SIBERIAN MINING GROUP COMPANY LIMITED

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code :1142)

2020
INTERIM REPORT

* For identification purpose only

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lee Jaeseong *(Chairman)*
Mr. Im Jonghak

Independent Non-executive Directors

Ms. Chen Dai
Mr. Kwok Kim Hung Eddie
Mr. Leung Yau Wan John
Mr. Lee Sungwoo *(resigned with effect from 28 August 2020)*

COMPANY SECRETARY

Ms. Tsang Man Maan *(appointed with effect from 16 September 2020)*
Ms. Tsang Oi Yin *(resigned with effect from 16 September 2020)*

AUTHORISED REPRESENTATIVES

Mr. Lee Jaeseong
Ms. Tsang Man Maan *(appointed with effect from 16 September 2020)*
Ms. Tsang Oi Yin *(resigned with effect from 16 September 2020)*

AUDIT COMMITTEE

Mr. Kwok Kim Hung Eddie *(Chairman)*
Ms. Chen Dai
Mr. Leung Yau Wan John
Mr. Lee Sungwoo *(resigned with effect from 28 August 2020)*

REMUNERATION COMMITTEE

Ms. Chen Dai *(Chairman) (appointed as Chairman with effect from 28 August 2020)*
Mr. Kwok Kim Hung Eddie
Mr. Leung Yau Wan John
Mr. Lee Sungwoo *(Chairman) (resigned with effect from 28 August 2020)*

NOMINATION COMMITTEE

Mr. Lee Jaeseong *(Chairman)*
Ms. Chen Dai
Mr. Kwok Kim Hung Eddie
Mr. Leung Yau Wan John

AUDITOR

JH CPA Alliance Limited

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
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WEBSITE

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JH CPA Alliance Limited
晉華會計師事務所有限公司
Certified Public Accountants

TO THE BOARD OF DIRECTORS OF
SIBERIAN MINING GROUP COMPANY LIMITED
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Siberian Mining Group Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 4 to 46, which comprise the condensed consolidated statements of financial position as at 30 September 2020, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended, and other explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BASIS

During the six months ended 30 September 2020, the Group incurred a loss attributable to owners of the Group of HK$283,130,000 and, as at 30 September 2020, the Group had net current liabilities of approximately HK$3,627,670,000 and net liabilities of approximately HK$2,814,466,000. These conditions, along with other matters as set forth in Note 2.1 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the condensed consolidated financial statements have been prepared on a going concern basis. Our conclusion is not qualified in respect of this matter.

Also, we draw attention to Note 23 to the condensed consolidated financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Group. Our conclusion is not qualified in respect of this matter.

JH CPA Alliance Limited
Certified Public Accountants
Hong Kong, 30 November 2020

Chan Kin Man, Jacky
Practising Certificate Number P5409

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Siberian Mining Group Company Limited (the "**Company**") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2020 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Notes	**2020 (Unaudited) HK$'000**	2019 (Unaudited) HK$'000
Turnover	4	**575,166**	465,474
Cost of sales		**(570,892)**	(461,657)
Gross profit		**4,274**	3,817
Other income	4	**226**	60
Other gains and losses	4	**(234,995)**	(700,140)
Selling and distribution costs		**(1,419)**	(903)
Administrative and other expenses		**(43,924)**	(81,236)
Finance costs	6	**(4,010)**	(5,069)
Loss before income tax	5	**(279,848)**	(783,471)
Income tax	7	**16**	124
Loss for the period		**(279,832)**	(783,347)
Other comprehensive expenses for the period, net of tax:			
Exchange differences on translation of financial statements of foreign operations		**(654)**	(14,120)
Total comprehensive expenses for the period, net of tax		**(280,486)**	(797,467)
Loss for the period attributable to:			
Owners of the Company		**(283,130)**	(770,117)
Non-controlling interests		**3,298**	(13,230)
		(279,832)	(783,347)
Total comprehensive expenses attributable to:			
Owners of the Company		**(283,620)**	(782,648)
Non-controlling interests		**3,134**	(14,819)
		(280,486)	(794,467)
Loss per share			
Basic (Hong Kong cents)	9	**(96.05)**	(63.73)
Diluted (Hong Kong cents)	9	**(96.05)**	(63.73)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**11,330**	6,981
Other intangible assets	11	**174,620**	138,970
Exploration and evaluation assets	12	**787,327**	1,098,295
Right-of-use assets	13	**362**	884
		973,639	1,245,130
Current assets			
Trade receivables	14	**8,047**	13,519
Other receivables, deposits and prepayments		**16,667**	21,820
Cash and cash equivalents		**9,067**	6,380
		33,781	41,719
Current liabilities			
Other payables, accrued expenses and trade deposit received		**37,048**	37,470
Interest-bearing borrowings	15	**23,806**	19,812
Amount due to shareholders	22(b) to (d)	**5,437**	2,551
Amount due to a related company		**—**	6,369
Purchase consideration payable for additional acquisition	16	**3,306**	3,307
Lease liabilities	17	**356**	831
Convertible note payables	18	**3,591,498**	3,591,498
		3,661,451	3,661,838
Net current liabilities		**(3,627,670)**	(3,620,119)
Total assets less current liabilities		**(2,654,031)**	(2,374,989)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Non-current liabilities			
Amount due to a shareholder	22(e)	**34,173**	33,994
Interest-bearing borrowings	15	**106,414**	104,825
Promissory notes payables	19	**15,600**	15,600
Provision for close down, restoration and environmental costs		**1,318**	1,245
Lease liabilities	17	**—**	43
Deferred tax liabilities		**2,930**	3,295
		160,435	159,002
NET LIABILITIES		**(2,814,466)**	(2,533,991)
CAPITAL AND RESERVES			
Share capital	20	**290,034**	290,034
Reserves		**(3,090,757)**	(2,807,148)
Equity attributable to owners of the Company		**(2,800,723)**	(2,517,114)
Non-controlling interests		**(13,743)**	(16,877)
CAPITAL DEFICIENCIES		**(2,814,466)**	(2,533,991)

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2020

The Group	Share capital HK$'000 (Note 20)	Share premium HK$'000	Translation reserve HK$'000	Other reserve HK$'000 (Note b)	Equity-settled share option reserve HK$'000 (Note c)	Capital reserve HK$'000 (Notes a(i) and (ii))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2019 (Audited)	241,695	1,956,517	(34,514)	322,366	47	23,825	(3,569,282)	(1,059,346)	20,648	(1,038,698)
Loss for the period	—	—	—	—	—	—	(770,117)	(770,117)	(13,230)	(783,347)
Other comprehensive expenses for the period	—	—	(12,531)	—	—	—	—	(12,531)	(1,589)	(14,120)
Total comprehensive expenses for the period	—	—	(12,531)	—	—	—	(770,117)	(782,648)	(14,819)	(794,467)
Waiver of interest on early settlement of amount due to a shareholder	—	—	—	—	—	13	—	13	—	13
At 30 September 2019 (Unaudited)	241,695	1,956,517	(47,045)	322,366	47	23,838	(4,339,399)	(1,841,981)	5,829	(1,836,152)
At 1 April 2020 (Audited)	**290,034**	**1,956,517**	**(65,223)**	**322,366**	**47**	**23,860**	**(5,044,715)**	**(2,517,114)**	**(16,877)**	**(2,533,991)**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(283,130)**	**(283,130)**	**3,298**	**(279,832)**
Other comprehensive expenses for the period	**—**	**—**	**(490)**	**—**	**—**	**—**	**—**	**(490)**	**(164)**	**(654)**
Total comprehensive expenses for the period	**—**	**—**	**(490)**	**—**	**—**	**—**	**(283,130)**	**(283,620)**	**3,134**	**(280,486)**
Waiver of interest on early settlement of amount due to a shareholder (Note 22(f))	**—**	**—**	**—**	**—**	**—**	**11**	**—**	**11**	**—**	**11**
At 30 September 2020 (Unaudited)	**290,034**	**1,956,517**	**(65,713)**	**322,366**	**47**	**23,871**	**(5,327,845)**	**(2,800,723)**	**(13,743)**	**(2,814,466)**

Notes:

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

b. Other reserve represented the excess of the share of the carrying value of the subsidiary's net assets acquired from the non-controlling interests of a subsidiary over the fair value of the consideration paid on the completion date of the acquisition and the subsequent adjustment to the consideration recognised by the Group upon fulfillment of certain conditions as set out in Note 16.

c. At the end of reporting period, the equity-settled share option reserve represented the fair value of the outstanding share options of the Company at the respective grant dates.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash inflow from operating activities	**3,523**	7,417
Net cash inflow from investing activities	**—**	3,841
Net cash (outflow)/inflow from financing activities	**(2,669)**	1,505
Effect on foreign exchange rate changes	**1,833**	(1,029)
Net increase in cash and cash equivalents	**2,687**	11,734
Cash and cash equivalents at beginning of the period	**6,380**	1,747
Cash and cash equivalents at end of the period	**9,067**	13,481
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**9,067**	13,481

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of the registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal activities of the Group are holding mining rights and exploration rights of coal mines located in the Russian Federation ("**Russia**") and conducting the business of mineral resources, commodities and other trading.

These condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK$**").

These condensed consolidated interim financial statements have been approved for issue by the Board of the Company on 30 November 2020.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 (the "**Interim Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The unaudited interim financial information should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2020 as contained in the 2020 Annual Report.

Except as described below, the accounting policies adopted are consistent with those of the audited annual financial statements for the year ended 31 March 2020 as contained in the 2020 Annual Report.

The following amendments, which have been adopted by the Group in the preparation of the Interim Financial Statements, are mandatory for the financial year beginning on 1 April 2020 and their adoptions have no material impact to these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

- Amendment to HKAS 1 and HKAS 8: Definition of Material
- Amendment to HKFRS 3: Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7: Interest Rate Benchmark Reform

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective for the financial year beginning on 1 April 2020 in the Interim Financial Statements. The Group is in the process of making an assessment of the impacts of the new and revised standards upon adoption while the Group is not yet in a position to state whether it would have significant financial impacts on the Group.

Basis of measurement and going concern assumptions

During the period, the Group had capital deficiencies of approximately HK$2,814,466,000 as at 30 September 2020.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

Basis of measurement and going concern assumptions (Continued)

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity and financial positions of the Group in light of the conditions described in the preceding paragraph. 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.

The Directors are currently implementing the measure as set out below to improve the operating and financial position of the Group:

(i) Continue to exercise cost control to monitor administrative and other expenses by further streamlining the Group's operation.

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

(i) Executed various loan facilities agreements with different independent third parties and the holding company of the controlling shareholder of the Company and certain related companies of that holding company to provide continuous financial support to the Group. The total loan facility will provide funding to the Group of up to approximately US$135,560,000 (approximately HK$1,057,366,000) for the 18 months period commencing on 23 June 2020.

(ii) As set out in Note 15, with regard to Other Loan 1, the lender has agreed not to demand for repayment for the amount due before 31 January 2022. In the opinion of the Directors, a further extension can be obtained when necessary.

(iii) As set out in Note 15, with regard to Other Loan 2, the lender has agreed not to demand for repayment for the amount due before 31 January 2022. In the opinion of the Directors, a further extension can be obtained when necessary.

(iv) As set out in Note 19, with regard to promissory notes, the promissory notes holder has agreed not to demand for repayment of the amount due before 31 January 2022. In the opinion of the Directors, a further extension can be obtained when necessary.

(v) With regard to amounts due to a shareholder, the shareholder agreed not to demand for repayment of the amount due before 31 January 2022.

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

(vii) The Company has initiated ways of enhancing the Group's overall financial position including, but not limited to, capital reorganization and further fund raising from the capital market.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

Basis of measurement and going concern assumptions (Continued)

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

2.2 Principal accounting policies

The Interim Financial Statements have been prepared under the historical cost convention, as modified for certain financial instruments, which are carried at fair value.

The accounting policies and methods of computation adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2020.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the Directors, the chief operating decision makers that are used to make strategic decisions.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Details of the operating segments are summarised as follows:

(i) Mining segment comprises holding mining and exploration rights of coal mines in Russia.

(ii) Mineral resources, commodities and other trading segment comprises the business of gasoline and related products trading in the Republic of Korea ("**Korea**").

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

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

3. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's reportable segments for the six months ended 30 September 2020 and 2019.

	Six months ended 30 September 2020		
	Mining (Unaudited) HK$'000	Mineral resources, commodities and other trading (Unaudited) HK$'000	Consolidated total (Unaudited) HK$'000
Reportable segment revenue			
Revenue from external customers	—	575,166	575,166
Reportable segment (loss)/profit	(274,180)	2,630	(271,550)
Reversal of impairment loss on other intangible assets	71,618	—	71,618
Reversal of impairment loss on property, plant and equipment	4,621	—	4,621
Impairment loss on exploration and evaluation assets	(311,234)	—	(311,234)
Depreciation of property, plant and equipment	(16)	(5)	(21)
Depreciation of right-of-use-assets	(450)	(87)	(537)
Amortisation of other intangible assets	(34,410)	—	(34,410)

	Six months ended 30 September 2019		
	Mining (Unaudited) HK$'000	Mineral resources, commodities and other trading (Unaudited) HK$'000	Consolidated Total (Unaudited) HK$'000
Reportable segment revenue			
Revenue from external customers	—	465,474	465,474
Reportable segment (loss)/profit	(775,259)	2,615	(772,644)
Impairment loss on other intangible assets	(45,909)	—	(45,909)
Impairment loss on property, plant and equipment	(1,854)	—	(1,854)
Impairment loss on exploration and evaluation assets	(652,126)	—	(652,126)
Depreciation of property, plant and equipment	(383)	(106)	(489)
Amortisation of other intangible assets	(73,693)	—	(73,693)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

	Six months ended 30 September	
	2020 (Unaudited) HK$'000	2019 (Unaudited) HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**575,166**	465,474

	Six months ended 30 September	
	2020 (Unaudited) HK$'000	2019 (Unaudited) HK$'000
Loss before income tax		
Reportable segment loss	**(271,550)**	(772,644)
Other gains and losses	**—**	(251)
Unallocated corporate expenses	**(4,288)**	(5,507)
Finance costs	**(4,010)**	(5,069)
Consolidated loss before income tax	**(279,848)**	(783,471)

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Assets		
Reportable segment assets	**1,003,966**	1,285,113
Unallocated corporate assets	**3,454**	1,736
Consolidated total assets	**1,007,420**	1,286,849

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Liabilities		
Reportable segment liabilities	**(65,061)**	(73,415)
Unallocated corporate liabilities	**(3,756,825)**	(3,747,425)
Consolidated total liabilities	**(3,821,886)**	(3,820,840)

3. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets (the "**Specific non-current assets**"):

	Revenue from external customers		**Specific non-current assets**	
	Six months ended 30 September 2020 (Unaudited) HK$'000	Six months ended 30 September 2019 (Unaudited) HK$'000	**As at 30 September 2020 (Unaudited) HK$'000**	As at 31 March 2020 (Audited) HK$'000
Continuing operations				
Russia	**—**	—	**973,475**	1,244,882
Korea	**575,166**	465,474	**164**	248
	575,166	465,474	**973,639**	1,245,130

(c) Information about major customers

For the six months ended 30 September 2020, the five customers of the mineral resources, commodities and other trading segment with revenue of HK$108,689,000, HK$27,840,000, HK$27,477,000, HK$24,077,000 and HK$17,386,000 respectively, each contributed to a range from 3% to 19% of the Group's revenue.

For the six months ended 30 September 2019, the four customers of the mineral resources, commodities and other trading segment with revenue of HK$34,683,000, HK$34,627,000, HK$30,227,000 and HK$26,089,000 respectively, each contributed to a range from 6% to 7% of the Group's revenue.

4. TURNOVER, OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Turnover		
Gasoline trading	**575,166**	465,220
Other trading	**—**	254
	575,166	465,474
Other income		
Sundry income	**226**	60
Other gains and losses		
Reversal of impairment loss/(Impairment loss) on other intangible assets (Note 11)	**71,618**	(45,909)
Impairment loss on exploration and evaluation assets (Note 12)	**(311,234)**	(652,126)
Reversal of impairment loss/(Impairment loss) on property, plant and equipment (Note 10)	**4,621**	(1,854)
Disposal of interests in joint venture	**—**	(251)
	(234,995)	(700,140)

5. LOSS BEFORE INCOME TAX

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss before income tax is arrived at after charging:—		
Employees benefit expenses (excluding directors' emoluments)	**1,544**	1,779
Amortisation of other intangible assets		
— Mining rights	**34,410**	73,693
Depreciation		
— Property, plant and equipment	**21**	32
— Right-of-use assets (Note 13)	**537**	457
Provision for close down, restoration and environmental cost	**70**	(38)
Minimum lease payments in respect of premises under operating leases	**10**	157
Interest expenses on lease liabilities	**20**	20
Net exchange losses/(gains)	**744**	(89)
Cost of inventories sold	**570,892**	461,657

6. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest expenses on		
Loan from third parties	**3,548**	1,746
Loan from a related company	**102**	—
Loan from shareholders	**316**	3,281
Interest expenses on lease liabilities	**20**	19
	3,986	5,046
Bank charges	**24**	23
	4,010	5,069

7. INCOME TAX

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Group		
Current — Hong Kong		
Charge for the period	**—**	—
Current — Korea		
Charge for the period	**392**	357
Deferred tax	**(408)**	(481)
	(16)	(124)

No provision had been made for Hong Kong profits tax as the Hong Kong subsidiaries of the Group sustained losses for taxation purposes for both the current and prior periods. Taxation for the Russian and other foreign operations are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share is based on the loss for the period attributable to the owners of the Company, adjusted to reflect the imputed interests on convertible notes and the change in fair value of convertible note, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding share options (if any) and convertible note have an anti-dilutive effect to the basic loss per share calculation for the current and prior periods, the conversion of the outstanding share options and convertible note is therefore not assumed in the computation of diluted loss per share for the current and prior periods. Therefore, the basic and diluted loss per share calculations for the respective periods are the same.

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

	Six months ended 30 September	
	2020 (Unaudited) HK$'000	2019 (Unaudited) HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share	**(283,130)**	(770,117)

	Number of shares	
	30 September 2020	30 September 2019
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share (remark: share consolidation of ten to one effective from 24 April 2020)	**145,017,062**	1,208,475,523

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired items of property, plant and equipment with total cost of HK$Nil (31 March 2020: HK$2,016,000) and disposed with total cost of HK$Nil (31 March 2020: HK$39,000). A reversal of impairment loss for property, plant and equipment was recognised during the period. Details are set out in Note 11.

11. OTHER INTANGIBLE ASSETS

	Mining rights HK$'000
Cost	
At 1 April 2019	1,507,522
Exchange realignments	(265,722)
At 31 March 2020 and 1 April 2020 (Audited)	1,241,800
Exchange realignments	**6,940**
At 30 September 2020 (Unaudited)	**1,248,740**
Accumulated amortisation and impairment loss	
At 1 April 2019	1,027,793
Charge for the year	139,612
Impairment loss	165,322
Exchange realignments	(229,897)
At 31 March 2020 and 1 April 2020 (Audited)	1,102,830
Charge for the period	**34,410**
Reversal of impairment loss (Note 4)	**(71,618)**
Exchange realignments	**8,498**
At 30 September 2020 (Unaudited)	**1,074,120**
Net carrying value	
At 30 September 2020 (Unaudited)	**174,620**
At 31 March 2020 (Audited)	138,970

Mining rights

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

In performing the impairment test for current period, the Directors of the Company have engaged Ravia Global Appraisal Advisory Limited ("**Ravia**"), an independent firm of professional valuer in determining the recoverable amount of the mining right which is the higher of the asset's fair value less costs to sell and its value in use. Given the current development status of the mining right, the Directors have determined the fair value less costs to sell to be its recoverable amount. The recoverable amount is derived by using a discounted cash flow ("**DCF**") analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the mining right's fair value.

11. OTHER INTANGIBLE ASSETS *(Continued)*

Mining rights *(Continued)*

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

(i) Cash flow projection is determined for a period of 16 years up to 2035 (31 March 2020: a period of 18 years up to 2037) with the first year of production taken to be from year 2025 (31 March 2020: first year of production from year 2027) based on the Director's current best estimated production plan.

(ii) Cost of production (including royalties) on average is taken as 63.93% (31 March 2020: 53.06%) of revenue.

(iii) The post-tax discount rate applied to the cash flow projection is 21.31% (31 March 2020: post-tax discount rate of 23.91%).

(iv) The Directors have assumed the average increment in coal sales prices to be 3% p.a. (31 March 2020: 3% p.a.), which is in line with the comparable market information.

(v) Coal sales prices used in the DCF in the current and prior periods are determined with reference to current market information at the respective valuation dates, which show a decrease of approximately 6.25% to 25.76% (depends on different type of coals) when compared to that of 31 March 2020.

(vi) The exchange rate for US Dollars ("**US$**") to Russian Rubles ("**RUB**") with reference to the approximate spot rate as of 30 September 2020 is taken to be 1.00 US$ to 77.61 RUB (31 March 2020: 1.00 US$ to 78.42 RUB).

(vii) The inflation rate on operating costs is 3% p.a. (31 March 2020: 3% p.a.).

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

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i), (ii), (iii), (v) and (vi) mentioned above, other major assumptions used in the DCF analysis in current period, such as estimated production volumes and relevant taxation rate, remained within more or less the same range when compared with that of 31 March 2020.

The Directors of the Company are of the opinion that based on the valuation, the mining right was evaluated upward and thus would result in a reversal of impairment loss of HK$71,618,000 (31 March 2020: impairment loss of HK$165,322,000) compared with its carrying amount as at 30 September 2020. The reversal of impairment loss is mainly attributable to the net effects of the decrease of the relevant coal price, the appreciation of Russian Rubles to US Dollars, the decrease in post-tax discount rate during the current period as compared to previous year, and change in the first year of production in the DCF analysis in item (i) mentioned above.

The Directors of the Company are also of the opinion that based on the valuation above, property, plant and equipment associated with the mining right were evaluated upward compared with their recoverable amounts as at 30 September 2020. The resultant reversal of impairment loss of HK$4,621,000 (31 March 2020: impairment loss of HK$7,785,000) was recognised for property, plant and equipment associated with the mining right during the current period.

11. OTHER INTANGIBLE ASSETS *(Continued)*

Mining rights *(Continued)*

Details of the Group's mining rights are as follows:—

Intangible assets	Locations	Expiry date
Mining rights		
Lapichevskaya Mine	Industrial area, Kemerovo district, Kemerovo region, 650906, Russian Federation	1 July 2025

12. EXPLORATION AND EVALUATION ASSETS

	Total HK$'000
Cost	
At 1 April 2019	3,643,445
Additions	—
Exchange realignments	(5,387)
At 31 March 2020 and 1 April 2020 (Audited)	3,638,058
Additions	**—**
Exchange realignments	**140**
At 30 September 2020 (Unaudited)	**3,638,198**
Accumulated amortisation and impairment loss	
At 1 April 2019	1,371,756
Impairment loss	1,170,703
Exchange realignments	(2,696)
At 31 March 2020 and 1 April 2020 (Audited)	2,539,763
Impairment loss (Note 4)	**311,234**
Exchange realignments	**(126)**
At 30 September 2020 (Unaudited)	**2,850,871**
Net carrying value	
At 30 September 2020 (Unaudited)	**787,327**
At 31 March 2020 (Audited)	1,098,295

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.

12. EXPLORATION AND EVALUATION ASSETS *(Continued)*

In performing the impairment test for current period, the Directors of the Company have engaged Ravia to determine the recoverable amount of the exploration and evaluation assets 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 assets, the Directors have determined the fair value less costs to sell to be its recoverable amount. The recoverable amount is derived by using a DCF analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the exploration and evaluation asset's fair value.

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

(i) Cash flow projection is determined for a period of 12 years up to 2031 (31 March 2020: a period of 12 years up to 2031) with the first year of production taken to be from year 2022 (31 March 2020: first year of production from year 2022) based on the Director's current best estimated production plan.

(ii) The post-tax discount rate applied to the cash flow projection is 21.31% (31 March 2020: 23.91%).

(iii) Coal sales prices used in the DCF in the current and prior periods are determined with reference to current market information at the respective valuation dates, which show a decrease of approximately 6.25% to 25.76% (depends on different type of coals) when compared to that of 31 March 2020.

(iv) The Directors have assumed the average increment in coal sales prices to be 3% p.a. (31 March 2020: 3% p.a.), which is in line with the comparable market information.

(v) The exchange rate for US$ to RUB with reference to the approximate spot rate as of 30 September 2020 is taken to be 1.00 US$ to 77.61 RUB (31 March 2020: 1.00 US$ to 78.42 RUB).

(vi) The inflation rate on operating costs is 3% p.a. (31 March 2020: 3% p.a.).

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (ii), (iii) and (v) mentioned above, other major assumptions used in the DCF analysis in current period, such as estimated production volumes, relevant taxation rate, remained within more or less the same range when compared with that of 31 March 2020.

The Directors of the Company are of the opinion that based on the valuation, the mining right was impaired by HK$311,234,000 (31 March 2020: HK$1,170,703,000) compared with its carrying value as at 30 September 2020. The impairment loss is mainly attributable to the net effects of the decrease of the relevant coal price, the appreciation of Russian Rubles to US Dollars, and the decrease in post-tax discount rate during the current period as compared to previous year.

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

Exploration and evaluation assets	Locations	Expiry Date
Lapichevskaya Mine-2	"Kemerovo district" and "Kemerovo city" municipal formations of Kemerovo region, Russian Federation	31 October 2035

13. RIGHT-OF-USE ASSETS

	Total HK$'000
At 1 April 2019	1,637
Additions	460
Depreciation	(1,138)
Exchange realignments	(75)
At 31 March 2020 and 1 April 2020 (Audited)	884
Depreciation (Note 5)	**(537)**
Exchange realignments	**15**
At 30 September 2020 (Unaudited)	**362**

14. TRADE RECEIVABLES

Trade receivables at the end of each reporting period comprise mainly amounts receivable from third parties. The amounts are repayable on demand.

For trade receivables, the Group does not have specific credit term to trade customers and no interest is charged.

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Trade receivables	**8,047**	13,519
Less: Allowance for doubtful debts	**—**	—
	8,047	13,519

Included in the Group's accounts receivables are debtors (see below for aged analysis) which are past due as at the end of each reporting period for which the Group have not provided for allowance of doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty. The average age of these receivables is 30 days (31 March 2020: 7 days).

14. TRADE RECEIVABLES *(Continued)*

Ageing of trade receivables which are past due but not impaired were as follows:

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Neither past due nor impaired	**8,038**	13,519
Within 90 days	**—**	—
91 to 180 days	**9**	—
	8,047	13,519

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

The movement in the allowance for doubtful debt on trade receivables is as follows:

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
At beginning of period/year	**—**	—
Impairment loss recognised during the period/year	**—**	—
At end of period/year	**—**	—

15. INTEREST-BEARING BORROWINGS

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Other loan 1 (Note a)	**28,561**	28,561
Other loan 2 (Note b)	**77,853**	76,264
Other loan 3 (Note c)	**20,686**	19,812
Other loan 4 (Note d)	**3,120**	—
	130,220	124,637

15. INTEREST-BEARING BORROWINGS *(Continued)*

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Carrying amount repayable:—		
Within one year or on demand	**23,806**	19,812
Over one year	**106,414**	104,825
	130,220	124,637

Note:

a. During the period, the aggregate amount of HK$28,561,000 (31 March 2020: HK$28,561,000) ("**Other Loan 1**") was bearing interest at 5%-6% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 January 2022.

b. As at 31 March 2020, the amount of HK$76,264,000 ("**Pervious Other Loan 2**") was due to an independent third party and bearing interest at 5.5%-6% per annum and repayable after 1 year from the date of drawdown or on demand.

   During the period, agreements were entered into with the same independent third party for new loans in the amount of US$200,000 (equivalent to approximately HK$1,560,000) and US$95,000 (equivalent to approximately HK$741,000) which bear interest at 5.5% per annum and repayable after 1 year from the date of drawdown or on demand.

   During the period, part of Previous Other Loan 2 amounting to HK$712,000 has been repaid. As at 30 September 2020, the remaining unsettle Pervious Other Loan 2 in aggregate amount of HK$77,853,000 was due to the lender.

   During the period, the aggregate amount of HK$77,853,000 ("**Other Loan 2**") was bearing interest at 5.5%-6% per annum and repayable after 1 year from the date of drawdown or on demand. The lender had agreed to extend the repayment date of all loans (excluding new addition loans) to 31 January 2022.

c. During the period, the aggregate amount of KRW3,120,000,000 (equivalent to approximately HK$20,686,000) (31 March 2020: HK$19,812,000) ("**Other Loan 3**") was bearing interest at 4.6% per annum and repayable after 12 months from the date of drawdown or on demand.

d. During the period, new loan amounts of US$400,000 in total (equivalent to approximately HK$3,120,000) were obtained from an independent third party ("**Other Loan 4**"). Other Loan 4 is unsecured, bearing interest at 5% per annum and repayable after 12 months from the date of drawdown or on demand.

16. PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUISITION

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

In prior year, the Group has recognised US$1,300,000 (equivalent to approximately HK$10,140,000) of the 4th Adjusted Consideration as purchase consideration payable for the acquisition of additional 30% equity interest in Lapi. The Group's share of the 4th Adjusted Consideration in the amount of HK$9,126,000 was debited directly to other reserve in equity. The Group settled an aggregate amount of US$873,400 (equivalent to approximately HK$6,813,000) of the 4th Adjusted Consideration, the remaining balance of the 4th Adjusted Consideration is US$426,600 (equivalent to approximately HK$3,306,000 (31 March 2020: HK$3,307,000)).

During the period, the Group has no further settlement on the 4th Adjusted Consideration.

17. LEASE LIABILITIES

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Total lease liabilities	**356**	874
Less: current portion	**356**	831
Non-current portion	**—**	43

The Group leases various offices and oil storage premises use right under lease agreements. The majority of lease liabilities are denominated in HKD. No arrangement has been entered into for variable lease payment.

During the period, no Group's operating lease rental payments relating to a short term lease (31 March 2020: HK$56,000) have been recognised as expenses and included in "operating lease rentals of premises".

18. CONVERTIBLE NOTE PAYABLES

(i) Convertible note

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

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

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

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

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

The New Technical Expert reported a slightly different estimate of the probable coal reserves in the open pit mining area in Lot 2 of the Mine and, as a results, prior year adjustments on the Third Convertible Note were made to restate the balance in the respective years concerned, being 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 Limited and the Company entered into an additional agreement in relation to the Third Convertible Note, pursuant to which the principal amount of the whole Third Convertible Note (before any conversion or transfer thereof) would be adjusted from US$443,070,000 (equivalent to approximately HK$3,455,946,000) to US$431,190,000 (equivalent to approximately HK$3,363,282,000) and accordingly, the principal amount of US$412,270,000 (equivalent to approximately HK$3,215,706,000) of the Third Convertible Note held by Daily Loyal Limited would also be reduced by US$11,880,000 (equivalent to approximately HK$92,664,000) to US$400,390,000 (equivalent to approximately HK$3,123,042,000). Daily Loyal Limited agreed not to request for any compensation from any of the other parties for such reduction.

18. CONVERTIBLE NOTE PAYABLES *(Continued)*

(i) Convertible note *(Continued)*

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

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

Daily Loyal also alleged that (i) the placing and issue of new shares by the Company as announced by the Company on 24 October 2016; (ii) the placing and issue of new shares by the Company as announced by the Company on 24 January 2017; and (iii) the issue of new shares upon loan capitalizations as announced by the Company on 20 February 2017 were conducted without the prior consent or authorization of Daily Loyal and were in breach of a convertible note agreement (the "**Convertible Note Agreement**") dated 3 April 2013 between the Company and Cordia in relation to the Third Convertible Note. Details are disclosed in Note 23 in relation to legal action HCA 1071 of 2017.

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

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

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

18. CONVERTIBLE NOTE PAYABLES *(Continued)*

(i) Convertible note *(Continued)*

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

1. The principal amount of the notes had been updated to a reduced principal amount of US$400,390,000 to reflect conversions of and adjustments to the Original Notes since their original issuance.

2. The maturity date of the Original Notes was five years after the date of issue of the Original Notes, or 3 April 2018. The Amended Note Instrument extended the maturity date of the Notes to the date falling one year after the date of the Amended Note Instrument without interest, or 19 October 2019.

3. The Original Note Instrument gave holders of the Original Notes the right to require conversion of the Original Notes. The Amended Note Instrument granted holders of the Amended Notes, as well as the Company, to require conversion of the Amended Notes.

4. The Original Notes were secured by certain share charges as provided in condition 6 thereunder. Pursuant to the Amended Note Instrument, the parties agreed to release and discharge such share charges immediately after execution of the Amended Note Instrument.

5. Condition 14 of the Original Note Instrument provided that the terms and conditions of the Original Note Instrument may be amended by agreement in writing between the Company and the noteholders holding in aggregate not less than 75% in outstanding principal amount of the Original Notes. The Amended Note Instrument provided that the terms and conditions of the Amended Note Instrument may be amended by agreement in writing between the Company and noteholders holding in aggregate not less than 65% in outstanding principal amount of the Amended Notes.

6. Certain provisions under the Original Note Agreement requiring the approval of the noteholders thereunder (including the appointment of a Calculation Agent as defined thereunder, and other provisions for the protection of noteholders), were amended to require the approval of noteholders holding in aggregate not less than 65% in outstanding principal amount of the Amended Notes.

All other material terms of the Original Notes, including the conversion price thereunder of HK$48, remained unchanged.

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

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

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

18. CONVERTIBLE NOTE PAYABLES *(Continued)*

(i) Convertible note *(Continued)*

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

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

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

Pursuant to the Cancellation Agreement, the Amendments and all transactions carried out pursuant thereto, including the Conversion, would be reversed and cancelled *ab initio*. As a result, the issued share capital of the Company had been reverted to 1,208,475,523 ordinary shares.

(ii) Measurement of convertible note

The fair value of the derivative components of the Third Convertible Note was determined based on a professional valuation performed by Ravia using the Hull model at the date of issue, and there was no change in the fair value of convertible note (31 March 2020: No change in the fair value of convertible note). The effective interest rate of the liability component of the Third Convertible Note was 12.01% (31 March 2020: 12.01%).

	At 30 September 2020	At 31 March 2020
Expected volatility	**Nil**	Nil
Expected life	**Nil**	Nil
Risk-free rate	**Nil**	Nil
Expected dividend yield	**Nil**	Nil
Bond yield	**Nil**	Nil

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

18. CONVERTIBLE NOTE PAYABLES *(Continued)*

(iii) Movement of the different components of the convertible note

	Convertible note		
	Liabilities component HK$'000	Derivative component HK$'000	Total HK$'000
At 1 April 2019 (Audited)	3,591,498	—	3,591,498
Imputed interest charged during the year	—	—	—
At 31 March 2020 and 1 April 2020 (Audited)	3,591,498	—	3,591,498
Imputed interest charged during the period	—	—	—
At 30 September 2020 (Unaudited)	**3,591,498**	**—**	**3,591,498**

19. PROMISSORY NOTES PAYABLES

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
At the beginning of the period/year and at the end of period/year and included in non-current liabilities	**15,600**	15,600

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

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

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

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

19. PROMISSORY NOTES PAYABLES *(Continued)*

During the period, no imputed interest was charged to profit or loss. The remaining outstanding Modified PN is classified as non-current liabilities and carried on the amortised cost basis until extinguished on redemption. As at the end of the reporting period, the carrying amount of the Modified PN was HK$15,600,000 (31 March 2020: HK$15,600,000).

On 4 June 2020, the remaining promissory notes holder of the Modified PN agreed to extend the maturity date of the promissory notes to 31 January 2022.

20. SHARE CAPITAL

	Number of shares		Nominal value	
	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)	**As at 30 September 2020 (Unaudited) HK$'000**	As at 31 March 2020 (Audited) HK$'000
Authorised:				
Ordinary shares of HK$2.00 each (31 March 2020: HK$0.20 each)	**500,000,000**	5,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At beginning of the period/year	**1,450,170,627**	1,208,475,523	**290,034**	241,695
Issued of share upon new placement	**—**	241,695,104	**—**	48,339
Share consolidation	**(1,305,153,565)**	—	**—**	—
At end of the period/year	**145,017,062**	1,450,170,627	**290,034**	290,034

With effect from 24 April 2020, every ten issued and unissued ordinary shares of the Company of nominal value of HK$0.20 each were consolidated into one consolidated ordinary share of nominal value of HK$2.00 each.

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

21. CAPITAL COMMITMENTS

Details of the capital expenditure contracted for but not provided in the Interim Financial Statements are as follows:

	As at 30 September 2020 (Unaudited) HK$'000	As at 31 March 2020 (Audited) HK$'000
Exploration related contracts	**—**	—

22. RELATED PARTY TRANSACTIONS

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

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

Name of Company	Relationship	Nature of transaction	Six months ended 30 September	
			2020 (Unaudited) HK$'000	2019 (Unaudited) HK$'000
Cordia Global Limited	Shareholder	Interest expenses thereto	**202**	204
E-Tron Co., Ltd.	Related party	Interest expenses thereto	**102**	—
First Glory Limited	Shareholder	Interest expenses thereto	**89**	89
Jiainvestek Co., Ltd.	Shareholder	Interest expenses thereto	**25**	—
Space Hong Kong Enterprise Limited	Ex-shareholder	Interest expenses thereto	**—**	2,988

(b) In the previous year, the amount due to a shareholder amounting to HK$228,000 (31 March 2020: HK$228,000) was unsecured, interest free and repayable on demand.

(c) During the period, the amount due to a shareholder amounting to HK$2,412,000 (31 March 2020: HK$2,323,000) is unsecured, bears interest at the weighted average effective interest rate of 10% per annum and repayable upon maturity or on demand.

(d) During the period, a new loan amount of HK$3,000,000 was obtained from a shareholder which is unsecured, bearing interest at 5% per annum and repayable after 12 months from the date of drawdown or on demand.

(e) The amount due to a shareholder totaling HK$34,173,000 (31 March 2020: HK$33,994,000), which is unsecured and bears interest at the rate of 0%-8% per annum, was repayable within three years after the drawdown date. The shareholder had agreed to extend the repayment date to 31 January 2022.

(f) During the period, Cordia has agreed to waive a portion of the interest charged US$1,400 (equivalent to approximately HK$11,000) (31 March 2020: US$4,500 (equivalent to approximately HK$35,000)) on the amount due in view of the early settlement on the principal loan due to Cordia. The amount of interest waived in substance constituted a contribution from an equity participant of the Company and was credited directly to capital reserve within equity of the Company in the current period.

22. RELATED PARTY TRANSACTIONS *(Continued)*

(h) Compensation of key management personnel of the Group:

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Directors' remuneration		
— Executive directors	**125**	60
— Independent non-executive directors	**259**	180
	384	240

23. 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 (approximately HK$5,252,520) (the "**First Claim**") in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Russian Court in August 2012 passed a judgment in favour of the First Claimant. The Group had fully provided for the full amount of the First Claim in the financial statements for the 6 months ended 30 September 2012. By three partial payments, the Group fully settled the First Claim in November 2013, and the case was thus resolved.

In March 2013, the other two former shareholders of Lapi, namely, Demeshonok Konstantin Yur'evich (the "**Second Claimant**") and Kochkina Ludmila Dmitrievna (the "**Third Claimant**") submitted their claims to the Russian Court for their respective shares in the final 4th stage payment in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Second Claimant claimed US$288,600 (approximately HK$2,251,080) (the "**Second Claim**") and the Third Claimant claimed US$338,000 (approximately HK$2,636,400) (the "**Third Claim**"). The Group had fully provided for the full amount of both the Second Claim and the Third Claim in the financial statements for the year ended 31 March 2013.

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 (approximately HK$780,000) was paid. The Second Claimant threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the remaining outstanding amount of the Second Claim. As of 30 September 2020, the outstanding amount of the Second Claim is US$188,600 (approximately HK$1,471,080), which had been fully provided for since 31 March 2013.

The Group and the Third Claimant entered into an amicable agreement dated 13 May 2013 to settle the Third Claim by three instalments. In February 2014, US$100,000 (approximately HK$780,000) was paid. The Third Claimant also threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the remaining outstanding amount of the Third Claim. As of 30 September 2020, the outstanding amount of the Third Claim was US$238,000 (approximately HK$1,856,400), which had also been fully provided for since 31 March 2013.

23. LITIGATIONS *(Continued)*

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

HCA 672 of 2013

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

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

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

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

HCA 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, 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, 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.

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

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

23. LITIGATIONS *(Continued)*

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

HCA 1618 of 2016

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

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

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

HCA 2380 of 2016

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

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

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

HCA 2397 of 2016

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

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

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

23. LITIGATIONS *(Continued)*

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

HCA 2633 of 2016

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

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

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

HCA 3148 of 2016

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

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

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

HCA 3160 of 2016

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

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

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

23. LITIGATIONS *(Continued)*

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

HCA 3190 of 2016

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

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

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

HCA 3324 of 2016

As announced by the Company on 29 December 2016, the Company received on 16 December 2016 a writ of summons issued by Lim Hang Young (as the plaintiff) in the High Court of Hong Kong under action number HCA 3324 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.

The Company took out a strike out application. By a court order dated 9 June 2020, it was ordered that such legal action as against the Company be dismissed.

HCA 47 of 2017

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

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

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

HCMP 701 of 2017

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

23. LITIGATIONS *(Continued)*

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

HCMP 701 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.

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

The Company and Grandvest International Limited are in the process of also taking out a summons to strike out such legal action raised by Cho Seong Woo, Kim Kyungsoo, Lim Hang Young and Joung Jong Hyun.

HCA 814 of 2017

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

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

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

HCA 1050 of 2017

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

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

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

23. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017

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

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

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

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

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

23. LITIGATIONS *(Continued)*

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

***HCA 1071 of 2017** (Continued)*

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

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

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

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

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

In view of the current situation and based on the documents presently made available to the Company, it is expected that this legal case is unlikely to progress to trial until late 2021 or early 2022 at the earliest.

23. LITIGATIONS *(Continued)*

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

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 is in the process of taking out a summons to strike out such legal action.

HCA 1777 of 2017

As announced by the Company on 8 August 2017, the Company received a writ of summons issued by Kim Jinyoung (as the plaintiff) in the Court of First Instance of the High Court of Hong Kong under the action number HCA 1777 of 2017 on 31 July 2017 to certain parties, including the Company, two subsidiaries of the Company (namely, Grandvest International Limited and SMG Development Limited) and a former Director of the Company. The plaintiff is seeking various court orders in respect of, inter alia, certain technical reports and certain valuations on the Company's Russian coal mines, the convertible notes issued by the Company and the loan capitalisations conducted by the Company in February 2017.

The Company and the two subsidiaries of the Company on 22 May 2020 took out a summons to strike out such legal action. Upon the hearing of the Court on 30 June 2020, it was ordered that such legal action as against the Company and its two subsidiaries be dismissed.

HCA 2501 of 2017

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

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

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

23. LITIGATIONS *(Continued)*

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

HCA 2501 of 2017 (Continued)

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

This legal case is now entering the witness statement stage. Given all the anticipated necessary legal procedures ahead and in view of the current situation and based on the documents presently made available to the Company, it is expected that this legal case is unlikely to progress to trial until late 2021 or early 2022 at the earliest.

Fourth Party Notices in Relation to HCA 51 of 2017

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

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

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

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

23. LITIGATIONS *(Continued)*

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

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

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

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

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

HCA 2520 of 2018

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

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

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

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

23. LITIGATIONS *(Continued)*

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

HCA 2520 of 2018 *(Continued)*

The pleadings of this legal case have been completed and this legal case is now in the discovery and witness statement stage. Given all the anticipated necessary legal procedures ahead and in view of the current situation and based on the documents presently made available to the Company, it is expected that this legal case is unlikely to progress to trial until late 2021 or early 2022 at the earliest.

(ii) The Company as the Plaintiff

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

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

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

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

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

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

23. LITIGATIONS *(Continued)*

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

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

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

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

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

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

Second mediation was conducted on 18 September 2018, but no settlement arrangement could be reached. The case management conference hearing was scheduled on 8 May 2019. Upon subsequent hearings, the case management conference hearing was adjourned to 15 August 2019 and further adjourned to 3 January 2020. 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 from 5 July 2022 to 20 July 2022.

HCA 1016 of 2016

As announced by the Company on 18 April 2016, the Company (as the plaintiff) has commenced a legal action against HASS Natural Resources Limited ("**HASS**") (now known as "**Newborn Global Energy Limited**") as the 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 (approximately HK$3,455,946,000) as damages. Herman Tso in his defence statement made counterclaims of US$443,070,000 (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.

23. LITIGATIONS *(Continued)*

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

HCA 51 of 2017

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

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

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

24. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, the estimated time slot for trial of certain legal actions involving the Company (HCA 1071 of 2017, HCA 2501 of 2017 and HCA 2520 of 2018) was updated. Please refer to Note 23 for details.

(b) Subsequent to the end of the reporting period, US$12,000 (approximately HK$93,600) was drawdown under a loan facilities agreement dated 28 September 2020 in respect of total loan facilities of US$412,000 (approximately HK$3,213,600) granted to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the six months period ended 30 September 2020, the Group recorded a total turnover of HK$575.2 million (2019: HK$465.5 million), representing an increase of approximately 23.6% as compared to last corresponding period. The increase in turnover from trading of gasoline and related petroleum products and services in the Korean market directly contributed to such increase in turnover for the period under review.

As mentioned in the Company's 2020 Annual Report, the Group would further strengthen the gasoline trading business in the Korean market, and in parallel, the Group would also strive to meet the needs of different customers looking for diversified products, and it would not hesitate to further diversify its trading business into other products when opportunities arise. During the period under review, the Group recorded a turnover of HK$575.2 million (2019: HK$465.5 million) from trading of gasoline and related petroleum products and services.

Other Income

Other income during the period under review mainly represented interest income from bank deposits and other sundry income of HK$0.2 million (2019: HK$0.06 million).

Other Gains and Losses

During the period under review, (i) the reversal of impairment loss on other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) amounted to HK$71.6 million (2019: impairment loss of HK$45.9 million) mainly due to the net effect of the decrease in coal sales prices of certain types of coals, the change in the expected first year of coal production from 2027 to 2025, decrease in post-tax discount rate and change in attributable cost of production; and (ii) the impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) amounted to HK$311.2 million (2019: HK$652.1 million) mainly due to the decrease in coal sales prices of certain types of coals and decrease in post-tax discount rate.

Selling and Distribution Costs

The selling and distribution costs increased from HK$0.9 million to HK$1.4 million, which was attributable to the increase in turnover in gasoline trading.

Administrative and Other Expenses

During the period under review, amortization of mining rights decreased from HK$73.7 million to HK$34.4 million due to the change in the net carrying value of the mining rights under other intangible assets. Staff costs (excluding directors remuneration) decreased from HK$1.8 million to HK$1.5 million mainly due to staff turnover and decrease in number of employees during the period under review. Legal and professional fees increased from HK$3.8 million to HK$5.0 million as the Company devoted more resources to expedite the progress of several important legal proceedings.

Finance Costs

During the period under review, total finance costs decreased to HK$4.0 million (2019: HK$5.1 million), as the interest bearing outstanding loan amounts as of 30 September 2020 dropped when comparing with the status as of 30 September 2019.

Loss Before Income Tax

For the six months period ended 30 September 2020, the loss before income tax of the Group was HK$279.8 million (2019: HK$783.5 million), representing a decrease of approximately 64.3%. The decrease of loss is mainly attributable to the combined effects of the aforementioned factors. The Company would like to highlight that the reversal of impairment loss of HK$71.6 million (2019: impairment loss of HK$45.9 million) on other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) and the impairment loss of HK$311.2 million (2019: HK$652.1 million) on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) were just non-cash items arising from period end valuation exercises for accounting purposes, which would not affect the cashflow position of the Group.

OPERATION REVIEW

Mineral Resources, Commodities and Other Trading

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

The Group got more competitive pricing for certain petrol stations and was also able to maintain stable supply of gasoline and related products at individual petrol stations. In addition, the Group continued to arrange direct delivery as much as possible from oil refinery plants to petrol stations to minimize lead time and also the operating costs. The Group managed the gasoline trading business carefully amidst intensified trade tension due to COVID-19 pandemic to avoid uncertainty as much as possible in both supply chain and demand chain. Promotion and marketing efforts were made by means of social media.

Geographically speaking, the Korean market was still the Group's sole market segment which accounted for 100% (2019: 100%) of the total revenue.

Coal Mining

Lot 1 and Lot 1 Extension underground mining and Lot 2 underground mining would be developed on an integrated basis due to their geographical proximity and also for the sake of achieving economy of scale. Since coal production on Lot 2 underground mining would be targeted only after 2022, naturally not much development was noted for Lot 1 and Lot 1 Extension for the period under review, as there was no urgency to develop Lot 1 and Lot 1 Extension underground mining alone.

In respect of open pit mining in certain area of Lot 2, as the Group showed concern for the public, it had been trying to consult with experts in all aspects to find out the best way in causing the least adverse effects on environment. The Group was considering to consult the experts coming from the fields of the law, the environment and the economics. The Group's goal would be to come up with an integrated approach for environmental sustainability in development planning. Other than the efforts in concerning for the environment, the Group had been communicating with certain regional society personnel. The Group tried to persuade them that the mining operations would not bring substantial adverse effects in regional environment. Rather, the Group's operations would be making a big step in enhancing regional economic growth.

In respect of underground mining of Lot 2, the Group had been listening to regional society's opinion and concern about possible environmental pollution. The Group tried to persuade them that the Group's operations should not bring substantial adverse effect in regional environment. Rather, the Group's operation would be a big step in enhancing regional economic growth.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking forward, even after the United States presidential election in November 2020, the tensions from Sino-US conflicts still could not be dispelled at the moment. The outbreak of COVID-19 pandemic continues to cast shadows on global business activities and significantly curtail economic growth in various developing and developed countries. With the emergence of resurgence of further waves of COVID-19 pandemic around the globe, the adverse impacts of COVID-19 show little signs of abating. Travel restrictions, quarantine arrangements, social distancing restrictions and lock down measures seem becoming the new normal, which will unavoidably continue to damper business sentiments and investment confidence. Given all these, the continuing recovery of global economy would remain rather uncertain, which would make the Group's mineral resources, commodities and other trading businesses rather challenging, and would also have impacts on the coal prices.

Based on the information current available on the recent development of the COVID-19 pandemic situation on the major geographical operations of the Group, the preliminary assessment of its impact might suggest that COVID-19 pandemic might not have significant adverse impacts on the Group's gasoline trading business in Korea in terms of the operating margins and results, financial resources, cashflows and future operating plans. The uncertainty in recovery of worldwide economy might have certain impacts on the trends of coal prices which might affect the future valuations of coal mining rights and exploration rights (which anyway will be non-cash items), and the future situations in Russia might also possibly affect the timing on certain application procedures, but up to this moment, the quantitative financial impacts on such are still too pre-matured to be measured.

The Group would adopt a cautious strategy amidst the raging turbulence from COVID-19 pandemic. Apart from focusing on its core businesses, i.e. (i) mineral resources, commodities and other trading; and (ii) coal mining, the Group will also consider diversification into other business areas in a cautious manner when opportunities arise.

Mineral Resources, Commodities and Other Trading

The Group will further strengthen the gasoline trading by opening up new sources of suppliers and establish additional sales pipelines to enhance the customer base. This will help striving for more competitive pricing and thereby increasing the gross margin and further stabilizing the supply of gasoline and the related products. The Group will also strive to further minimize the lead time by improving the logistic from oil refinery plants to the petrol stations in a more efficient manner. The Group may consider to open a self-operated gas station in Korea, but such plan might be delayed pending the future development of COVID-19 pandemic. 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 in a cautious manner when opportunities arise.

Coal Mining

Open pit mining is characterized by shorter timeframes for mine infrastructure construction, lower capital expenditure requirements and relatively higher yields of coal ore extraction. However, open pit mining inherently will cause disruptive impacts to the environment due to the extensive excavation processes, which may completely eliminate the existing surface vegetation, destroy the genetic soil profile, displace or destroy wildlife and habitat, degrade air quality and to some extent permanently change the general topography of the area mined.

Hence, in respect of open pit mining in certain area of Lot 2, the Group will strictly observe all the applicable environmental protection laws and regulations in Russia and cautiously evaluate the environmental impacts on the surrounding areas of the mines. The Group is planning to construct auxiliary facilities of mining operation. Since open pit mining requires more efforts in sustaining the environment than that of underground mining, the Group will focus more on its development plan. For a smooth start of the project, the Group will consistently cooperate with regional government and regional society.

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

Placing of Shares, Share Consolidation, Loan Capitalizations and The Third Convertible Note

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of securities. Thus, the Board on its initiative proceeded with a share consolidation in order to comply with the trading requirements of the Listing Rules. At the extraordinary general meeting of the Company held on 22 April 2020, the share consolidation (the "**Share Consolidation**") of the Company in respect of every ten (10) issued and unissued shares of nominal value of HK$0.20 each in the share capital of the Company be consolidated into one (1) consolidated share of nominal value of HK$2.00 each was approved. The Share Consolidation took effect on 24 April 2020. As announced by the Company on 23 April 2020, the conversion price of the Third Convertible Note was adjusted from HK$48.0 per conversion share to HK$480.0 per conversion share with effect from 24 April 2020 as a result of the completion of the Share Consolidation.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had net current liabilities of HK$3,627.7 million (31 March 2020: HK$3,620.1 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 0.92% (31 March 2020: 1.14%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 13.90% (31 March 2020: 9.89%).

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

During the period under review, the Group recorded a net cash inflow of HK$2.7 million (2019: inflow of HK$11.7 million), while the total cash and cash equivalents decreased to HK$9.1 million (2019: increased to HK$13.5 million) as at the end of reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities of the Group as at 30 September 2020. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The Directors will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. The Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund raising exercises including placement of new shares as well as other pre-emptive offers. The Company will closely monitor the market situation and take prompt actions when such opportunities arise. During the period, the Company has raised several loans amounting to HK$8.4 million (during the year ended 31 March 2020: HK$14.6 million) in total for the Group's daily operation and the mine development.

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.

CAPITAL STRUCTURE

The capital of the Company comprises of ordinary shares and other reserves. As at 30 September 2020, the Company's issued share capital was HK$290,034,000 (31 March 2020: HK$290,034,000) and the number of issued ordinary shares was 145,017,062 shares of HK$2.00 each (31 March 2020: 1,450,170,627 shares of HK$0.20 each).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("**HKD**"), United States dollars ("**USD**"), Russia rubles ("**RUB**") and Korean won ("**KRW**"). The exchange rates of USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater spread in the period. Therefore, 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 net exposures on amounts of revenue and expenses involved, the Group at present has no intention to hedge its exposures from foreign currency exchange rate risk involving RUB and KRW. However, the Group will constantly review exchange rate volatility and will consider using financial instruments for hedging when necessary.

LITIGATIONS

During the period and up to the date of this report, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 23 to the Interim Financial Statements.

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had no capital commitments in respect of the exploration related contracts (31 March 2020: Nil) and no capital commitments in acquisition of property, plant and equipment (31 March 2020: Nil).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 30 September 2020 and 31 March 2020.

MATERIAL ACQUISITION AND DISPOSAL

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

EMPLOYEES AND REMUNERATION POLICIES

As of 30 September 2020, the Group had approximately 16 (31 March 2020: 20) staff in Hong Kong, Russia and Korea. Remuneration policy is reviewed by the Board periodically and is determined by reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance. Share options may also be granted to eligible employees of the Group. Employees benefit plans provided by the Group include provident fund scheme, medical insurance and subsidised training programmes and seminars.

OTHER INFORMATION

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

As at 30 September 2020, none of the Directors or any of their associates or chief executives of the Company (as defined in the Listing Rules) had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which are required to be notified to the Company and the Stock Exchange pursuant to the SFO (including interests which they are taken or deemed to have under the SFO) or which are, pursuant to Section 352 of the SFO, entered in the register referred to therein or, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved and adopted by the Company on 19 October 2002 (the "**Old Scheme**"), share options were granted to subscribe for shares in the Company in accordance with the terms of the Old Scheme. At the annual general meeting of the Company held on 31 August 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "**New Scheme**") and termination of the Old Scheme. The New Scheme is in line with the prevailing requirements of Chapter 17 of the Listing Rules in relation to the share option schemes. Upon termination of the Old Scheme, no further options may be granted but in all other respects the provisions of the Old Scheme shall remain in full force and effect. The outstanding options granted under the Old Scheme shall continue to be valid and exercisable in accordance with the terms of the Old Scheme. The detailed terms of the Old Scheme and the New Scheme were disclosed in the 2020 Annual Report of the Company.

During the six months ended 30 September 2020, no option has been granted under the New Scheme. No option has been granted under the New Scheme since its adoption date to the date of this report.

Movements in the Company's share options outstanding under the Old Scheme during the period under review were as follows:

	Number of shares issuable under options outstanding						
Name or category of participant	As at 1 April 2020	Exercised during the period	Lapse during the period	As at 30 September 2020	Date of grant of share options	Exercise period of share options	Exercise price of share options* HK$
Employees and consultants other than Directors — In aggregate	—	—	—	—	—	—	—
Total	—	—	—	—			

* The number of issuable shares and the exercise price of the share options are subject to adjustment in the case of capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of capital of the Company.

Each option gives the holder the right to subscribe for one share of the Company. For details of the share option schemes, please refer to the Company's 2020 Annual Report. As at 30 September 2020, the Company had no share options outstanding (31 March 2020: no share options outstanding) under the Old Scheme.

OTHER INFORMATION

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

As at 30 September 2020, the register of interests in shares and short positions required to be kept by the Company under Section 336 of the SFO showed that the following persons (other than the Directors or chief executives of the Company) had disclosed to the Stock Exchange and/or the Company an interest of 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company.

(i) Long position in shares of HK$2.00 each in the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Jiainvestek Co., Ltd. (Note 1)	Beneficial owner	43,134,137	29.74%
Onface Co., Limited (Note 2)	Beneficial owner	24,169,510	16.67%
Lucrezia Limited (Note 3)	Beneficial owner	9,003,076	6.21%
Token Century Limited	Beneficial owner	8,400,000	5.79%
Kim Wuju	Beneficial owner	7,440,000	5.13%
E-tron Co., Ltd (Note 1)	Interest in controlled corporation	43,134,137	29.74%
Park Kyung Hyun (Note 2)	Interest in controlled corporation	24,169,510	16.67%
Yang Xiaolian (Note 3)	Interest in controlled corporation	9,003,076	6.21%

Note 1: E-tron Co., Ltd holds 100% interest in Jiainvestek Co., Ltd. By virtue of the SFO, E-tron Co., Ltd is deemed to be interested in these 43,134,137 shares which Jiainvestek Co., Ltd. has beneficial interest in.

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

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

Note 4: The numbers of shares held as disclosed above have been adjusted automatically upon the share consolidation with effect from 24 April 2020, pursuant to which every ten issued ordinary shares of the Company of nominal value of HK$0.20 each were consolidated into one consolidated ordinary share of nominal value of HK$2.00 each.

(ii) Long position in underlying shares of HK$2.00 each in the Company

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

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

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

(i) Under code provision A.6.7 of the CG Code, independent non-executive Directors ("**INEDs**") should attend the general meetings and develop a balanced understanding of the views of shareholders. However, two INEDs of the Company (Ms. Chen Dai and Mr. Lee Sungwoo) were unable to attend the extraordinary general meeting of the Company held on 22 April 2020 due to flight restriction under COVID-19 pandemic situation in the People's Republic of China and Korea.

NON-COMPLIANCE WITH PROVISIONS OF THE LISTING RULES

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

(i) The 2020 annual general meeting of the Company, originally intended to be held on or before 30 September 2020, was re-scheduled to a later date (to be determined) as the Company needed more time to finalize the proposed placing of new shares under the general mandate granted at the 2019 annual general meeting of the Company. As a result, the Company was not able to timely comply with the provision under the Listing Rules in laying its annual financial statements for the year ended 31 March 2020 before its members at its 2020 annual general meeting within the period of six months after the end of the financial year to which the annual financial statements relate, i.e. to hold its 2020 annual general meeting on or before 30 September 2020.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code.

Audit Committee

From 1 April 2020 to 28 August 2020, the audit committee of the Company (the "**Audit Committee**") consisted of four independent non-executive Directors of the Company, chaired by Mr. Kwok Kim Hung Eddie and the other members were Ms. Chen Dai, Mr. Lee Sungwoo and Mr. Leung Yau Wan John. After the resignation of Mr. Lee Sungwoo with effect from 28 August 2020, the Audit Committee then consisted of three independent non-executive Directors of the Company. The unaudited condensed Interim Financial Statements for the six months ended 30 September 2020 have been reviewed by the Audit Committee.

OTHER INFORMATION

DISCLOSURES ON CHANGES OF DIRECTOR'S INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Lee Sungwoo resigned as an Independent Non-Executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company with effect from 28 August 2020.

Ms. Chen Dai was appointed as the Chairman of the Remuneration Committee of the Company with effect from 28 August 2020.

DIRECTOR'S INTERESTS IN CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEW ON INTERIM RESULTS

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

By Order of the Board
Siberian Mining Group Company Limited
Lee Jaeseong
Chairman

Hong Kong, 30 November 2020

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