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

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

The Group and the Second Claimant entered into an amicable agreement dated 11 July 2013 to settle the Second Claim by three instalments. In February 2014, US\$100,000 (equivalent to approximately HK\$780,000) was paid. The Second Claimant threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the remaining outstanding amount of the Second Claim. As of 31 March 2022, the outstanding amount of the Second Claim is US\$188,600 (equivalent to approximately HK\$1,471,000), which had been fully provided for since 31 March 2013.

The Group and the Third Claimant entered into an amicable agreement dated 13 May 2013 to settle the Third Claim by three instalments. In February 2014, US\$100,000 (equivalent to approximately HK\$780,000) was paid. The Third Claimant also threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the remaining outstanding amount of the Third Claim. As of 31 March 2025, the outstanding amount of the Third Claim was US\$238,000 (equivalent to approximately HK\$1,856,000), which had also been fully provided for since 31 March 2013.

25. LITIGATIONS *(Continued)*

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

HCA 672 of 2013

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

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

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

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

HCA 584 of 2016

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

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

25. LITIGATIONS *(Continued)*

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

HCA 584 of 2016 *(Continued)*

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

The Company is liaising with the Trustee, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the 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 liaising with the Trustee, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

25. LITIGATIONS *(Continued)*

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

HCA 1618 of 2016

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

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

The Company is liaising with the Trustee, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

HCA 2380 of 2016

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

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

The solicitor, acting for the existing Director and Grandvest, is liaising with the Trustee, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

HCA 2397 of 2016

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

25. LITIGATIONS *(Continued)*

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

HCA 2397 of 2016 (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.

The solicitor, acting for the existing Director, is liaising with the Trustee, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the 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 liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

HCA 3148 of 2016

As announced by the Company on 14 December 2016, the Company received on 1 December 2016 a writ of summons issued by Kim Sungho (as the plaintiff) in the High Court of Hong Kong under action number HCA 3148 of 2016 to certain parties, including the Company. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, certain alleged transfers of funds for alleged payments of expenses in relation to the resumption of trading in the Company’s shares on the Stock Exchange 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 liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

25. LITIGATIONS *(Continued)*

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

HCA 3160 of 2016

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

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

The Company is liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

HCA 3190 of 2016

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

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

The Company is liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the 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 liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

25. LITIGATIONS *(Continued)*

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

HCMP 701 of 2017

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

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

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

On 31 March 2025, it was ordered by the Court that the action to be wholly discontinued against the Company and Grandvest.

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 liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the 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. The plaintiff was seeking various declaratory reliefs against the defendants in respect of, inter alia, certain technical report issued to the Company.

25. LITIGATIONS *(Continued)*

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

HCA 1050 of 2017 (Continued)

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

Grandvest is liaising with the Official Receiver, who has conditionally agreed to discontinue the legal action with no costs to be borne, pending final confirmation to dispose of the action.

HCA 1071 of 2017

As announced by the Company on 12 May 2017, the Company received on 26 April 2017 a writ of summons issued by Daily Loyal (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, 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, Choi Sungmin, Grandvest 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 the Convertible Note Agreement.

25. LITIGATIONS (Continued)

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

HCA 1071 of 2017 (Continued)

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

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

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

As announced by the Company on 12 March 2018, the Company received a demand letter from Daily Loyal's legal advisers on 6 March 2018 where Daily Loyal demanded the Company to repay US\$297,390,000 (equivalent to approximately HK\$2,319,642,000) (which was alleged by Daily Loyal to be the current outstanding principal amount of the portion of the Third Convertible Note held by Daily Loyal) together with any interest accrued in full and in cash on or before 3 April 2018. Up to the date of this 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.

This action was discontinued by consent of the parties with no order as to costs by way of a consent order dated 13 November 2024.

25. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 (Continued)

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

Consolidated pleadings were filed and served in early 2022 and consolidated witness statements were exchanged in late March 2022.

This action was discontinued by consent of the parties with no order as to costs by way of a consent order dated 13 November 2024.

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 took out a summons to strike out such legal action.

On 18 March 2025, it was ordered by the Court that the action against the Company to be dismissed on the ground of want of prosecution with costs to the Company.

HCA 2077 of 2017

As announced by the Company on 30 April 2021, the Company on 20 April 2021 was purportedly served with a counterclaim in HCA 2077 of 2017 in which a company called Lucrezia Limited (“**Lucrezia**”) claimed damages from the Company in respect of a dispute over a sale and purchase agreement between Gold Ocean (now known as Solidarity Partnership) and Lucrezia for a promissory note in the amount of US\$3,751,282 (equivalent to approximately HK\$29,260,000) issued by the Company back in February 2013. Lucrezia first filed its counterclaim in the action against certain other parties on 28 March 2018 and it was not immediately clear why it had waited more than 3 years before joining the Company as a co-defendant to the counterclaim.

This action was discontinued by consent of the parties with no order as to costs by way of a consent order dated 13 November 2024.

25. LITIGATIONS *(Continued)*

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

HCA 2079 of 2017

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

This action was discontinued by consent of the parties with no order as to costs by way of a consent order dated 13 November 2024.

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

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

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

25. 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 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, 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 action was discontinued by consent of the parties with no order as to costs by way of a consent order dated 13 November 2024.

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 (formerly known as HASS as the 1st defendant and Tso Chi Ming (also known as Herman Tso) as the 2nd defendant under action number HCA 51 of 2017. Subsequently, Kim Sungho and Zhi Charles were purportedly joined as the third parties to such legal action by Herman Tso.

As announced by the Company on 7 February 2017, by a Fourth Party Notice dated 16 January 2017, Zhi Charles purported to join 9 parties as the fourth parties and such fourth parties include Grandvest. 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.

25. 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 is in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, Grandvest 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 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 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 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 (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.

Daily Loyal eventually filed and served its statement of claim on 9 January 2019.

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.

25. LITIGATIONS *(Continued)*

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

HCA 2520 of 2018 (Continued)

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 action was discontinued by consent of the parties with no order as to costs by way of a consent order dated 13 November 2024.

(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 (namely, Cheung Keng Ching, Chou Mei and Lau Ka Man Kevin) in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The financial impacts on the Group in relation to these transactions had already been provided for and reflected in the previous financial results of the Group and they shall have no further adverse effects on the existing financial position of the Group.

25. 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)

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 to recover loss attributable to their mis-management of the Company in entering into certain transactions for and on behalf of the Group during the period between late 2002 and late 2005; and (ii) ordered that any settlement of this civil action by the Company should be subject to the Court's approval.

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

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

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

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

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

25. LITIGATIONS *(Continued)*

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

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

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

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

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

The trial hearing eventually commenced on 11 July 2022 (delayed for 6 days as a result of the 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.

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

25. LITIGATIONS *(Continued)*

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

HCA 51 of 2017

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

In such action, the Company pointed out, among other things, that Herman Tso misrepresented to the Company that he was a “Competent Person” as defined in Chapter 18 of the Rules Governing the Listing of Securities on the Stock Exchange when the Company entered into an agreement with 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.

26. EVENTS AFTER THE REPORTING PERIOD

- (a) On 28 March 2025 and 22 May 2025, the Company received the Conversion Notices in relation to the Convertible Notes from the Subscribers. Subject to the fulfillment/satisfaction of the Conversion Conditions set out in the Conversion Notices, the Company shall be obliged to issue up to an aggregate of 6,698,640,000 shares (the “**Conversion Shares**”) to the holders of the Convertible Notes (the “**Total Conversion**”). An extraordinary general meeting of the Company will be convened for considering, and if thought fit, approving, among other things, the Proposed Conversion.

Please refer to the circular of the Company dated 6 June 2025 for details of the Conversion Conditions, Convertible Notices, the Convertible Notes, the Proposed Conversion and the Total Conversion.

- (b) On 7 April 2025, the Company entered into a loan facilities agreement with an independent party, pursuant to which in case the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, the independent party could provide financial support to the Company up to approximately US\$12,000,000 (equivalent to approximately HK\$93,600,000).

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

Basis for Opinion

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

Emphasis of Matter

Development of Russia – Ukraine War

We draw attention to the development of geopolitical tensions related to situation in Ukraine and sanctions imposed by certain countries that have affected and could significantly affect in the future the Russian economy, as well as the activity of the Group. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to the Going Concern

The Group recorded a loss attributable to owners of the Company of approximately HK\$329,045,000 for the year ended 31 March 2025. As at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK\$87,119,000 and HK\$1,978,158,000 respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Also, we draw attention to note 25 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2025, the Group recorded a total revenue of approximately HK\$489.45 million (2024: approximately HK\$664.70 million), representing a decrease of approximately 26.37% as compared to last corresponding year.

The decrease in revenue was mainly due to the decline in sales of diesel and gasoline to the Group's certain top customers for the current year, driven by lower purchasing sentiment amid geopolitical tensions, including the ongoing Ukraine-Russia conflict, the Israel-Gaza Strip conflict, and economic uncertainties related to the United States and Organization of the Petroleum Exporting Countries (OPEC) policies.

The Group's total revenue composed of sales of diesel of approximately HK\$369.33 million (2024: approximately HK\$510.96 million), sales of gasoline of approximately HK\$99.02 million (2024: approximately HK\$123.34 million) and sales of other related petroleum products and services of approximately HK\$21.10 million (2024: approximately HK\$30.40 million). In terms of product mix, sales of diesel, sales of gasoline and sales of other related petroleum products and services accounted for approximately 75.46% (2024: 76.87%), 20.23% (2024: 18.56%) and 4.31% (2024: 4.57%), respectively, of total revenue of the Group. The decrease in sales of diesel was the main cause for the decrease in total revenue for the year under review.

Other Income

Other income during the year under review mainly represented the insurance claims of approximately HK\$3.19 million and net exchange gains of approximately HK\$2.99 million (2024: interest income of approximately HK\$0.10 million).

Other Gains and Losses, net

Other gains and losses during the year mainly represented the impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) amounted to approximately HK\$786.78 million (2024: reversal of impairment loss of approximately HK\$142.91 million) mainly due to the combined effects of decrease in coal sales prices of certain types of coals, appreciation of RUB to USD and change in expected future inflation rate of costs. The balance was partially offset by (i) the gain from waiver of interest charged on convertible notes of approximately HK\$468.46 million (2024: Nil); and (ii) the gain from write-off of interest-bearing borrowings of approximately HK\$49.72 million (2024: Nil) because such interest-bearing borrowings, which had been outstanding for over six years, became time-barred under Hong Kong's Limitation Ordinance, enabling the Group to write off the liability.

Selling and Distribution Costs

The selling and distribution costs for the year under review amounted to approximately HK\$3.66 million (2024: approximately HK\$3.77 million). The decrease in selling and distribution costs was mainly due to the decrease in freight and transportation expenses, sales taxes and duty as a result of the decrease in revenue during the year.

Administrative Expenses

During the year under review, total administrative expenses amounted to approximately HK\$13.40 million (2024: approximately HK\$14.99 million). The decrease in administrative expenses was mainly due to the decrease in salaries and wages.

Finance Costs

During the year under review, total finance costs amounted to approximately HK\$19.07 million (2024: approximately HK\$10.12 million). The increase in finance costs was mainly due to the interest on convertible notes payables of approximately HK\$9.92 million (2024: Nil).

(Loss) Profit Before Income Tax

For the year ended 31 March 2025, the loss before income tax of the Group was approximately HK\$329.01 million (2024: profit before income tax of approximately HK\$108.66 million). The decrease in profit before income tax is primarily attributable to the increase in impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) of HK\$786.78 million (2024: reversal of impairment loss of approximately HK\$142.91 million), which was partially offset by (i) the gain from waiver of interest charged on convertible notes of approximately HK\$468.46 million; and (ii) the gain from write-off of interest-bearing borrowings of approximately HK\$49.72 million.

The Company would like to highlight that the impairment loss of approximately HK\$786.78 million (2024: reversal of impairment loss approximately HK\$142.91 million) on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) was just non-cash item arising from year end valuation exercise for accounting purposes, which would not affect the cashflow position of the Group.

OPERATION REVIEW

Trading

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

Petroleum and liquefied natural gas are the major industries in the energy market and play an influential role in the global economy as the world's primary fuel sources. During the year, the global market has still been paying a high price for Russia's unprovoked war against Ukraine. Global prices for middle distillates such as gasoline and diesel were affected as the economy slowed down, more refineries came on stream, and exports from Russia had been re-routed and replaced by fuel from the Middle East. As the diesel and gasoline trading businesses were highly dependent on the global market demand, the diesel and gasoline sales in general kept rather not very stable.

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

Coal Mining

Lot 1 and Lot 1 Extension underground mining plan was heading towards the first year of coal production in around 2030. In order to minimize the negative impact of mine development on the environment, the Group had been working in consultation with experts. To prove it, the Group has engaged an expert in 2024 to perform technical design on the project which indicated that the Group is 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

In the year under review, Korea was the Group's sole market segment which accounted for 100.00% (2024: 100.00%) of the total revenue.

PROSPECTS

Looking forward, the Group foresees a challenging year ahead, marked by ongoing volatility in global economic conditions. While early signs of economic stability were observed earlier this year, it remains premature to confirm the onset of a sustained global recovery. Persistent high interest rates continue to hinder growth in the post-pandemic landscape. Concurrently, geopolitical tensions, including the prolonged Russia-Ukraine conflict and the continuing US-triggered world trade disputes, pose significant risks to global stability. The war between Israel and Iran introduces additional challenges, such as disruptions in global oil supply chains, heightened security risks in the Middle East, and increased volatility in commodity and financial markets. These external factors are expected to impact the Group's trading activities in diesel and gasoline, as well as influence coal prices and the demand for coal products.

In light of these uncertainties, the Group will remain focused on optimizing its core business operations in trading and coal mining while exploring potential avenues for diversification, should opportunities arise. Furthermore, the Group is actively pursuing other kinds of mining development plans in other countries to expand its portfolio and mitigate risks associated with current geopolitical and economic challenges.

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. The Company is confident that the project will create more job opportunities and contribute to the development of the local community. Additionally, the Company aims to strengthen our public image by giving back to 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. The Company is always committed to comply with the environmental standards and has already engaged an expert to perform technical design on the project.

PLACING OF SHARES

To further improve the financial position, the Company will strive to grasp opportunities in potential equity funding such as issuance of new shares under specific mandate and/or general mandate.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had net current liabilities of HK\$87.12 million (2024: HK\$3,705.06 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 11.63% (2024: 0.39%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 9.90% (2024: 8.46%).

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

During the year under review, the Group recorded a net cash inflow of HK\$3.14 million (2024: net cash outflow of HK\$4.46 million), while the total cash and cash equivalents increased to approximately HK\$2.44 million (2024: approximately HK\$0.23 million) as at the end of reporting year.

As at 31 March 2025, the interest-bearing borrowings of the Group amounted to HK\$73.10 million (2024: HK\$62.10 million), the majority of which was repayable within one year (2024: majority repayable within a period of more than one year but not exceeding two years). As at 31 March 2025, amounts due to Shareholders amounted to HK\$151.76 million (2024: HK\$172.66 million), the majority of which was repayable within a period of more than one year but not exceeding two years (2024: majority repayable within a period of more than one year but not exceeding two years).

The Directors will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities position of the Group as at 31 March 2025. 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 year, the Company has raised several loans of approximately HK\$13.39 million in total (2024: HK\$4.99 million) for the Group's daily operation, and preparation works in relation to the Russian coal mines. In addition to the above measure to improve the liquidity of the Group, the Company also explores ways to improve its overall financial position. In particular, the Company will communicate with specific holders of the Third Convertible Note, with an aim to deal with such major liability of the Group, including but not limited to the possible conversion of a significant portion of the outstanding Third Convertible Note. The Company believes that such conversion, if happened, will be beneficial to the Company, its Shareholders and other stakeholders of the Company (including the holders of the Third Convertible Note) as a whole as the overall gearing of the Group will be improved and the equity base of the Company will be strengthened. The Company may then be able to improve its overall financial position.

In order to improve the liquidity position of the Company, on 2 December 2024, the Company entered into a Subscription Agreement with the Subscribers, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the Convertible Notes in the aggregate principal amount of US\$400,390,000, or HK\$3,123,042,000 equivalent, in full and final settlement of the indebtedness of approximately HK\$3,591,498,000 under the convertible notes issued by the Company on 3 April 2013.

The Subscription Agreement and the issuance of the Convertible Notes were approved by the Shareholders in the extraordinary general meeting of the Company convened on 6 January 2025 and were completed on 17 March 2025.

Please refer to the circular of the Company dated 20 December 2024 for details of the Subscription Agreement and the Convertible Notes.

CAPITAL STRUCTURE

As at 31 March 2025, the authorized share capital of the Company was HK\$1,000,000,000 (2024: HK\$1,000,000,000) divided into 100,000,000,000 shares (2024: 2,000,000,000 shares) of the Company with par value of HK\$0.01 each (2024: HK\$0.50 each) and the issued share capital was approximately HK\$1.45 million (2024: approximately HK\$72.51 million).

CAPITAL REORGANISATION

On 26 November 2024, the Board proposed to implement a capital reorganisation (the “**Capital Reorganisation**”) comprising (i) the reduction of the par value of each of the issued Shares from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.49 per issued Share so that following such reduction, each issued share shall become one share with a par value of HK\$0.01 each in the share capital of the Company; and (ii) the sub-division of the authorised but unissued shares into fifty unissued Shares with a par value of HK\$0.01 each.

The Capital Reorganisation was approved by the Shareholders in the extraordinary general meeting of the Company convened on 30 December 2024 and became effective by 9:00 a.m. on Monday, 17 March 2025.

Please refer to the circular of the Company dated 6 December 2024 for details of the Capital Reorganisation.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group’s revenue, expenses, assets and liabilities are denominated in Hong Kong Dollars (“**HKD**”), USD, RUB and KRW. The exchange rates of USD against HKD remained relatively stable during the year under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater spread during the year. Therefore, the Shareholders should be aware that the exchange rate volatility of RUB and KRW against HKD may have favourable or adverse effects on the operating results of the Group.

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

LITIGATIONS

During the year and up to the date of this announcement, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 25 to the Financial Statements.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group had no capital commitments in respect of the exploration related contracts (2024: Nil) and no capital commitments in acquisition of property, plant and equipment (2024: Nil).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any material contingent liabilities or guarantees (2024: Nil).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 31 March 2025 and 31 March 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group was neither involved in any other significant investments, nor any material acquisitions and disposals of any subsidiaries or joint venture company during the year ended 31 March 2025.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2025, the Group had approximately 15 (2024: 13) staff in Hong Kong, Russia and Korea. Remuneration policy is reviewed by the Directors periodically and is determined with reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance. Employees benefit plans provided by the Group include provident fund scheme, medical insurance and subsidized training programs and seminars.

The remuneration policy and packages for the Directors and senior management of the Company are determined by the Remuneration Committee of the Company with reference to the prevailing market practices, individual qualifications, time devoted by a Director, responsibilities of a Director, his/her performance and contribution, etc. The primary objective of the remuneration policy is to enable the Company to retain and motivate the Directors.

Under the policy, a Director is not allowed to approve his/her own remuneration package. Directors are entitled to directors' fee. Subsidized continued professional development training may be granted to the Directors.

PURCHASE, SALE, OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2025.

DIVIDENDS

The Board does not recommend the payment of a dividend in respect of the financial year ended 31 March 2025 (2024: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

During the year under review, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the deviation as described below:

Pursuant to code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. As the Company was in the course of identifying a suitable insurance cover at reasonable commercial terms and conditions, therefore has not arranged appropriate insurance cover in respect of legal action against its Directors for the period from 20 February 2024 to 28 November 2024. The new directors and officers liability insurance policy took effect on 29 November 2024.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries, the Company has obtained confirmation from all Directors that they have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2025.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference which have been updated from time to time to align with the code provisions set out in the CG Code. The Audit Committee is comprised of Mr. Wong Wei Hua Derek (Chairman), Ms. Chen Dai and Mr. Kim Sung Rae, all of whom are independent non-executive Directors. The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2025.

COMPLIANCE WITH THE LISTING RULES

As announced by the Company on 18 October 2024 and 4 November 2024, in respect of the Company’s non-compliance with Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules. Following the appointment of Mr. Wong Wei Hua Derek (“**Mr. Wong**”) as an independent non-executive Director and the chairman of the Audit Committee with effect from 17 January 2025, the Company has three independent non-executive Directors and three members in the Audit Committee. Mr. Wong has the appropriate accounting and financial and corporate management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. Accordingly, the Company has complied with the requirements as set out in Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on 12 August 2025 (“**2025 AGM**”). To determine the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from 7 August 2025 to 12 August 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 6 August 2025.

AUDITOR

The consolidated financial statements for the year ended 31 March 2025 have been audited by Prism Hong Kong Limited (“**Prism**”) who will retire and being eligible, offer itself for reappointment at the forthcoming annual general meeting of the Company.

SCOPE OF WORK OF PRISM

The figures in respect of this preliminary announcement of the Company's consolidated annual results for the year ended 31 March 2025 have been agreed by the Company's auditor, Prism, to the amounts set out in the Company's consolidated financial statements for the year ended 31 March 2025. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism on this preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <https://enp.aconnect.com.hk/>, respectively. The annual report of the Company for the year ended 31 March 2025 will be despatched to the shareholders of the Company and will be available on the 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, 20 June 2025

As at the date of this announcement, the Board consists of Mr. Lee Jaeseong, Mr. Im Jonghak and Mr. Liu Wai Shing, Peter as executive directors, Ms. Sun Meng as non-executive director and Ms. Chen Dai, Mr. Kim Sung Rae and Mr. Wong Wei Hua Derek as independent non-executive directors.