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

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

2025
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lee Jaeseong *(Chairman)*
Mr. Im Jonghak
Mr. Liu Wai Shing Peter (appointed on 4 November 2024)
Ms. Sun Meng (appointed as non-executive Director on 4 November 2024 and re-designated as an executive Director on 15 July 2025)

Independent Non-executive Directors

Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)
Mr. Leung Yau Wan John (resigned on 18 October 2024)

COMPANY SECRETARY

Ms. Wong Ngar Lai (appointed on 3 May 2024)

AUTHORISED REPRESENTATIVES

Mr. Lee Jaeseong
Ms. Wong Ngar Lai (appointed on 3 May 2024)

AUDIT COMMITTEE

Mr. Wong Wei Hua Derek (*Chairman*, appointed on 17 January 2025)
Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Leung Yau Wan John (*Chairman,* resigned on 18 October 2024)

REMUNERATION COMMITTEE

Ms. Chen Dai *(Chairlady)*
Mr. Kim Sung Rae
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)
Mr. Leung Yau Wan John (resigned on 18 October 2024)

NOMINATION COMMITTEE

Mr. Lee Jaeseong *(Chairlady)*
Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)
Mr. Leung Yau Wan John (resigned on 18 October 2024)

AUDITORS

Prism Hong Kong Limited
Registered Public Interest Entity Auditor
Units 1903A-1905, 19/F, 8 Observatory Road,
Tsim Sha Tsui, Kowloon, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1703, 17/F
Cheong Tai Commercial Building
Nos, 287-289 Reclamation Street
Kowloon
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 Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HKEX STOCK CODE

1142

WEBSITE

http://enp.aconnect.com.hk/

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "**Board**") of E&P Global Holdings Limited (the "**Company**"), I would like to present to the shareholders of the Company (the "**Shareholders**") the annual report with the annual results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 March 2025.

PERFORMANCE AND OPERATIONS

For the year under review, the Group recorded a yearly revenue of approximately HK$489.45 million (2024: approximately HK$664.70 million). Trading of diesel, gasoline and related petroleum products and services in Republic of Korea ("**Korea**") contributed to 100.00% (2024: 100.00%) of the yearly revenue.

The Group recorded a loss before income tax of approximately HK$329.01 million (2024: profit before income tax of approximately HK$108.66 million) for the year under review. The decrease in profit before income tax is primarily attributable to the increase in impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) of approximately HK$786.78 million (2024: reversal of impairment loss of approximately HK$142.91 million). The impairment loss on exploration and evaluation assets for the current year was attributable to the combined effects of decrease in coal sales prices of certain types of coals, appreciation of Russian Rubles to United States Dollars and change in expected future inflation rate of costs. In addition, the decrease in profit before income tax was partially offset by (i) the gain from waiver of interest charged on convertibles notes of approximately HK$468.46 million (2024: Nil); and (ii) the gain from write-off of interest-bearing borrowings of approximately HK$49.72 million (2024: Nil).

It may be worthy of noting that the impairment loss on exploration and evaluation assets and the gain from waiver of interest charged on convertible notes were non-cash items and hence the cash position of the Group would not be affected by those as a result.

In respect of the trading business in Korea, the Group has overcome a challenging year with declining revenue due to the decline in revenue to certain top customers driven by the lower purchasing sentiment amid geographical tensions including the ongoing Ukraine-Russia conflict and the uncertainty of the upcoming development.

In respect of both open-pit mining and underground mining of Lot 2 in Russian Federation ("**Russia**"), the importance of environmental sustainability continued to be the top priority of the Group to mitigate adverse impacts to the environment.

PROSPECTS

Looking forward, the year ahead will remain rather challenging for the Group due to the uncertainties regarding the development of the ongoing Russia – Ukraine War and US-triggered world trade disputes that have affected and will continue to affect the Russian economy and the Group's diesel and gasoline trading business.

The Group will strive to focus on its core businesses of (i) diesel and gasoline trading, and (ii) coal mining, whilst actively pursuing other kinds of mining development plans in other countries and staying flexible to potential business opportunities for diversification. The Group is cautiously optimistic about prospects of its core businesses.

The Group will continue to further expand its market presence in the diesel and gasoline trading business in Korea by teaming with more and more petrol stations and improving the quality of petroleum products.

The Group will, as always, cautiously pitch in the coal mining project in Russia and place high priority on environmental sustainability and the Group will make utmost effort to comply all related environmental standards and rules so as to make no threat to the environment and the population. As such, the Group believes that the coal mining project in Russia will be able to yield long term economic benefits in the years to come.

CHAIRMAN'S STATEMENT

APPRECIATION

Last but not least, I would like to express my heartfelt gratitude to our Board members, Shareholders, suppliers, customers, business partners and our staff members for their dedication, continued support and valuable contributions to the Group.

Lee Jaeseong
Chairman
Hong Kong, 20 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

The Group's total revenue composed of sales of diesel of approximately HK$369.33 million (2024: approximately HK$510.96 million), sales of gasoline of approximately HK$90.02 million (2024: approximately HK$123.34 million) and sales of other related petroleum products and services of approximately HK$21.10 million (2024: approximately HK$30.40 million). In terms of product mix, sales of diesel, sales of gasoline and sales of other related petroleum products and services accounted for approximately 75.46% (2024: approximately 76.87%), 20.23% (2024: approximately 18.56%) and approximately 4.31% (2024: approximately 4.57%), respectively, of total revenue of the Group. The decrease in sales of diesel was the main cause for the decrease in total revenue for the year under review.

Other Income

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

Other Gains and Losses, net

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

Selling and Distribution Costs

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

Administrative Expenses

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

Finance Costs

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

(Loss) Profit Before Income Tax

For the year ended 31 March 2025, the loss before income tax of the Group was approximately HK$329.01 million (2024: profit before income tax of approximately HK$108.66 million). The decrease in profit before income tax is primarily attributable to the increase in impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) of approximately HK$786.78 million (2024: reversal of impairment loss of approximately HK$142.92 million), which was partially offset by (i) the gain from waiver of interest charged on convertible notes of approximately HK$468.46 million; and (ii) the gain from write-off of interest-bearing borrowings of approximately HK$49.72 million.

The Company would like to highlight that the impairment loss of approximately HK$786.78 million (2024: reversal of impairment loss of approximately HK$142.91 million) on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) and the gain from waiver of interest charged on convertible notes of approximately of HK$468.46 million (2024: Nil) were just non-cash item arising from year end valuation exercise for accounting purposes, which would not affect the cashflow position of the Group.

OPERATION REVIEW

Trading

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

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

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

Coal Mining

Lot 1 and Lot 1 Extension underground mining plan was heading towards the first year of coal production in around 2030. In order to minimise the negative impact of mine development on the environment, the Group had been working in consultation with experts. To prove it, the Group has engaged an expert in 2024 to perform technical design on the project which indicated that the Group is complying with environmental standards. The Group was also studying new approaches to mine ventilation, the filling mined-out space, the creating of underground repair shops and storage points for fuels and lubricants. Analysis of the carrying and throughput capacities of transport infrastructure (in particular coal) both in the western and eastern directions had been performed, due to the changed situation in the world. The Group was evaluating the possibility of complete import substitution of equipment provided for in the project.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Geographical

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

PROSPECTS

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

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

Trading

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Coal Mining

In respect of Lot 1 and Lot 1 Extension underground mining, the Group will continue to consult with government officials and experts in the fields of law, environment and economy, despite the war between Russia and Ukraine may make the current situation in Russia rather unstable both internally and externally. The Group also plans to hold more public hearings this year and looks forward to communicating well with the community and gaining support from the community. The Company is confident that the project will create more job opportunities and contribute to the development of the local community. Additionally, the Company aims to strengthen our public image by giving back to the community.

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

In respect of underground mining of Lot 2, the Group will actively consider the opinions and concerns of local residents about the mining industry, prepare evidence for compliance with environmental standards, and work continuously with local governments and local communities. Similarly, the Group will research the possibility, based on an existing project, of introducing automation tools designed to increase production efficiency and minimise labor costs for ordinary operations. The Company is always committed to comply with the environmental standards and has already engaged an expert to perform technical design on the project.

PLACING OF SHARES

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The directors of the Company (the "**Directors**" and each a "**Director**") will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities position of the Group as at 31 March 2025. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The Directors will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. The Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund raising exercises including placement of new shares as well as other pre-emptive offers. The Company will closely monitor the market situation and take prompt actions when such opportunities arise. During the year, the Company has raised several loans of approximately HK$13.39 million in total (2024: approximately HK$4.99 million) for the Group's daily operation, and preparation works in relation to the Russian coal mines. In addition to the above measure to improve the liquidity of the Group, the Company also explores ways to improve its overall financial position. In particular, the Company communicated 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 believed that such conversion, if happened, would 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 would be improved and the equity base of the Company would be strengthened. The Company would then be able to improve its overall financial position.

In order to improve the liquidity position of the Company, on 2 December 2024, the Company entered into a subscription agreement (the "**Subscription Agreement**") with A Mark Limited, Ocean Resources Int'l Investment Group Limited and Wayside Holdings Limited (the "**Subscribers**"), pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the convertible notes (the "**Convertible Notes**") in the aggregate principal amount of US$400,390,000 (or HK$3,123,042,000 equivalent), in full and final settlement of the indebtedness of approximately HK$3,591,498,000 under the convertible notes issued by the Company on 3 April 2013. Subject to the terms of the instrument of the Convertible Notes, holders of the Convertible Notes shall be entitled to convert the entire principal of the Convertible Notes into 12,492,168,000 ordinary shares of the Company at the conversion price of HK$0.25 per share.

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

Please refer to the circular of the Company dated 20 December 2024 for details of the Subscription Agreement, the Convertible Notes and the pre-conditions for conversion of the Convertible Notes.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2025 or subsisted at the end of the financial year.

CAPITAL STRUCTURE

As at 31 March 2025, the authorised share capital of the Company was HK$1,000,000,000 (2024: HK$1,000,000,000) divided into 100,000,000,000 shares (2024: 2,000,000,000 shares) of the Company with par value of HK$0.01 each (2024: HK$0.5 each) and the issued share capital was approximately HK$1.45 million (2024: approximately HK$72.51 million).

CAPITAL REORGANISATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The following is a list of principal risks and uncertainties that are considered to be of significance, as it would have potential significant impacts to the Group's business, results of operations and financial conditions. However, this is non-exhaustive as there may be other risks and uncertainties arising from changes in economic and other conditions overt.

(i) The Group derives a significant portion of its revenue from several customers and sources a significant portion of its purchases from several suppliers. Such reliance on a small number of customers and suppliers may materially affect the business of the Group, if the Group could not secure continuous supports from them.

(ii) The Group's trading business is all geographically located in Korea, and such concentration in location may make the Group more sensitive to changes in government policies and regulations in Korea.

(iii) The Group derives its revenue wholly from trading of diesel, gasoline and related petroleum products and services. Such over concentration on petroleum products and services may materially affect the business of the Group, if there are sudden significant changes in business environment of these products and services.

(iv) Significant fluctuations in international coal prices from year to year, especially due to the ongoing geopolitical tensions in Ukraine and uncertainties in world economic developments, will cast corresponding significant fluctuations in year end valuation of exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) for accounting purposes, which may have material impacts on the Group's financial results due to the resultant impairment loss or reversal of impairment loss (as the case may be), and also on the Group's total non-current assets.

(v) The coal mining license of Lot 1 will expire on 1 January 2029, and if such coal mining license could not be further extended, the general integrated mining plan (if implemented) for Lot 1, Lot 1 Extension and Lot 2 may be affected.

(vi) The Group's coal mining rights of Lot 1, Lot 1 Extension and Lot 2 are all geographically located in Russia, and such concentration in location may make the Group more sensitive to changes in government policies and regulations in Russia.

(vii) The Company and the Group have get involved in various legal proceedings, and the outcomes of the outstanding legal proceedings are still unknown, since the legal procedures are still in progress.

(viii) The creditors, lenders and promissory note holder of the Company may not extend/continuously extend the due dates or the maturity dates of the indebtedness, and the Company may not be able to source the required additional funding from other lenders and/or from equity financing, which may affect the liquidity and financial position of the Company and the Group.

(ix) As mentioned hereinabove, based on the information current available on the recent development of the COVID-19 pandemic situation in Korea, COVID-19 pandemic might not have adverse impacts on the Group's diesel and gasoline trading business in Korea in terms of the operating margins and results, financial resources, cashflows and future operating plans. However, if the outbreaks of new COVID-19 strain in Korea become out of control in future, the demand of diesel and gasoline might be affected if Korean citizens may drive less to minimize social activities and more people would be required to work from home again, then the Group's diesel and gasoline trading business in Korea might be adversely impacted.

(x) If new COVID-19 strain becomes out of control in Russia in future again, certain application procedures to the related Russian government departments involving the Group's coal mines development might be delayed, as the normal operation of these related Russian government departments would be affected.

(xi) The ongoing geopolitical tensions and the developments in Ukraine might have continuous negative impacts on the Russian economy, including ongoing difficulties in obtaining international funding, increase in volatility on the securities and currency markets as well as significant fluctuations of national currency and continuous high inflation. The United States of America and the European Union already imposed sanctions against major Russian banks, which has created obstacles in normal fund remittance to the Group's Russian subsidiary to finance its daily operations and the coal mines development. If the situation persists or continues to develop significantly, it may affect the Russian subsidiary's operations, financial condition and prospects.

(xii) Please refer to "Exposure to Fluctuation in Exchange Rates and Related Hedges" hereinabove for the foreign exchange risks.

(xiii) Please refer to the relevant parts in Note 7 to the Financial Statements for the market risks (currency risk and interest rate risk), credit risks and liquidity risks on pages 73 to 78.

FINANCIAL KEY PERFORMANCE INDICATORS FOR BUSINESS REVIEW

(i) During the year under review, the Group has focused on the trading of diesel, gasoline and related petroleum products and services, such products accounted for 100.00% (2024: 100.00%) of the Group's yearly revenue.

(ii) The gross profit ratio (being gross profit to revenue) of trading business was approximately 1.26% (2024: approximately 1.15%), which experienced an increase as the sales prices of diesel and gasoline generally increased and the product mix varied.

(iii) As coal production in the Group's Russian coal mines has not yet been commenced during the year, financial key performance indicators for coal mining are not applicable.

(iv) Since current assets of the Group as of 31 March 2025 decreased and current liabilities of the Group as of 31 March 2025 decreased as compared with that of last year, the current ratio (being current assets to current liabilities) for the year under review increased to approximately 11.63% (2024: decreased to approximately 0.39%).

(v) As of 31 March 2025, the total loans payables and interest-bearing borrowings of the Group increased but the total assets of the Group also increased to a greater extent, hence the gearing ratio (being total loans payables and interest-bearing borrowings to total assets) for the year under review decreased to approximately 9.90% (2024: approximately 8.46%).

LITIGATIONS

During the year and up to the date of this annual report, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 44 to the Financial Statements.

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

REPORT OF THE DIRECTORS

The Board of the Company presents the report together with the audited consolidated financial statements of the Group for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The Company engages in investment holding. The principal activities of its principal subsidiaries are engaged in holding mining and exploration rights of coal mines in Russian and trading of diesel, gasoline and other products in Korea.

An analysis of the principal activities of the subsidiaries is set out in Note 47 to the Financial Statements.

Further discussion and analysis of these activities as required by Schedule 5 of the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis section set out on pages 5 to 12 of this annual report. Such discussion forms part of this Report of The Directors.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2025 and the state of affairs of the Group as at 31 March 2025 are set out on pages 40 to 135.

The Board does not recommend the payment of any dividend for the year ended 31 March 2025 (2024: Nil).

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by principal activities and geographical segments of operations for the year ended 31 March 2025 is set out in Note 9 to the Financial Statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 136.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 46 to the Financial Statements and in the Consolidated Statement of Changes in Equity, respectively.

As at 31 March 2025, the Company did not have any reserves for distribution (2024: Nil). Under the laws of the Cayman Islands, a company may make distributions to its members out of the contributed surplus account under certain circumstances. In addition, the Company's share premium account amounted to HK$1,956,517,000 (2024: HK$1,956,517,000) may be distributed in the form of fully paid bonus shares.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 19 to the Financial Statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL AND CONVERTIBLE NOTES PAYABLES

Details of the movements in the Company's share capital and convertible notes payables are set out in Notes 40 and 36, respectively, to the Financial Statements.

DONATION

The Group did not make any charitable donation during the year (2024: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "**Articles of Association**") or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's top five (2024: five) customers accounted for approximately 42.42% (2024: approximately 39.06%) of the Group's total revenue for the year. In particular, sales to the largest customer of the Group accounted for approximately 12.69% (2024: approximately 11.30%) of the Group's total revenue for the year.

Purchases from the Group's top five (2024: five) suppliers accounted for approximately 51.51% (2024: approximately 48.42%) of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 13.70% (2024: approximately 13.34%) of the Group's total purchases for the year.

None of the Directors, their associates (as defined in the Listing Rules) or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any beneficial interests in the Group's customers or suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Lee Jaeseong *(Chairman)*
Mr. Im Jonghak
Mr. Liu Wai Shing Peter (appointed on 4 November 2024)
Ms. Sun Meng (appointed as non-executive Director on 4 November 2024 and re-designated as an executive Director on 15 July 2025)

Independent Non-executive Directors

Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Leung Yau Wan John (resigned on 18 October 2024)
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)

In accordance with Articles 87(1) and 87(2) of the Articles of Association, Mr. Im Jonghak and Mr. Kim Sung Rae shall retire by rotation at the forthcoming annual general meeting. In accordance with Article 86(3) of the Articles of Association, Mr. Liu Wai Shing Peter, Ms. Sun Meng and Mr. Wong Wei Hua Derek shall hold office only until the next annual general meeting. All the aforementioned retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors ("**INEDs**" and each an "**INED**"), an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company considers that all the INEDs to be independent.

CHANGES IN DIRECTORS' INFORMATION

Mr. Leung Yau Wan John resigned as an INED and ceased to be the Chairman of the audit committee as well as a member of both the remuneration committee and the nomination committee of the Company on 18 October 2024.

Ms. Chen Dai was re-designated from a member to chairlady of the audit committee of the Company on 18 October 2024, and subsequently re-designated from chairlady to member of the audit committee of the Company on 17 January 2025.

Mr. Liu Wai Shing Peter and Ms. Sun Meng were appointed as an executive Director and a non-executive Director, respectively on 4 November 2025. Ms. Sun Meng has been re-designated from a non-executive Director to an executive Director with effect from 15 July 2025.

Mr. Wong Wei Hua Derek was appointed as an INED and the chairman of the audit committee as well as a member of both the remuneration committee and the nomination committee of the Company on 17 January 2025.

Save as disclosed above, there are no changes in the information of Directors that are required to be disclosed pursuant to Rule 13.51B(1) since the publication of the Company's last interim report and up to the date of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

None of the Directors (including those proposed for re-election at the forthcoming annual general meeting of the Company) had a service contract with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 42 to the Financial Statements, there was no transaction, arrangement or contract of significance to which any of the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the Directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed in this report, no contracts of significance were entered into between the Company or any of its subsidiaries and any controlling Shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any controlling Shareholders or any of its subsidiaries.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals in the Group during the year are set out in Notes 15 and 16 to the Financial Statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2025 and at any time during the year, none of the Directors or their respective close associates (as defined under the Listing Rules) had any interests in any business, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group or any other conflicts of interest with the Group.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lee Jaeseong ("**Mr. Lee**"), aged 43, was appointed as the chairman of the Board, an Executive Director and the chairman of the Nomination Committee of the Company on 21 February 2020. He has over 10 years of extensive experience and sustained knowledge of corporate management, corporate finance, corporate restructuring and strategic planning from an asset management company and companies including a listed company in Korea. He is appointed as the director of Afull Co., Ltd., a company in Korea, in January 2021. Mr. Lee obtained a bachelor's degree of business administration in accounting and finance from Korea National Open University in 2020.

Mr. Im Jonghak ("**Mr. Im**"), aged 47, was appointed as an Executive Director on 21 February 2020. He has over 10 years' experience in finance and corporate management. He had been the chief manager of Global Power Asia Co. Ltd. ("**GPA**"), a subsidiary of the Company. Prior to joining GPA in May 2017, he served various positions in Orbital Education Ltd, including the director of admission from September 2006 to April 2017. Mr. Im obtained a bachelor's degree of physical education from Kyung Hee University in 2005.

Mr. Liu Wai Shing Peter ("**Mr. Liu**") aged 56, was appointed as an Executive Director on 4 November 2024. He has been a co-owner, a partner and a chief financial officer of Morganite Capital Limited since January 2024. Mr. Liu was a group chief financial officer and a chief operating officer of 8F Asset Partners HK Limited from April 2021 to December 2023; a co-founder, a chief financial officer and a chief operating officer of All4Learn Holdings Limited from September 2020 to April 2021; a chief financial officer of KKR Asia Limited from July 2017 to August 2020; a chief financial officer of Kohlberg Kravis Roberts & Co Partners LLP from October 2008 to June 2017; and a group financial controller of FTSE Group from September 2003 to September 2008. Mr. Liu also worked at Barclays Bank from June 1998 to August 2003 and his last position was a finance change program manager and an acting consultant in Barclays Bank PLC Monaco, Monte Carlo, Monaco. Mr. Liu obtained a bachelor's degree in business studies from the University of Westminster, the United Kingdom (the "**UK**") in 1993 and a master's degree of business administration from Oxford Brookes University, Oxford Institute of International Finance, the UK in 2007. Mr. Liu has been a qualified member (FCCA) of the Chartered Association of Certified Accountants, the UK since 1998.

Ms. Sun Meng ("**Ms. Sun**") aged 23, was appointed as a Non-executive Director on 4 November 2024 and has been re-designated as an Executive Director with effect from 15 July 2025. Ms. Sun was also appointed as business development director of the Company with effect from 15 July 2025, and she is responsible for developing and expanding business opportunities for the Group. Ms. Sun was an overseas business development manager in JiangSu LiChang Construction Materials Limited from January 2023 to July 2025. Ms. Sun obtained a bachelor's degree in political science from the University of Iowa, the United States of America in 2022.

Independent Non-executive Directors

Ms. Chen Dai ("**Ms. Chen**"), aged 46, was appointed as an Independent Non-executive Director on 29 March 2018. She was appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 29 March 2018. She was also appointed as the chairlady of the Remuneration Committee on 28 August 2020. On 18 October 2024, she was re-designated from a member to the chairlady of the Audit Committee and subsequently re-designated from the chairlady to a member of the Audit Committee on 17 January 2025. She holds a Bachelor's Degree of Business Administration and Financial Management from Shanghai University of Finance and Economics (Shanghai, China). She is currently the chief operating officer of Teng Wei Information Consulting Co., Ltd. providing corporate consultancy to foreign investment companies and Chinese companies. Before joining Teng Wei Information Consulting Co., Ltd. in March 2008, she had been the senior accountant in Shanghai Beston Trading Co., Ltd. from March 2000 to March 2004. Ms. Chen possesses core competencies in corporate tax consultation and corporate consultation.

REPORT OF THE DIRECTORS

Mr. Kim Sung Rae ("**Mr. Kim**"), aged 67, was appointed as an Independent Non-executive Director on 3 March 2023. He was also appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 3 March 2023. He has over 40 years working experience in electric industry. He had been working in Korea Electric Power Corporation, a company listed on The Korea Exchange with stock code 015760, for almost 40 years until retirement in 2017. He then served for almost 5 years as a deputy general manager at the Korea Electric Association ("**KEA**") from April 2017 to December 2021, and joined the administration of construction as construction supervisor at ED&C Co., Ltd from October 2022 to February 2023. He is currently a part-time training teacher at KEA starting from March 2023. Mr. Kim holds a bachelor's degree of Real Estate from Gukje Cyber University (Suwon, Korea). He is qualified as an electrician and a vocational competency development training teacher - electrician Level 3.

Mr. Wong Wei Hua Derek ("**Mr. Wong**") aged 53, was appointed as an Independent Non-executive Director, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 17 January 2025. He was appointed as the chairman of the Audit Committee on 17 January 2025. He has over 25 years of experience in auditing and financial and corporate management. Mr. Wong joined Ausnutria Dairy Corporation Ltd ("**Ausnutria**"), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1717) as the deputy chief financial officer in July 2011 and was appointed as joint company secretary (later re-designated as the company secretary in December 2012) and the chief financial officer in September 2011. Mr. Wong has resigned from all of his positions in Ausnutria in December 2023. Mr. Wong graduated from York University in Toronto, Canada with a bachelor's degree in arts (major in mathematics) in June 1993 and a bachelor's degree in administrative studies (major in accounting) in June 1995. Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants since March 2002.

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

As at 31 March 2025, none of the Directors or any of their associates or chief executives of the Company (as defined in the Listing Rules) had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which are required to be notified to the Company and the Stock Exchange pursuant to SFO (including interests which they are taken or deemed to have under SFO) or which are, pursuant to Section 352 of the SFO, entered in the register referred to therein or, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

CONNECTED TRANSACTION

The Company did not (i) have any outstanding continuing connected transaction; or (ii) enter into any connected transaction for the year ended 31 March 2025.

None of the related party transactions set out in Note 42 to the Financial Statements constitutes connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Laws of the Cayman Islands) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company.

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

As at 31 March 2025, the register of interests in shares and short positions required to be kept by the Company under Section 336 of the SFO showed that the following persons (other than the Directors or chief executives of the Company) had disclosed to the Stock Exchange and/or the Company an interest of 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company.

(i) Long position in shares of HK$0.01 each in the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of shareholding
Space Hong Kong Enterprise Limited (Note 1)	Beneficial owner	43,134,137	29.74%
E-tron Co., Ltd (Note 2)	Beneficial owner	24,169,510	16.67%
Solidarity Partnership (Note 3)	Beneficial owner	17,403,076	12.00%
Kim Wuju	Beneficial owner	7,440,000	5.13%
HCMP SPC Ltd. (Note 1)	Interest in controlled corporation	43,134,137	29.74%
BSE CMP Value-up Private Equity Fund (Note 1)	Interest in controlled corporation	43,134,137	29.74%
Cheon Ji In M Partners Co Ltd (Note 1)	Interest in controlled corporation	43,134,137	29.74%
Park Jonghee (Note 3)	Interest in controlled corporation	17,403,076	12.00%

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

Note 2 : E-tron Co., Ltd is a company incorporated in the Republic of Korea, and its shares are listed and traded on the KOSDAQ of the Korea Exchange (stock code: 09604.KQ).

Note 3 : Solidarity Partnership, a partnership set up in the Republic of Korea, in which Ms. Park Jonghee is the representative and she held 50% interest in Solidarity Partnership. By virtue of the SFO, Ms. Park Jonghee is deemed to be interested in these 17,403,076 Shares in which Solidarity Partnership has beneficial interest.

Note 4: As of the date of this annual report, following the shareholders' approval at the extraordinary general meeting of the Company on 30 June 2025, the Convertible Notes with an aggregate principal amount of US$214,700,000 were converted, resulting in the issuance and allotment of 6,698,640,000 Conversion Shares on the same date. The shareholding interests of the existing shareholders were diluted. Details of the conversion of the Convertible Notes are disclosed in the announcement of the Company on 30 June 2025.

(ii) Long position in underlying shares of HK$0.01 each in the Company

Name of shareholders	Capacity	Number of underlying shares held	Percentage of shareholding
A Mark Limited	Beneficial Owner	6,246,084,000	4,307.14%
Ocean Resources Int'l Investment Group Limited	Trustee	3,123,042,000	2,153.57%
Wayside Holdings Limited	Trustee	2,249,442,000	1,551.16%
Lu Yong	Beneficial Owner	468,000,000	322.72%
Liu Ling	Trustee	305,760,000	210.84%
HealthTec International Co., Limited	Beneficial Owner	99,840,000	68.85%
Chen William Hon Lam	Interested in Controlled Corporation	11,618,568,000	8,011.86%

Save as disclosed above, as at 31 March 2025, 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 23 to 33 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and maintaining a good standard of corporate social governance essential for bringing a framework for motivating employees to contribute to our community.

The Group has made continuous efforts in promoting green measures and awareness in daily business operations. The principles of recycling and reducing will always be encouraged to adhere to as much as possible, such as implementing green office practices of double-sided printing and copying, setting up recycling bins and switching off idle lightings and regulating air-conditioning in different zoning.

REPORT OF THE DIRECTORS

WORKING CONDITIONS

The Company has adopted the board diversity policy in accordance with the requirements set out in the Corporate Governance Code, and recognises the board diversity is one of the essential elements contributing to the sustainable development of the Company. The Group always encourages its employees to participate external seminars and other professional development trainings so as to keep abreast of the changing business environment.

HEALTH AND SAFETY

The Group strives to provide a healthy and safe working environment to its employees, and will constantly evaluate and upgrade tools, office and information technology equipment as and when needed.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is committed to constantly monitor the adherence and compliance with all significant legal and regulatory requirements essential to its business operations. As far as the Company is aware and to the best of the knowledge, information and belief of the Company, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business operations of the Group.

COMPLIANCE WITH THE LISTING RULES

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Being people-oriented, the Group ensures all employees are reasonably remunerated in line with the prevailing market conditions, continues to encourage development training, and provides favourable career advancement opportunities for its employees.

The Group has always paid good attention to and committed to maintaining a good working relationship with its suppliers and customers, which in the long term will create good value for the Group.

DIVIDEND POLICY

In considering the payment of any dividend (if any), the Board shall consider its future working capital requirements, plan of business growth, adequacy of cash reserves and rewards to the Shareholders. The Company may declare and pay dividends (if any) by way of cash or scrip or by other means that the Board considers appropriate from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company for the year ended 31 March 2025 will be available on the websites of the Stock Exchange and the Company by the end of July 2025. As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

REPORT OF THE DIRECTORS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Pursuant to the announcement of the Company dated 15 July 2025, Ms. Sun Meng has been re-designated from a non-executive Director to an executive Director with effect from 15 July 2025.

Details of the other significant events after the reporting period of the Group are set out in Note 48 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

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

CHANGE IN AUDITOR IN ANY OF THE PRECEDING THREE YEARS

Prism CPA Limited (subsequently known as "UniTax Prism (HK) CPA Limited") was appointed as auditor of the Company on 13 May 2021. UniTax Prism (HK) CPA Limited retired on the conclusion of 2022 annual general meeting of the Company on 28 September 2022.

CCTH CPA Limited was appointed as the auditor of the Company on 14 November 2022 and CCTH CPA Limited resigned as the auditor of the Company on 17 March 2023.

Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited) was appointed as the auditor of the Company on 22 May 2023.

Save for the above-mentioned changes, in the preceding three years, the auditor of the Company had not been changed.

AUDITOR

The consolidated financial statements have been audited by Prism Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of Prism Hong Kong Limited as the auditor of the Company is expected to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Lee Jaeseong
Chairman

Hong Kong, 20 June 2025

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Company's main goals. The corporate governance principles of the Company emphasise a quality board, sound internal control, transparency and accountability to all Shareholders. This report describes its corporate governance practices, explains the applications of the principles of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions of the CG Code contained in Appendix C1 to the Listing Rules except for the deviation as described below:

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of all the Directors of the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year under review.

BOARD OF DIRECTORS

As at 31 March 2025, the Board comprised of seven Directors with three Executive Directors, one Non-executive Director and three INEDs. The Board believes that the majority of the Board members are INEDs, the composition of the Board is thus adequate to provide checks and balances that safeguard the interests of Shareholders and the Group.

The INEDs provide the Group with different expertise, skills and experience. Their participation in board meetings could bring independent judgement on issues relating to the Group's strategy, internal control and performance to ensure the interests of the Shareholders are taken into account.

CORPORATE GOVERNANCE REPORT

The Company has received from each of the INEDs an annual confirmation of their independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules. Each of the INEDs has signed a letter of appointment with the Company for an initial term of appointment ranging from one year to two years (as the case may be).

The Company has set out the respective functions and responsibilities reserved to the Board and those delegated to management. The Board delegated day-to-day operations of the Group to Executive Directors while reserving certain key matters for its approval. The Board is responsible for approving and monitoring the Company's overall strategies and policies, monitoring the risk register and the risk management policy annually, overseeing the financial position of the Group, approving business plans, evaluating the performance of the Company and supervising the performance of the management.

Decisions of the Board are communicated to the management through Executive Directors who have attended Board meetings.

The members of the Board during the year under review were:

Executive Directors

Mr. Lee Jaeseong *(Chairman)*
Mr. Im Jonghak
Mr. Liu Wai Shing Peter (appointed on 4 November 2024)
Ms. Sun Meng (appointed as non-executive Director on 4 November 2024 and re-designated as an executive Director on 15 July 2025)

Independent Non-executive Directors

Ms. Chen Dai
Mr. Kim Sung Rae
Mr. Leung Yau Wan John (resigned on 18 October 2024)
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)

The biographical details of each of the Directors are set out in the "Biographical Details of Directors and Senior Management" section in the Report of the Directors on pages 17 to 18 of this annual report. To the best knowledge of the Company, there are no relationships (including financial, business, family or other material relationships) among the Directors.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual results and interim results.

During the year under review, the Board had reviewed the policies and practices on corporate governance of the Company; monitored the continuous professional development trainings of the Directors and members of the senior management; monitored the policies and practices of the Company on compliance with legal and regulatory requirements; monitored the compliance of the Model Code applicable to the Directors; as well as reviewed the compliance of the Company with the CG Code and the disclosures in the Corporate Governance Report.

During the year under review, the Company held seven Board meetings, one annual general meeting and two extraordinary general meetings. Details of Directors attendance records are as follows:

	Attendance		
Name of Directors	**Board Meeting**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors			
Mr. Lee Jaeseong *(Chairman)*	7/7	1/1	2/2
Mr. Im Jonghak	7/7	1/1	2/2
Mr. Liu Wai Shing Peter (appointed on 4 November 2024)	4/4	0/0	2/2
Ms. Sun Meng (appointed as non-executive Director on 4 November 2024 and re-designated as an executive Director on 15 July 2025)	4/4	0/0	2/2
Independent Non-executive Directors			
Ms. Chen Dai	7/7	1/1	2/2
Mr. Kim Sung Rae	7/7	1/1	2/2
Mr. Leung Yau Wan John (resigned on 18 October 2024)	1/1	1/1	0/0
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)	0/0	0/0	0/0

Independent Views and Input

The Company recognises that independence on the Board is a key element of good corporate governance. The Company has established mechanisms to ensure independent views and input are available to the Board for enhancing objective and effective decision-making. These mechanisms in place are subject to annual review by the Board, including without limitation:

(a) the Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new INED before appointment and also the continued independence of the INEDs and their time commitments annually;

(b) the Nomination Committee will conduct performance evaluation of the INEDs annually to assess their contributions;

(c) the INEDs can express their views in an open, candid as well as confidential manner, should circumstances require, through formal and informal channels, including meetings with the Chairman of the Company without the presence of the other Directors to discuss any major issues and concerns, dedicated meeting sessions with the Chairman of the Company and interaction with management and other Board members including the Chairman of the Company outside the boardroom; and

(d) the Directors may, upon reasonable request to the Chairman, seek independent professional advice in appropriate circumstances, at the reasonable expense of the Company to assist them to perform their duties to the Company.

The Board has conducted an annual review of the implementation and effectiveness of these mechanisms and considered they are in place and are effective.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

All Directors are committed to participating in continuous professional development under code provision C.1.4 of the CG Code. Directors are provided with timely updates on changes in laws and compliance issues relevant to the Group. The Company has also provided funding to encourage its Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills.

During the year ended 31 March 2025, the Directors' participation in various continuous professional programs is summarised as below:

Name of Directors	Attending training course/seminar	Reading materials
Executive Directors		
Mr. Lee Jaeseong *(Chairman)*	✓	✓
Mr. Im Jonghak	✓	✓
Mr. Liu Wai Shing Peter	✓	✓
Ms. Sun Meng (Note)	✓	✓
Independent Non-executive Directors		
Ms. Chen Dai	✓	✓
Mr. Kim Sung Rae	✓	✓
Mr. Leung Yau Wan John (resigned on 18 October 2024)	✓	✓
Mr. Wong Wei Hua Derek	✓	✓

Note: Pursuant to the announcement of the Company dated 15 July 2025, Ms. Sun Meng has been re-designated from a non-executive Director to an executive Director with effect from 15 July 2025.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lee Jaeseong is the Chairman of the Board and he provides leadership and is responsible for the effective functioning and leadership of the Board. The Company does not at present have any officer with the title "chief executive officer".

ACCESS TO INFORMATION BY DIRECTORS

In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers are sent to all Directors in a timely manner. Notice of at least 14 days is given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings and Board committee meetings, reasonable notice is given.

All Directors are entitled to have access to Board papers, minutes and related materials at all times. During the year, all Directors have been provided with the Group's management information updates to keep them informed of the Group's affairs and facilitate them to discharge their duties under the Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY AND DIRECTOR NOMINATION POLICY

The Board has adopted a board diversity policy to achieve board diversity through the consideration of a number of factors and measurable objectives, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience. All Board appointments will be based on merit, and candidates will be measured against objective criteria, with due regard for the benefits of diversity on the Board. The Board has also adopted a director nomination policy which stipulates the selection criteria on assessing the suitability and potential contribution of a proposed candidate, including but not limited to character, integrity and honesty, availability of time and devotion, independence, academic background, professional experience, technical skills and knowledge, and other relevant criteria on a case-by-case basis. The director nomination policy also sets out the procedures for selection of new directors and re-election of directors at general meetings. The Nomination Committee has the delegated responsibilities to monitor the implementation and review at least annually the board diversity policy and director nomination policy and report to the Board.

In terms of gender diversity on the Board, the Board has a gender ratio of approximately 30% to 70% (female to male). The Company will continue to ensure that there is gender diversity in employee recruitment at intermediate to senior levels and implement comprehensive programmes aimed at identifying and training female employees who display leadership and potential, so as to develop a pipeline of potential successors to the Board.

The Nomination Committee has reviewed the structure, composition and membership of the Board, and is of the opinion that the Board had an appropriate mix of skills, experience and diversity that are relevant to the Company's strategies, business and governance and to enable the Company to maintain a high standard of operation during the year ended 31 March 2025.

The gender ratio in the workforce of the Group, including senior management, as of 31 March 2025 is set out in the 2025 Environmental, Social and Governance Report of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board is responsible for the appointment of any potential new Directors and the nomination of Directors for re-election by the Shareholders at the annual general meeting of the Company. In accordance with the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board, whom is subject to retirement and re-election at the first annual general meeting after his/her appointment and shall then be eligible for re-election. Furthermore, every Director shall retire from office no later than the third annual general meeting after he/she was last elected or re-elected.

INEDs are appointed under signed letters of appointment for an initial term of one/two year(s) and thereafter could be extended for a further term of one year at a time until terminated by either party, subject to the termination provisions therein and the retirement and re-election provisions in the Articles of Association and the CG Code.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee of the Company (the "**Audit Committee**"), the remuneration committee of the Company (the "**Remuneration Committee**") and the nomination committee of the Company (the "**Nomination Committee**"), for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Stock Exchange and the Company, and are available to the Shareholders upon request.

REMUNERATION COMMITTEE

The Remuneration Committee was established in December 2005.

The Remuneration Committee currently comprises three members, all of them are INEDs. The members of Remuneration Committee are Ms. Chen Dai (Chairlady), Mr. Kim Sung Rae and Mr. Wong Wei Hua Derek.

The Remuneration Committee is responsible for formulating and recommending the Board in relation to the remuneration policy, determining the remuneration of Directors and members of the senior management of the Company, reviewing and making recommendations on the Company's share option scheme, other compensation-related issues and performance based remuneration and reviewing and/or approving matters relating to share schemes of Chapter 17 to the Listing Rules.

The Remuneration Committee held three meetings during the year. The main works performed by the Remuneration Committee during the year included the review of the remuneration of the Directors and the salary package of the senior management of the Company for coming year, and review of the remuneration policy of the Company. No matters relating to share schemes of Chapter 17 to the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the year.

Individual attendance of each Remuneration Committee member during the year under review is as follows:

Members	**Attendance**
Ms. Chen Dai *(Chairlady)*	3/3
Mr. Kim Sung Rae	3/3
Mr. Leung Yau Wan John (resigned on 18 October 2024)	1/1
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)	0/0

The Remuneration Committee is provided with resources enabling it to discharge its duties including access to relevant and timely information, support of independent professional advice if and when necessary. Regular meetings of the Remuneration Committee will be held to discuss remuneration and compensation related issues.

Details of the remuneration of each of the Directors for the year ended 31 March 2025 are set out in the Note 15 to the Financial Statements.

Pursuant to the code provision E.1.5 of the CG Code, the details of remuneration of the senior management (excluding Directors) for the year ended 31 March 2025 are within the following bands:

	Number of individual	
Remuneration bands	**2025**	2024
HK$Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	–	1

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee currently comprises three INEDs. The current members of the Audit Committee are Mr. Wong Wei Hua Derek, Ms. Chen Dai and Mr. Kim Sung Rae. The Audit Committee is chaired by Mr. Wong Wei Hua Derek, who has appropriate accounting professional qualifications.

The Audit Committee is responsible for recommending the appointment and re-appointment of external auditor, reviewing the Group's financial information, overseeing the Group's financial reporting system, risk management and internal control procedures. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. The management of the Company provides the Audit Committee with all relevant information the Committee needs for it to discharge its responsibilities.

The Audit Committee meets regularly to review financial reporting, risk management and internal control matters and has unrestricted access to the support of both the Company's management and auditor.

The Audit Committee held two meetings during the year under review, in which the Audit Committee considered and recommended the appointment of new auditors, reviewed and considered the resignation of auditor, reviewed the level of interim review fee and annual audit fees, reviewed with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters so as to ensure that an effective control environment is maintained.

The main works performed by the Audit Committee during the year included evaluation and recommendation of appointment of new auditors including the level of audit fees, review of the auditor's audit plan, the review of the annual financial statements for the year ended 31 March 2024 and interim financial statements for the six months ended 30 September 2024 with recommendations to the Board for approval. It had also reviewed the adequacy and effectiveness of internal control system, including the internal control review report.

The Audit Committee had also reviewed the audited consolidated results of the Company for the year ended 31 March 2025, including the accounting principles and practice adopted by the Group and recommended to the Board for consideration.

Individual attendance of each Audit Committee member during the year under review is as follows:

Members	**Attendance**
Mr. Leung Yau Wan John *(Chairman)* (resigned on 18 October 2024)	1/1
Mr. Wong Wei Hua Derek *(Chairman)* (appointed on 17 January 2025)	0/0
Ms. Chen Dai	2/2
Mr. Kim Sung Rae	2/2

NOMINATION COMMITTEE

The Nomination Committee was established in March 2012.

The Nomination Committee currently comprises one Executive Director, namely Mr. Lee Jaeseong (chairman) and three INEDs, namely Ms. Chen Dai, Mr. Kim Sung Rae and Mr. Wong Wei Hua Derek.

The Nomination Committee is responsible for reviewing and recommending the structure, size and composition of the Board to complement the Company's corporate strategy, identifying suitably qualified individuals to become Board members and assessing the independence of INEDs. It is also responsible for recommending the appointment, reappointment and removal of Directors and succession planning of Directors, monitoring the implementation and reviewing the board diversity policy and the director nomination policy and ensuring at least one INED who sits in the Audit Committee has professional qualifications in accounting and financial management.

The Nomination Committee held three meetings during the year under review. The main works performed by the Nomination Committee during the year included review of the structure, size and composition of the Board, and making recommendations on the re-appointment of Directors by rotation in the forthcoming annual general meeting.

Individual attendance of each Nomination Committee member during the year under review is as follows:

Members	Attendance
Mr. Lee Jaeseong *(Chairman)*	3/3
Ms. Chen Dai	3/3
Mr. Kim Sung Rae	3/3
Mr. Leung Yau Wan John (resigned on 18 October 2024)	1/1
Mr. Wong Wei Hua Derek (appointed on 17 January 2025)	0/0

AUDITOR'S REMUNERATION

During the year under review, total auditor's remuneration charged in relation to audit and non-audit services of the Group were as follows:

Nature of services	HK$
Review fee for interim results	150,000
Audit fee for annual results	1,000,000
Total audit and non-audit services	1,150,000

ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that they are responsible for (i) preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group, and (ii) presenting a clear, balanced and understandable assessment of the Group's performance and prospects in the Company's annual report and interim report, inside information announcements and other financial disclosures required under the Listing Rules and such other matters as the regulators may request. The Board is not aware of any material uncertainties relating to the events or condition that might cast doubt upon the Company's ability to continue as a going concern. Accordingly, the Board has prepared the consolidated financial statements of the Company on a going concern basis.

The Board has overall responsibility for monitoring the risk management policies, the risk register and the internal control of the Group and reviewing their effectiveness once a year. Policies and procedures are in place to ensure that assets are adequately protected against unauthorised use or disposal and that the interests of Shareholders are safeguarded. The systems in place are designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

To enable the Company to discharge its annual review responsibilities pursuant to the code provision of the CG Code, the Company has reviewed the need for an internal audit function and considered it appropriate to adopt the practice of outsourcing the internal audit functions. Accordingly, for the year under review, the Company engaged Prism Hong Kong Limited ("**Prism**"), to provide internal audit services to the Group.

Prism formulated the annual internal audit plan and procedures, conducted yearly independent reviews by rotation on the operations of the Group to identify any material irregularities and significant risks, developed action plans and made recommendations to address risks and key findings (where applicable).

During the year ended 31 March 2025, the Board reviewed and ensured that the risk management and the internal control process have been properly carried out and experiences of staff of the Group's accounting and financial reporting were maintained properly. The Board satisfies that, given the size and activities of the Company, appropriate risk management and adequate internal control systems have been established and considers continuing reviews of risk register and internal controls will be undertaken to ensure its adequacy and effectiveness.

For the sake of enhancing the Company's system of handling inside information and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company has adopted and implemented its inside information policy and procedures. Proper and reasonable measures have been in place and implemented from time to time to ensure that proper safeguards exist to prevent a breach of disclosure requirements in relation to the Group, which include (i) the access of confidential and possible price-sensitive information is restricted to a limited number of employees on a need-to-know basis and all employees who are in possession of any inside information are fully conversant with their obligations to preserve confidentiality; (ii) confidentiality agreements and non-disclosure agreements are well in place whenever the Group enters into any significant negotiations; and (iii) the Executive Directors are the only designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

COMPANY SECRETARY

Ms. Wong Ngar Lai was appointed as the company secretary of the Company on 3 May 2024. She meets the qualification requirements for the company secretary under Rule 3.28 of the Listing Rule. She is currently a company secretary of Summit Consulting Limited. Although she is not an employee of the Company, she has been engaged by the Company as its company secretary to support the Board. She had taken no less than 15 hours of relevant training as required by the Listing Rules. Mr. Im Jonghak, an Executive Director of the Company, is her primary corporate contact person in the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS

According to Article 58 of the Articles of Association, any one or more members of the Company may request for an extraordinary general meeting to be convened upon depositing a written requisition to the Board or the Secretary of the Company specifying the objects of the meeting and signed by the requisitionist(s), provided that as at the date of deposit of the requisition, such requisitionist(s) hold not less than one-tenth of the paid-up capital of the Company which carries the right of voting at a general meeting of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an extraordinary general meeting, the requisitionist(s) themselves may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of two months from the date of deposit of the requisition.

The same procedure also applies to any proposal to be tabled at general meetings for adoption.

PROCEDURES FOR PUTTING ENQUIRIES TO THE BOARD

Shareholders and other stakeholders may at any time send their enquires and concerns to the Board by addressing them to the company secretary of the Company by post, fax or email.

The contact details are set out as below:-

E&P Global Holdings Limited
Unit 1703, 17/F
Cheong Tai Commercial Building
Nos. 287-289, Reclamation Street
Kowloon, Hong Kong

Shareholders and potential investors of the Company are also welcome to share their views and suggestions by contacting the Company through the following methods:-

By telephone:	(852) 2633 1992
By fax:	(852) 2633 7011
By email:	investor@enp.com.hk

CONSTITUTIONAL DOCUMENTS

On 31 December 2023, the Listing Rules were amended by implementing the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers. Before the annual general meeting on 27 September 2024, the Board proposed to make certain amendments to the Articles of Association for the purpose of, among others, (i) reflect and align with the latest regulatory requirement in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023; and (ii) align with other relevant requirements of the Listing Rules and company law of the Cayman Islands and incorporate certain corresponding and housekeeping amendments. Accordingly, the Board proposes to amend the Second Amended and Restated Articles of Association in substitution for, and to the exclusion of, the Articles of Association. On 27 September 2024, a special resolution was passed at the annual general meeting to amend the Second Amended and Restated Articles of Association.

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

To foster effective communications, the Company provided all necessary information to its Shareholders in its annual report, interim report, announcements and circular. The Board hosts general meetings to meet the Shareholders so as to ensure that the Shareholders' view is communicated to the Board. The Board will endeavor to attend the general meetings so that they could communicate with the Shareholders and answer their questions.

The Board has reviewed the implementation and effectiveness of the Shareholders communication policy of the Company. The Board is of the view that the Shareholders communication policy was adequate and effective during the year ended 31 March 2025, having considered the communication channels in place to provide the Shareholders and the investor community with information about the latest development of the Group in a timely manner, and the various communication channels established by the Company between itself and its Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

INDEPENDENT AUDITOR'S REPORT

Prism

TO THE SHAREHOLDERS OF E&P GLOBAL HOLDINGS LIMITED
(Incorporated in Cayman Island with limited liability)

OPINION

We have audited the consolidated financial statements of E&P Global Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 40 to 135, which comprise consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Emphasis of Matter

Development of Russia – Ukraine War

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

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Material Uncertainty Related to the Going Concern

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

Also, we draw attention to Note 44 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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IMPAIRMENT ASSESSMENT OF EXPLORATION AND EVALUATION ("E&E") ASSETS

Refer to note 23 to the consolidated financial statements and the accounting policies in note 4.2.

The key audit matter

As at 31 March 2025, the carrying amounts of the Group's E&E assets were approximately HK$1,423,165,000 (net of the impairment loss on exploration and evaluation assets of HK$2,213,231,000), which is mainly related to the assets arising from the Group's mine located in Russian Federation.

The management of the Group has performed impairment assessment on the E&E assets at the end of the reporting period. When indication of possible impairment has been identified, recoverable amount is determined based on the higher of fair value less cost of disposal or value-in-use of each cash-generating unit.

We have identified the impairment assessment on E&E assets as a key audit matter because of its significance to the consolidated financial statements as a whole and the involvement of significant management judgements and estimates when performing impairment assessment.

How the matter was addressed in our audit

We have reviewed the management's judgements and estimates used in determining the indication of possible impairment and its impairment testing on the E&E assets.

We have discussed and reviewed the impairment assessment prepared by the management of the Group, including the identification of possible impairment.

We have reviewed the underlying data and assumptions used in the calculation of fair value less cost of disposal or value-in-use of the respective cash-generating unit as recoverable amount, including the coal price, recoverable reserves, exploration potentials, production costs estimate, growth rate, inflation rate and post-tax discount rates. We have compared those underlying data and assumptions used to the historical data and other available market sources.

VALUATION OF INVESTMENT PROPERTY

Refer to Note 21 to the consolidated financial statements and the accounting policies in note 4.2.

The key audit matter

As at 31 March 2025, the carrying values of the Group's investment property was approximately HK$26,011,000, which is related to the assets located in South Korea.

The fair value of the Group's investment property as at 31 March 2025 was assessed by the Group based on independent valuations prepared by qualified external property valuers. There is a fair value gain of investment property of HK$389,000 for the year ended 31 March 2025.

Fair value of the Group's investment property is mainly derived using the direct comparison approach, the Valuer refers to market price of similar comparable properties.

How the matter was addressed in our audit

We have obtained and inspected the valuation report prepared by independent external property valuer engaged by the Group on which the Group's assessment of valuation of investment property was based.

We have evaluated the independent external valuer's competence, capabilities and objectivity.

We have assessed their valuation methodology and challenged the key estimates and assumptions adopted in the valuations with the assistance of our independent external valuation specialists.

We have assessed the reasonableness of the disclosures in the consolidated financial statements in respect of the investment property with reference to the requirements of the prevailing accounting standards.

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INDEPENDENT AUDITOR'S REPORT

VALUATION OF CONVERTIBLE NOTES

Refer to Note 36 to the consolidated financial statements and the accounting policies in note 4.2.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2025, the carrying values of the Group's convertible notes was approximately HK$3,170,231,000. At the date of issue, the liabilities component is measured at fair value and assessed by the Group based on independent valuations prepared by qualified external valuers. There is a loss on extinguishment of convertible notes HK$37,272,000 for the year ended 31 March 2025. Fair value of the date of issue the Group's convertible notes is mainly derived using the option-pricing method, in particular, the Binomial Option Pricing Model, the Valuer assumed that the time to the maturity can be divided into 60 sub-intervals (or nodes) at each of which the underlying share price move up and down based on the standard deviation of historical returns of comparable companies.	We have obtained agreements of the convertible notes and assessed whether the accounting policy of the Group in respect of the initial recognition was reasonable. We have obtained and inspected the valuation report prepared by independent external valuer engaged by the Group on which the Group's assessment of valuation of the convertibles notes were based. We have evaluated the independent external valuer's competence, capabilities and objectivity. We have assessed their valuation methodology and challenged the key estimates and assumptions adopted in the valuations with the assistance of our independent external valuation specialists. We have assessed the reasonableness of the disclosures in the consolidated financial statements in respect of the convertibles notes with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body and 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

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- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business unit within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performance for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lee Kwok Lun.

Prism Hong Kong Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
20 June 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	8	**489,447**	664,701
Cost of sales		**(483,260)**	(657,049)
Gross profit		**6,187**	7,652
Other income	10	**6,431**	153
Other gains and losses, net	11	**(305,504)**	129,734
Selling and distribution costs		**(3,659)**	(3,769)
Administrative expenses		**(13,399)**	(14,992)
Finance costs	12	**(19,070)**	(10,120)
(Loss) profit before income tax		**(329,014)**	108,658
Income tax expenses	13	**(328)**	(3,028)
(Loss) profit for the year	14	**(329,342)**	105,630
(Loss) profit for the year attributable to:			
Owners of the Company		**(329,045)**	106,899
Non-controlling interests		**(297)**	(1,269)
(Loss) profit for the year		**(329,342)**	105,630
Other comprehensive income (expense) for the year:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**101,986**	(1,527)
Total comprehensive (expense) income for the year		**(227,356)**	104,103
Total comprehensive (loss) income for the year attributable to:			
Owners of the Company		**(226,358)**	103,937
Non-controlling interests		**(998)**	166
		(227,356)	104,103
(Loss) earnings per share			
Basic (HK$)	18	**(2.27)**	0.74
Diluted (HK$)	18	**(2.27)**	0.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	19	**15,639**	12,411
Right-of-use assets	20	**41**	755
Investment property	21	**26,011**	28,188
Intangible assets	22	**—**	—
Exploration and evaluation assets	23	**1,423,165**	2,107,606
Rental deposits	26	**189**	187
		1,465,045	2,149,147
Current assets			
Inventories	24	**5**	1,799
Trade receivables	25	**1,927**	4,999
Other receivables	26	**7,095**	7,422
Cash and cash equivalents	27	**2,443**	228
		11,470	14,448
Liabilities			
Current liabilities			
Trade payables	28	**7,887**	10,771
Other payables	29	**8,497**	28,828
Contract liabilities	30	**516**	618
Interest-bearing borrowings	31	**73,099**	28,561
Amounts due to shareholders	32	**4,926**	39,097
Amount due to a director	33	**229**	—
Purchase consideration payable for additional acquisition	35	**3,338**	3,338
Lease liabilities	20	**58**	750
Convertible notes payables	36	**—**	3,591,498
Promissory notes payables	37	**—**	15,600
Income tax payable		**39**	449
		98,589	3,719,510
Net current liabilities		**(87,119)**	(3,705,062)
Total assets less current liabilities		**1,377,926**	(1,555,915)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Amounts due to shareholders	32	**146,836**	133,559
Amount due to a director	33	**—**	2,596
Amount due to a related party	34	**15,312**	16,167
Interest-bearing borrowings	31	**—**	33,535
Other payables	29	**16,838**	3,230
Convertible notes payables	36	**3,170,231**	—
Provision for close down, restoration and environmental costs	38	**1,434**	1,315
Lease liabilities	20	**—**	27
Deferred tax liabilities	39	**5,433**	4,458
		3,356,084	194,887
Net liabilities		**(1,978,158)**	(1,750,802)
Capital and reserves			
Share capital	40	**1,450**	72,509
Reserves		**(1,942,527)**	(1,787,228)
Equity attributable to owners of the Company		**(1,941,077)**	(1,714,719)
Non-controlling interests		**(37,081)**	(36,083)
Capital deficiencies		**(1,978,158)**	(1,750,802)

The consolidated financial statements on pages 40 to 135 were approved and authorised for issue by the board of directors on 20 June 2025 and are signed on its behalf by:

Lee Jaeseong
Director

Im Jonghak
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

		Attributable to owners of the Company									
	Note	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Equity-settled share option reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2023		290,034	1,956,517	(98,137)	322,366	47	23,936	(4,313,419)	(1,818,656)	(36,249)	(1,854,905)
Profit (loss) for the year		–	–	–	–	–	–	106,899	106,899	(1,269)	105,630
Other comprehensive (expense) income for the year		–	–	(2,962)	–	–	–	–	(2,962)	1,435	(1,527)
Total comprehensive (expense) income for the year		–	–	(2,962)	–	–	–	106,899	103,937	166	104,103
Capital reduction	40	(217,525)	–	–	–	–	–	217,525	–	–	–
At 31 March 2024		72,509	1,956,517	(101,099)	322,366	47	23,936	(3,988,995)	(1,714,719)	(36,083)	(1,750,802)
At 1 April 2024		**72,509**	**1,956,517**	**(101,099)**	**322,366**	**47**	**23,936**	**(3,988,995)**	**(1,714,719)**	**(36,083)**	**(1,750,802)**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(329,045)**	**(329,045)**	**(297)**	**(329,342)**
Other comprehensive income (expense) for the year		**–**	**–**	**102,687**	**–**	**–**	**–**	**–**	**102,687**	**(701)**	**101,986**
Total comprehensive income (expense) for the year		**–**	**–**	**102,687**	**–**	**–**	**–**	**(329,045)**	**(226,358)**	**(998)**	**(227,356)**
Capital reduction	40	**(71,059)**	**–**	**–**	**–**	**–**	**–**	**71,059**	**–**	**–**	**–**
At 31 March 2025		**1,450**	**1,956,517**	**1,588**	**322,366**	**47**	**23,936**	**(4,246,981)**	**(1,941,077)**	**(37,081)**	**(1,978,158)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Operating activities		
(Loss) profit before income tax	**(329,014)**	108,658
Adjustments for:		
Depreciation of property, plant and equipment	**411**	251
Depreciation of right-of-use assets	**959**	947
Finance costs	**19,070**	10,120
Interest income	**(92)**	(98)
Impairment loss (reversal of) impairment loss on trade and other receivables	**20**	(8)
Impairment loss (reversal of) impairment loss on exploration and evaluation assets	**786,775**	(142,912)
Fair value (gain) loss of investment property	**(389)**	13,186
Gain from write-off of interest-bearing borrowings	**(49,718)**	—
Loss on extinguishment of convertible notes	**37,272**	—
Waiver of interest charged on convertible notes	**(468,456)**	—
Operating cash flows before working capital changes	**(3,162)**	(9,856)
Decrease (increase) in inventories	**1,718**	(1,834)
Decrease (increase) in trade receivables	**2,716**	(1,114)
(Increase) decrease in deposit and other receivables	**(70)**	14,185
(Decrease) increase in trade payables	**(2,012)**	1,696
Decrease in contract liabilities	**(48)**	(4,553)
(Decrease) increase in other payables	**(3,140)**	2,633
Cash (used in) from operating activities	**(3,998)**	1,157
Income tax paid	**(224)**	(967)
Interest paid	**(80)**	—
Net cash (used in) from operating activities	**(4,302)**	190
Investing activities		
Purchase of property, plant and equipment	**(2,590)**	(7,456)
Interest received	**92**	98
Net cash used in investing activities	**(2,498)**	(7,358)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Financing activities		
Loans received from shareholders	**7,612**	601
Loans received from a director	**—**	2,596
Advance received from a director	**229**	—
Proceeds from borrowings	**5,779**	1,183
Repayment to a related party	**—**	(696)
Repayment to a director	**(2,673)**	—
Repayment of lease liabilities	**(1,005)**	(978)
Net cash from financing activities	**9,942**	2,706
Increase (decrease) in cash and cash equivalents	**3,142**	(4,462)
Cash and cash equivalents, at the beginning of the year	**228**	5,349
Effect of foreign exchange rate changes	**(927)**	(659)
Cash and cash equivalents, at the end of the year	**2,443**	228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern assumptions

The Group recorded a loss attributable to owners of the Company of approximately HK$329,045,000 for the year ended 31 March 2025. As at 31 March 2025, the Group's current liabilities exceeded its current assets by approximately HK$87,119,000 (2024: HK$3,705,062,000) and there was a capital deficiencies of approximately HK1,978,158,000 (2024: HK$1,750,802,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

As described more fully in Note 36, the Third Convertible Note (the "**CN**") was issued on 3 April 2013 at zero coupon rate with an original maturity date on 3 April 2018.

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

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

Going concern assumptions *(Continued)*

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

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

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

— The ownership of part of the CN transferred from Daily Loyal Limited ("**Daily Loyal**") to Solidarity Partnership and Golden China Circle Holdings Company Limited ("**Golden China**") (the "**Transfers**") remain the subject of ongoing litigations under the High Court actions HCA 1071/2017 and HCA 2501/2017. In the meantime, the Transfers remain registered on the Company's register of noteholders, and have not been reversed or cancelled.

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

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

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

On 2 December 2024, the Company entered into a subscription agreement (the "**Subscription Agreement**") with A Mark Limited, Ocean Resources Int'l Investment Group Limited and Wayside Holdings Limited (the "**Subscribers**"), pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the convertible notes (the "**Convertible Notes**") in an aggregate principal amount of US$400,390,000, or HK$3,123,042,000 equivalent, in full and final settlement of the indebtedness of approximately HK$3,591,498,000 under the CN. The Convertible Notes will mature on the fifth anniversary from the date of the Subscription Agreement, with a conversion price of HK$0.25 per share. On 28 March 2025 and, subsequently, 22 May 2025, the Company received the conversion notices (the "**Conversion notices**") in relation to the convertible notes issued by the Company on 17 March 2025 (the "**Convertible Notes**") from A Mark Limited, Ocean Resources Int'l Investment Group Limited and Wayside Holdings Limited (the "**Proposed Conversion**"). Please refer to Note 48 for further details.

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

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

Going concern assumptions *(Continued)*

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

(i) As set out in Note 31, with regard to Other Loans 3 and 4, the lenders have agreed not to demand for repayment for the amount due before 31 December 2025. In the opinion of the directors of the Company, a further extension can be obtained when necessary.

(ii) As set out in Note 32, with regard to amounts due to shareholders, one of the shareholders agreed not to demand for repayment of the amount due before 31 December 2026.

(iii) As set out in Note 33, with regard to amount due to a director, the director agreed not to demand for repayment of the amount due before 31 December 2025, a further extension can be obtained when necessary.

(iv) As set out in Note 34, with regard to amount due to a related party, the related party agreed not to demand for repayment of the amount due before 31 December 2026.

(v) The Company has obtained loan facilities sufficient to support the continual normal operation of the Group for at least 12 months after the year end date. For details, please refer to Note 48.

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS ("HKFRSs")

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

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

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

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

Amendments to HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As at consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

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

Amendments to HKFRSs issued but not yet effective *(Continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKFRSs issued but not yet effective *(Continued)*

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Company Ordinance.

The consolidated financial statements have been prepared on historical cost basis, for certain financial instruments and investment property that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.1 Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the material accounting policies set out below.

The material accounting policies are set out below.

4.2 Material accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a five-step approach to recognition revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Revenue recognition when (or as) the Group satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments*. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented.

The Group recognised revenue from the sales of diesel, gasoline and other products.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 *Provision, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use assets.

Except for the right-of-use assets classified as investment properties and measured under fair value model, right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

The Group applies HKAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits cost

Payments to the pension fund/the Mandatory Provident Fund Scheme (the "**MPF scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expenses represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is amortised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties recognised by the Group as right-of-use asset and leased out under operating lease.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on exploration and evaluation assets, property, plant and equipment, right-of-use assets and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on (i) a units-of-production basis over the total proved and probable reserves; or (ii) straight line method over the remaining terms of the mining rights if no mining activity is carried out as appropriate. The estimated reserves and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Exploration and evaluation assets

Exploration and evaluation assets include studies related to surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing coal bodies and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is expensed as incurred.

Once the exploration right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless a future economic benefit is more likely than not to be realised. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently stated at cost less accumulated impairment.

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible or intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories sold are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Investments in subsidiaries

Investments in subsidiaries is stated in the statement of financial position of the Company at cost less accumulated impairment loss.

Impairment losses on exploration and evaluation assets, property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its exploration and evaluation assets, property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (the "**CGU**") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss was recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVTOCI**"), and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income" line item (Note 10).

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Credit-impaired financial assets *(Continued)*

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Convertible notes payables

Convertible notes issued by the Group that contain both liability and derivative components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provision for close down, restoration and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land at the mining sites. Depending on the circumstances, the Group may relocate inhabitants from the mining sites prior to conducting mining activities or the Group may compensate the inhabitants for losses or damage from close down and land subsidence after the sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the sites have been mined.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(Continued)*

4.2 Material accounting policies *(Continued)*

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets and intangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumptions involves making judgements by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in Note 2.

Principal versus agent consideration

The Group engages in sales of diesel, gasoline and other products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, and the Group has inventory risk and discretion in establishing selling prices of the goods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amortisation of mining right

The Group determines the development of its mines, comprising a mining right and an adjacent exploration and mining right as a single unit. In determining how the mining right should be amortised, the Group has exercised judgement that both the estimated reserves and pattern over which the economic benefits embodied in the mines as a whole to be consumed are uncertain and not yet reliably determined. Accordingly, the Group is of the view that it is currently not appropriate to apply the unit-of-production method, until both the estimated reserves and pattern over which the economic benefits embodied in the mines can be reliably determined. The Group further considers that the mining right is available for use once it was acquired and therefore has adopted the straight-line method which is an acceptable method of amortisation. The mining right is amortised using straight line method over an estimated period of 13 years commencing from the financial year ended 31 March 2010.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belong.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of property, plant and equipment and right-of-use assets (Continued)

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 March 2025, the carrying values of property, plant and equipment and right-of-use assets are approximately HK$15,639,000 and HK$41,000 respectively (2024: HK$12,411,000 and HK$755,000 respectively). Based on the estimated recoverable amounts, no impairment losses (2024: Nil) in respect of property, plant and equipment and right-of-use assets has been recognised in profit or loss.

Estimated impairment of exploration and evaluation assets

Exploration and evaluation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involve management estimates and judgements such as future prices of coals and production profile. Management uses all readily available information in determining an amount that is a reasonable approximately of recoverable amount, including estimates basis on reasonable and supportable assumptions and projections of future coal prices and production profile. As at 31 March 2025, the carrying value of exploration and evaluation assets is approximately HK$1,423,165,000 (2024: HK$2,107,606,000). Based on the estimated recoverable amounts, impairment loss of approximately HK$786,775,000 (2024: reversal of impairment loss of approximately HK$142,912,000) has been recognised in profit or loss.

Estimated useful life of property, plant and equipment

At the end of each reporting period, the directors of the Company review the estimated useful life of property, plant and equipment. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The carrying values of property, plant and equipment as at 31 March 2025 are approximately HK$15,639,000 (2024: HK$12,411,000).

Reserve estimates

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. Reserve estimates are based on, among other things, forecasts of production, prices, cost estimates and economic conditions.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Reserve estimates (Continued)

Reserve estimates are critical to many accounting estimates including: (i) determining whether or not an exploratory well has found economically recoverable reserves. Such determinations involve the commitment of additional capital to develop the field based on current estimates of production, prices and other economic conditions; (ii) calculating unit-of-production depletion rates. Proved plus probable reserves are used to determine rates that are applied to each unit-of-production in calculating depletion expense; and (iii) assessing development and production assets for impairment. Estimated future net cash flows used to assess impairment of the Group's development and production assets are determined using proved plus probable reserves.

Provision for close down, restoration and environmental costs

Provisions are recognised for the future decommissioning and restoration of mines. The amounts of the provision recognised are the present values of the estimated future expenditures that the Group is expected to incur. The estimation of the future expenditures is based on their past experience and best estimation of future expenditure, after taking into account the existing relevant regulations in Russia. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of mining properties. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the mining properties.

Estimated impairment of financial assets

The impairment provisions for financial assets are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2025, the carrying values of financial assets (excluded cash and cash equivalents) were approximately HK$4,923,000 (2024: HK$7,896,000), while impairment loss of approximately HK$43,000 (2024: reversal of impairment loss of approximately HK$43,000) and reversal of impairment loss of approximately HK$23,000 (2024: impairment loss of approximately HK$35,000) have been recognised in profit or loss separately.

Income taxes

As at 31 March 2025, no deferred tax asset has been recognised on the tax losses of approximately HK$28,232,000 (2024: HK$28,232,000) and deductible temporary difference of approximately HK$3,832,160,000 (2024: HK$3,173,830,000) respectively due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Fair value of investment property

The fair value of investment property is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 21.

As at 31 March 2025, the carrying amount of investment property of the Group was approximately HK$26,011,000 (2024: HK$28,188,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of convertible notes

The fair value of convertible notes is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 36.

As at 17 March 2025, the issued convertible notes of the Group was US$405,168,431 (equivalent to approximately HK$3,160,314,000).

Litigations

In prior years, the Company or its subsidiaries have been named as defendants in local courts for certain litigations. With the opinion of the independent legal advisers of the Company, the directors of the Company considered that no provision for any potential liability has been made in the consolidated financial statements as the Group has pledged reasonable chance of success in defense. Details of the litigation are disclosed in Note 44.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of interest-bearing borrowings, amounts due to shareholders, amount due to a related party, amount due to a director, convertible notes payables and promissory notes payables, net of cash and cash equivalent and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 **HK$'000**	2024 HK$'000
Financial assets		
At amortised cost (including cash and cash equivalent)	**7,366**	8,124
Financial liabilities		
At amortised cost	**3,447,251**	3,907,557

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables other than advance payments and prepayments, cash and cash equivalents, trade payables, other payables, interest-bearing borrowings, amounts due to shareholders, amount due to a director, amount due to a related party, purchase consideration payable for additional acquisition, lease liabilities, convertible notes payables and promissory notes payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(a) Currency risk

The Group's business operations in Korea are denominated in KRW and United States dollar ("**US$**"), and the Group's investments denominated in US$ and RUB. Most of the Group's assets and liabilities are denominated in HK$, US$, RUB and KRW, which are the functional currencies of respective group companies. The Group does not expect any significant exposure to foreign currency risks. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

(b) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from interest-bearing borrowings, amounts due to shareholders, amount due to a director, amount due to a related party, promissory notes payables and convertible notes payables. The Group's interest-bearing borrowings, amounts due to shareholders, amount due to a director, amount due to a related party, promissory notes and convertible notes issued at fixed rate expose the Group to fair value interest rate risk. The Group has no cash flow interest-rate risk as there is no borrowing which bears floating interest rates. The Group historically has not used any financial instruments to hedge potential fluctuation in interest rates.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 March 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade receivables, other receivables and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on a collectively basis by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are increase in credit risk of these amounts since initial recognition and the Group provided impairment based on lifetime ECL rather than 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 18% (2024: 15%) and 66% (2024: 47%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively as at 31 March 2025.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across the industry.

The Group's exposure to credit risk

In order to minimise credit risk, the Group has maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management of the Group uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL — not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12-month or lifetime ECL	**2025** Gross carrying amounts HK$'000	**2025** Loss allowances HK$'000	**2025** Net carrying amounts HK$'000	2024 Gross carrying amounts HK$'000	2024 Loss allowances HK$'000	2024 Net carrying amounts HK$'000
Trade receivables	25	(Note)	Lifetime ECL (simplified approach)	**2,075**	**(148)**	**1,927**	5,117	(118)	4,999
Other receivables	26	Doubtful	Lifetime ECL — not credit impaired	**3,697**	**(701)**	**2,996**	3,691	(794)	2,897
					(849)			(912)	

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Liquidity risk

The Group's policy to manage liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from lenders and shareholders to meet its liquidity requirements in the short and longer term. The Group relies on borrowings as a significant source of liquidity as set out in Note 2.

The following table details the remaining contractual maturities at the end of reporting year of the Group's non-derivative financial liabilities and lease liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

	As at 31 March 2025			
	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
Trade payables	**7,887**	**—**	**7,887**	**7,887**
Other payables	**8,497**	**16,838**	**25,335**	**25,335**
Interest-bearing borrowings	**77,379**	**—**	**77,379**	**73,099**
Amounts due to shareholders	**4,926**	**170,444**	**175,370**	**151,762**
Amount due to a director	**229**	**—**	**229**	**229**
Amount due to a related party	**—**	**15,769**	**15,769**	**15,312**
Purchase consideration payables for additional acquisition	**3,338**	**—**	**3,338**	**3,338**
Lease liabilities	**63**	**—**	**63**	**58**
Convertible notes payables	**—**	**3,591,498**	**3,591,498**	**3,170,231**
	102,319	**3,794,549**	**3,896,868**	**3,447,251**

	As at 31 March 2024			
	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
Trade payables	10,771	—	10,771	10,771
Other payables	28,828	3,230	32,058	32,058
Interest-bearing borrowings	45,204	40,791	85,995	62,096
Amounts due to shareholders	45,325	143,094	188,419	172,656
Amount due to a director	—	2,896	2,896	2,596
Amount due to a related party	—	17,337	17,337	16,167
Purchase consideration payables for additional acquisition	3,338	—	3,338	3,338
Lease liabilities	769	33	802	777
Promissory notes payables	15,600	—	15,600	15,600
Convertible notes payables	3,591,498	—	3,591,498	3,591,498
	3,741,333	207,381	3,948,714	3,907,557

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Fair value measurement objective and policies

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of current and non-current financial assets, current and non-current financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

8. REVENUE

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

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

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

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

Transaction price allocated to the remaining performance obligations

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

9. SEGMENT INFORMATION

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

9. SEGMENT INFORMATION *(Continued)*

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

i. Mining segment — Holding mining and exploration rights of coal mines in Russia; and

ii. Trading segment — Sales of diesel, gasoline and other products in Korea.

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

Segment revenues and results

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

For the year ended 31 March 2025

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

For the year ended 31 March 2024

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

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

9. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Segment assets

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

Segment liabilities

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

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

— All assets are allocated to operating segment, other than unallocated other receivables, cash and cash equivalents and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

— All liabilities are allocated to operating segments, other than unallocated other payables, income tax payable, interest-bearing borrowings, amounts due to shareholders, a director and a related party, convertible notes payables, promissory notes payables, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

9. SEGMENT INFORMATION *(Continued)*

Other segment information

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

For the year ended 31 March 2025

	Mining HK$'000	Trading HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	**834**	**1,756**	**2,590**
Depreciation of property, plant and equipment	**—**	**411**	**411**
Depreciation of right-of-use assets	**699**	**260**	**959**
Impairment loss on exploration and evaluation assets	**786,775**	**—**	**786,775**
Impairment loss on trade and other receivables	**—**	**20**	**20**
Amount regularly provided to the CODM but not included in the measure of segment profit or loss:			
Income tax expenses (credit)	**453**	**(125)**	**328**

For the year ended 31 March 2024

	Mining HK$'000	Trading HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segments assets:			
Additions to non-current assets	4	7,452	7,456
Depreciation of property, plant and equipment	2	249	251
Depreciation of right-of-use assets	698	249	947
Reversal of impairment loss on exploration and evaluation assets	(142,912)	—	(142,912)
Reversal of impairment loss on trade and other receivables	—	(8)	(8)
Amount regularly provided to the CODM but not included in the measure of segment profit or loss:			
Income tax expenses	2,518	510	3,028

9. SEGMENT INFORMATION *(Continued)*

Geographical information

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

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

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

Revenue from external customers

	2025 HK$'000	2024 HK$'000
Korea	489,447	664,701

Non-current assets

	2025 HK$'000	2024 HK$'000
Russia	1,437,125	2,120,224
Korea	27,731	28,736
	1,464,856	2,148,960

Non-current assets excluded rental deposits.

Information about major customer

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

	2025 HK$'000	2024 HK$'000
Customer A[1]	—	75,096
Customer B[1]	62,124	65,935
Customer C[1]	48,771	—

1 Revenue from trading segment

10. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Interest income	**92**	98
Sundry income	**3,347**	55
Net exchange gains	**2,992**	—
	6,431	153

11. OTHER GAINS AND LOSSES, NET

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

12. FINANCE COSTS

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

13. INCOME TAX EXPENSES

	2025 HK$'000	2024 HK$'000
Current tax:		
Korea corporation tax	59	563
Over-provision in prior years:		
Korea corporation tax	(224)	—
Deferred tax (Note 39)	493	2,465
	328	3,028

Notes:

(a) No Hong Kong profits tax and Russia profits tax has been provided for the years ended 31 March 2025 and 2024 as the Hong Kong and Russia subsidiaries of the Group have no assessable profits subject to Hong Kong profits tax and Russia profits tax purposes in the current and prior years.

(b) Taxation for the Russian and Korea are charged at the appropriate current rates of 25% (2024: 20%) and 20% (2024: 20%) respectively, based on the taxation rulings in the relevant countries.

The income tax expenses can be reconciled to the (loss) profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK$'000	2024 HK$'000
(Loss) profit before income tax expenses	(329,014)	108,658
Tax at the domestic rates applicable to profits in the countries concerned	(81,848)	22,458
Tax effect of expenses of not deductible for taxation purposes	1,856	3,846
Tax effect of income not taxable for taxation purposes	(169)	(65)
Over-provision in respect of prior years	(224)	—
Tax effect of utilisation of deductible temporary difference previously not recognised	80,713	(23,211)
Income tax expenses for the year	328	3,028

14. (LOSS) PROFIT FOR THE YEAR

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

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of directors' and chief executive's emoluments are as follows:

	Emoluments paid or receivable in respect of a persons services as a director, whether of the Company or its subsidiaries undertaking	Emoluments paid or receivable in respect of a persons services in connection with the management of the affairs of the Company or its subsidiary undertaking		
	Director's Fees HK$'000	Salaries and allowances HK$'000	Pension fund contributions HK$'000	Total HK$'000
Year ended 31 March 2025				
Executive Directors:				
Lee Jaeseong	180	—	—	180
Im Jonghak	180	—	—	180
Liu Wai Shing Peter (Note (i))	82	—	—	82
Sun Meng (Note (ii))	82	—	—	82
Independent Non-Executive Directors:				
Chen Dai	120	—	—	120
Leung Yau Wan John (Note (iv))	105	—	—	105
Kim Sung Rae	120	—	—	120
Wong Wei Hua Derek (Note (iii))	45	—	—	45
Total	914	—	—	914

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

	Emoluments paid or receivable in respect of a persons services as a director, whether of the Company or its subsidiaries undertaking	Emoluments paid or receivable in respect of a persons services in connection with the management of the affairs of the Company or its subsidiary undertaking		
	Director's Fees HK$'000	Salaries and allowances HK$'000	Pension fund contributions HK$'000	Total HK$'000
Year ended 31 March 2024				
Executive Directors:				
Lee Jaeseong	180	—	—	180
Im Jonghak	180	—	—	180
Independent Non-Executive Directors:				
Chen Dai	120	—	—	120
Leung Yau Wan John	180	—	—	180
Kim Sung Rae	120	—	—	120
Total	780	—	—	780

Notes:

(i) Mr. Liu Wai Shing Peter was appointed as an executive director of the Company with effect from 4 November 2024.

(ii) Ms. Sun Meng was appointed as a non-executive director of the Company with effect from 4 November 2024 and has been re-designated as an executive director of the Company with effect from 15 July 2025.

(iii) Mr. Wong Wei Hua Derek was appointed as an independent non-executive director of the Company with effect from 17 January 2025.

(iv) Mr. Leung Yau Wan John has resigned as an independent non-executive director of the Company with effect from 18 October 2024.

During the current and prior years, no emoluments were paid by the Group to any director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024.

There was no arrangement under which a director of the Company waived or agreed to waive any remuneration during the year (2024: Nil).

16. EMPLOYEES' EMOLUMENTS

The five highest paid individuals during the year included two directors (2024: three) and the details of directors' remuneration are set out in Note 15 above. Details of the remuneration of the three (2024: two) non-directors, highest paid individuals for the year are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other emoluments	953	2,255
Pension fund contribution	12	36
	965	2,291

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following brands is as follows:

	2025 Number of individuals	2024 Number of individuals
Nil to HK$1,000,000	3	1
HK$1,000,001 to HK$1,500,000	—	1
HK$1,500,001 to HK$2,000,000	—	—

No emoluments were paid by the Group to the five highest paid individuals or any of the directors of the Company as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2025 and 2024.

17. DIVIDENDS

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

18. (LOSS) EARNINGS PER SHARE

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

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

	Number of Shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding for the purpose of basic and diluted (loss) earnings per share	**145,017,062**	145,017,062

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

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

19. PROPERTY, PLANT AND EQUIPMENT

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

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

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

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	2025 HK$'000	2024 HK$'000
As at 1 April	**755**	1,360
Addition	**278**	278
Modification	**299**	336
Depreciation	**(959)**	(947)
Exchange realignments	**(332)**	(272)
As at 31 March	**41**	755

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

Additions to the right-of-use assets for the year ended 31 March 2025 amounted to approximately HK$278,000 (2024: HK$278,000) due to new lease of equipment.

(b) Lease liabilities

	2025 HK$'000	2024 HK$'000
Total lease liabilities	**58**	777
Less: current portion	**(58)**	(750)
Non-current portion	**—**	27

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

(b) Lease liabilities *(Continued)*

Amounts payable under lease liabilities

	2025 HK$'000	2024 HK$'000
Within one year	58	750
After one year but within two years	—	10
After two years but within five years	—	17
	58	777
Less: Amount due for settlement within 12 months (shown under current liabilities)	(58)	(750)
Amount due for settlement after 12 months	—	27

Additions to the lease liabilities for the year ended 31 March 2025 amounted to approximately HK$278,000 (2024: HK$278,000) due to new lease of equipment.

(c) Amounts recognised in profit and loss

	2025 HK$'000	2024 HK$'000
Depreciation of right-of-use assets		
— Building	926	938
— Equipment	33	9
Interest expense on lease liabilities	30	57

(d) Others

During the year ended 31 March 2025, the total cash outflow for lease amount to approximately HK$1,005,000 (2024: HK$978,000).

21. INVESTMENT PROPERTY

	2025 HK$'000	2024 HK$'000
At 1 April	**28,188**	32,408
Transfer	**—**	10,237
Fair value gain (loss)	**389**	(13,186)
Exchange realignments	**(2,566)**	(1,271)
At 31 March	**26,011**	28,188

Valuation process of the Group

The Group measures its investment property at fair value. The fair value of the Group's investment property as at 31 March 2025 has been determined on the basis of valuation carried out by an independent professionally qualified valuer, Kaaram Appraisal Co., Ltd. (the "**Valuer**"). The valuation was arrived at by reference to the recent market prices for similar properties in the similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair value measurements using significant unobservable inputs

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's investment property is categorised as level 3 and there were no transfers between levels 1, 2 and 3 during the year.

Fair value of the Group's investment property is mainly derived using the direct comparison approach, the Valuer refers to market price of similar comparable properties.

For the investment property of the Group, the prevailing market price are estimated based on recent sales transactions nearby. The lower the prices, the lower is the fair value. As at 31 March 2025, prevailing market prices ranged from KRW23,600,000 to KRW27,400,000 (equivalent to approximately HK$124,000 to HK$145,000) (2024: ranged from KRW24,200,000 to KRW26,100,000 (equivalent to approximately HK$140,000 to HK$150,000) per square meter on saleable area basis were adopted for the Group's investment property located in the South Korea.

22. INTANGIBLE ASSETS

	Mining right HK$'000
Cost	
At 1 April 2023	1,282,302
Exchange realignments	(218,407)
At 31 March 2024 and 1 April 2024	1,063,895
Exchange realignments	95,980
At 31 March 2025	**1,159,875**
Net of accumulated amortisation	
At 1 April 2023	1,282,302
Exchange realignments	(218,407)
At 31 March 2024 and 1 April 2024	1,063,895
Exchange realignments	95,980
At 31 March 2025	**1,159,875**
Net carrying values	
At 31 March 2025	**—**
At 31 March 2024	—

22. INTANGIBLE ASSETS *(Continued)*

Mining rights

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

As the intangible assets (in relation to the mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) were fully amortised under the cost model as at 31 March 2025, the directors of the Company considered impairment loss or reversal of impairment loss was not applicable as at 31 March 2025.

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

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

23. EXPLORATION AND EVALUATION ASSETS

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

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

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

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

23. EXPLORATION AND EVALUATION ASSETS *(Continued)*

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

(i) Cash flow projection is determined for a period of 10 years up to 2035 (2024: a period of 11 years up to 2035) with the first year of production taken to be from year 2026 (2024: first year of production from year 2026) based on the directors' current best estimated production plan.

(ii) Cost of production (including royalties) on average is taken as 30.1% (2024: 16.79%) of revenue.

(iii) The post-tax discount rate applied to the cash flow projection is 38.00% (2024: 37.00%).

(iv) The directors of the Company have assumed the yearly coal sales prices have increase 20.21% and 18.34% in 2025 and 2026 and to increase 4% each year from 2027 to 2035 (2024: have no change in 2024 and 2025 and to increase 1.95% each year from 2026 to 2040), which is in line with the comparable market information.

(v) Coal sales prices used in the DCF in the current and prior years are determined with reference to the coal price under current market information at the respective valuation dates, which show an increase of approximately -6% to 3% (depends on different type of coals) when compared to that of last year.

(vi) The exchange rate for US$ to RUB with reference to the approximate spot rate as of 31 March 2025 is taken to be US$1.00 to RUB84.64 (2024: US$1.00 to RUB96.54).

(vii) The yearly inflation rate on operating costs is 5.30% and 4.37% for 2025 and 2026 respectively, and 4.00% from 2026 to 2040 (2024: 5.30% and 4.37% for 2024 and 2025, respectively, and 4.00% from 2026 to 2040).

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

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

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

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

24. INVENTORIES

	2025 HK$'000	2024 HK$'000
Gasoline products for sale	**5**	1,799

25. TRADE RECEIVABLES

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

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

	2025 HK$'000	2024 HK$'000
0 to 90 days	**1,915**	4,994
91 to 180 days	**7**	5
181 to 365 days	**5**	—
	1,927	4,999

The following table provides information which are assessed based on provision matrix.

At 31 March 2025:

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Allowance HK$'000
0 to 90 days	**0.92%**	**1,934**	**(19)**
91 to 180 days	**0.39%**	**15**	**(8)**
181 to 365 days	**3.28%**	**73**	**(68)**
Over 365 days	**2.55%**	**53**	**(53)**
		2,075	**(148)**

25. TRADE RECEIVABLES *(Continued)*

At 31 March 2024:

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Allowance HK$'000
0 to 90 days	0.94%	5,042	(48)
91 to 180 days	0.06%	8	(3)
181 to 365 days	0.41%	21	(21)
Over 365 days	0.90%	46	(46)
		5,117	(118)

The movements in the allowance for impairment of trade receivables are set out below:

	HK$'000
At 1 April 2023	**167**
Reversal of impairment loss recognised	**(43)**
Exchange realignments	**(6)**
At 31 March 2024 and 1 April 2024	**118**
Impairment loss recognised	**43**
Exchange realignments	**(13)**
At 31 March 2025	**148**

26. OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Deposits	**198**	187
Other loans receivables	**1,656**	1,827
Other receivables	**1,142**	883
Advance payments	**2,734**	3,049
Prepayments	**1,554**	1,663
	7,284	7,609
Less: Rental deposits classified as non-current assets	**(189)**	(187)
Current portion included in other receivables	**7,095**	7,422

Details of impairment assessment of other receivables for the years ended 31 March 2025 and 2024 are set out in Note 7.

26. OTHER RECEIVABLES *(Continued)*

The movements in the allowance for impairment of other receivables are set out below:

	HK$'000
At 1 April 2023	791
Impairment loss recognised	35
Exchange realignments	(32)
At 31 March 2024 and 1 April 2024	794
Reversal of impairment recognised	(23)
Exchange realignments	(70)
At 31 March 2025	**701**

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents cash at banks which earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate their fair value.

	2025 HK$'000	2024 HK$'000
RUB	128	1
WON	2,271	204
US$	—	—
HK$	44	23
	2,443	228

28. TRADE PAYABLES

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

	2025 HK$'000	2024 HK$'000
0 to 90 days	7,887	10,771

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

29. OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Other payables	**320**	279
Accrued expenses	**4,189**	7,400
Interest payables	**8,354**	24,379
Security deposit payable (Note)	**12,472**	—
	25,335	32,058
Less: other payables classified as non-current liabilities	**(16,838)**	(3,230)
Current portion included in other payables	**8,497**	28,828

Note: As at 1 August 2024, the Group has entered a lease agreement with the lenders-two independent parties and the borrowing amount of KRW2,364,000,000 (equivalent to approximately HK$12,472,000) ("**Other Loan 2**") had been transferred to security deposit of this lease agreement. Details of the Other Loan 2 is set out in Notes 31(b).

30. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Advances from customers	**516**	618

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

Revenue recognised during the year ended 31 March 2025 that was included in the contract liabilities as at 31 March 2024 was approximately HK$618,000 (2024: HK$4,006,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

31. INTEREST-BEARING BORROWINGS

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

31. INTEREST-BEARING BORROWINGS *(Continued)*

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

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

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

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	**4.6% – 10%**	4.6% – 6%

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

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

31. INTEREST-BEARING BORROWINGS *(Continued)*

Notes:

(a) As at 31 March 2024, borrowings with an aggregate carrying amount of approximately HK$28,561,000 ("**Other Loan 1**") had been outstanding over 6 years from the date of respective agreement. The lender was dissolved and did not demand the Group on loan repayment. Directors of the Company consider the chance of demand on repayment is remote and write-off the loan during the year ended 31 March 2025.

(b) During the year ended 31 March 2025, an additional loan amount of KRW100,000,000 (equivalent to approximately HK$528,000) was obtained. As at 1 August 2024, the Group has entered a lease agreement with the lenders-two independent parties and the borrowing amount of KRW2,364,000,000 (equivalent to approximately HK$12,472,000) ("**Other Loan 2**") had been transferred to security deposit of this lease agreement.

(c) As at 31 March 2025, borrowings with an aggregate amount of approximately HK$17,404,000 (2024: approximately HK$17,404,000) ("**Other Loan 3**") was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 December 2025.

(d) As at 31 March 2025, borrowings with an aggregate amount of approximately HK$3,000,000 (2024: HK$3,000,000) ("**Other Loan 4**") was unsecured, bearing interest at 5% per annum and repayment on demand. The lender had agreed to extend the repayment date to 31 December 2025.

(e) As at 31 March 2025, borrowings with an aggregate amount of approximately HK$2,379,000 (2024: Nil) ("**Other Loan 5**") was unsecured, bearing interest at 10% per annum and repayment on demand.

(f) As at 31 March 2025, borrowings with an aggregate amount of approximately HK$3,400,000 (2024: Nil) ("**Other Loan 6**") was unsecured, bearing interest at 10% per annum and repayment on demand.

(g) As at 31 March 2025, borrowings with an aggregate amount of approximately HK$15,600,000 (2024: Nil) ("**Other Loan 7**") was unsecured, interest free and repayment within one year.

(h) As at 31 March 2025, borrowings with an aggregate amount of approximately HK$31,316,000 (2024: Nil) ("**Other Loan 8**") was unsecured, bearing interest at 8% per annum and repayment on demand.

32. AMOUNTS DUE TO SHAREHOLDERS

(a) As at 31 March 2025, there was no amount due to a shareholder (2024: amounting to HK$228,000 was unsecured, interest free and repayable on demand).

(b) As at 31 March 2025, there was no amount due to a shareholder (2024: amounting to approximately HK$3,030,000 was unsecured, bears interest at the weighted average effective interest rate of 10% per annum and repayable upon maturity or on demand).

(c) As at 31 March 2025, the aggregate amount of approximately HK$146,836,000 (2024: HK$133,559,000) was bearing interest at 5%-6% (2024: 5%-6%) per annum and repayable after 12 months from the date of drawdown or on demand. The shareholder had agreed to extend the repayment date of all loans (including new addition loans) to 31 December 2026.

(d) As at 31 March 2025, the amount due to a shareholder totaling approximately HK$4,926,000 (2024: HK$35,839,000), which was unsecured, bears interest at the rate of 0%-8% (2024: 0%-8%) per annum and repayable on demand.

33. AMOUNT DUE TO A DIRECTOR

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

34. AMOUNT DUE TO A RELATED PARTY

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

35. 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 will 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 obtain 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 is only payable as and when the Group obtains 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 approximately HK$9,126,000 was debited directly to other reserve in equity. The Group settled an aggregate amount of US$873,000 (equivalent to approximately HK$6,813,000) of the 4th Adjusted Consideration, the remaining balance of the 4th Adjusted Consideration is US$426,000 (equivalent to approximately HK$3,338,000) (2024: HK$3,338,000).

During the years ended 31 March 2025 and 2024, the Group has no further settlement on the 4th Adjusted Consideration.

36. CONVERTIBLE NOTES PAYABLES

Convertible notes

In prior years, 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, at the request of Cordia.

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

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

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

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

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

36. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

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

Daily Loyal also alleged that (i) the placing and issue of new Shares by the Company as announced by the Company on 24 October 2016; (ii) the placing and issue of new shares by the Company as announced by the Company on 24 January 2017; and (iii) the issue of new shares upon loan capitalisations as announced by the Company on 20 February 2017 were conducted without the prior consent or authorisation 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 44 in relation to legal action HCA 1071 of 2017.

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

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

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

36. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

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

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

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

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

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

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

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

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

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

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

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

36. CONVERTIBLE NOTES PAYABLES *(Continued)*

Convertible notes *(Continued)*

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

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

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

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

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

On 2 December 2024, the Company entered into a subscription agreement (the "**Subscription Agreement**") with A Mark Limited, Ocean Resources Int'l Investment Group Limited and Wayside Holdings Limited (the "**Subscribers**"), pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the convertible notes (the "**Convertible Notes**") in an aggregate principal amount of US$400,390,000, or HK$3,123,042,000 equivalent, in full and final settlement of the indebtedness of approximately HK$3,591,498,000 under the Third Convertible Note. The Convertible Notes will mature on the fifth anniversary from the date of the Subscription Agreement, with a conversion price of HK$0.25 per share. On 28 March 2025 and, subsequently, 22 May 2025, the Company received the conversion notices (the "**Conversion notices**") in relation to the convertible notes issued by the Company on 17 March 2025 (the "**Convertible Notes**") from A Mark Limited, Ocean Resources Int'l Investment Group Limited and Wayside Holdings Limited (the "**Proposed Conversion**"). Please refer to Note 48 for further details.

36. CONVERTIBLE NOTES PAYABLES *(Continued)*

Measurement of convertible notes

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

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

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

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

Movement of the different components of the convertible notes

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

37. PROMISSORY NOTES PAYABLES

	Total HK$'000
At 1 April 2023, 31 March 2024 and 1 April 2024	15,600
Less: transferred to an independent third party	(15,600)
At 31 March 2025	–

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 PN Holders**").

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

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

During the year ended 31 March 2024, no imputed interest was charged to profit or loss. The remaining outstanding Modified PN is classified as current liabilities and carried on the amortised cost basis until extinguished on redemption. As at 31 March 2024, the carrying amount of the Modified PN was HK$15,600,000.

On 23 January 2025, the carrying amount of the Modified PN HK$15,600,000 was fully transferred from Cordia to an independent third party as short-term borrowings.

38. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	2025 **HK$'000**	2024 HK$'000
At 1 April	**1,315**	1,585
Exchange realignments	**119**	(270)
At 31 March	**1,434**	1,315

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

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

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

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

39. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation HK$'000
As at 1 April 2023	2,531
Charged to profit or loss (Note 13)	2,465
Exchange realignments	(538)
As at 31 March 2024 and 1 April 2024	4,458
Charged to profit or loss (Note 13)	493
Exchange realignments	482
As at 31 March 2025	**5,433**

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

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

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

40. SHARE CAPITAL

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

Notes:

(a) Pursuant to special resolution passed in the extraordinary general meeting held on 13 March 2023, the Company proceed with capital reorganisation (the "**Capital Reorganisation 2023**") involving, among others, the following:

(i) capital reduction whereby the par value of each of the issued shares be reduced from HK$2.00 to HK$0.50 per issued share by cancelling the paid up share capital to the extent of HK$1.50 per issued share;

(ii) share sub-division whereby each of the authorised but unissued shares with par value of HK$2.00 each be sub-divided into four (4) new shares with par value of HK$0.50 each; and

(iii) transfer of all the credits arising from the capital reduction to the accumulated losses account of the Company.

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

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

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

40. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

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

(i) capital reduction whereby the par value of each of the issued shares be reduced from HK$0.50 to HK$0.01 per issued share by cancelling the paid up share capital to the extent of HK$0.49 per issued share;

(ii) share sub-division whereby each of the authorised but unissued shares with par value of HK$0.50 each be subdivided into fifty (50) new shares with par value of HK$0.01 each; and

(iii) transfer of all the credits arising from the capital reduction to the accumulated losses account of the Company.

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

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

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

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

41. CAPITAL COMMITMENTS

There was no capital expenditure contracted for but not provided in the consolidated financial statements as at 31 March 2025 and 2024.

42. 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 consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

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

Name of company	Relationship	Nature of transactions	2025 HK$'000	2024 HK$'000
Cordia Global Limited	Shareholder	Interest expenses thereto	**327**	407
First Glory Limited	Shareholder	Interest expenses thereto	**118**	177
Space Hong Kong Enterprise Limited	Shareholder	Interest expenses thereto	**5,665**	5,483
EH Energy Limited	Related party	Interest expenses thereto	**636**	683
Im Jonghak	Director	Interest expenses thereto	**77**	80

(ii) Members of key management personnel during the year comprised only of the executive directors of the Company whose remuneration is set out in Note 15.

43. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The Group operates the defined contribution plan for all qualifying employees in Korea. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes at least 1/12 of the total annual salary to the defined contribution plan, in which employee's additional contribution is allowed.

The employees of the Group's subsidiary in Russia are members of a state-managed retirement benefit scheme operated by the local authorities. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 March 2025, the total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$111,000 (2024: HK$80,000) represents contributions payable to these schemes by the Group in respect of the respective accounting period.

44. LITIGATIONS

(i) The Company/its Subsidiary as the Defendant

Legal Proceedings Taken By Former Shareholders of a Russian Subsidiary

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

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

44. LITIGATIONS *(Continued)*

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

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

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

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

HCA 672 of 2013

As announced by the Company on 30 April 2013, Cordia on 23 April 2013 issued a writ of summons in the High Court of Hong Kong (HCA 672 of 2013) against certain partes and the Company. Cordia also took out an inter parties 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.

44. LITIGATIONS *(Continued)*

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

HCA 584 of 2016

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

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

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

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

HCA 1195 of 2016

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

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

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

44. LITIGATIONS *(Continued)*

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

HCA 1618 of 2016

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

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

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

HCA 2380 of 2016

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

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

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

HCA 2397 of 2016

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

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

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

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

HCA 3148 of 2016

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

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

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

HCA 3160 of 2016

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

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

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

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

HCA 47 of 2017

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

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

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

HCMP 701 of 2017

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

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

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

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

44. LITIGATIONS *(Continued)*

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

HCA 814 of 2017

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

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

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

HCA 1050 of 2017

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

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

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

HCA 1071 of 2017

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

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

44. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 (Continued)

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

Daily Loyal also alleged that (i) the placing and issue of new shares by the Company as announced by the Company on 24 October 2016; (ii) the placing and issue of new shares by the Company as announced by the Company on 24 January 2017; and (iii) the issue of new shares upon loan capitalisations as announced by the Company on 20 February 2017 were conducted without the prior consent or authorisation of Daily Loyal and were in breach of the Convertible Note Agreement.

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

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

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

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

44. LITIGATIONS *(Continued)*

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

HCA 1071 of 2017 (Continued)

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

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

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

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

HCA 1521 of 2017

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

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

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

HCA 2077 of 2017

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

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

44. LITIGATIONS *(Continued)*

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

HCA 2079 of 2017

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

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

HCA 2501 of 2017

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

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

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

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

44. LITIGATIONS *(Continued)*

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

HCA 2501 of 2017 (Continued)

On 8 November 2021, the Court ordered that this HCA 2501/2017 be consolidated with HCA 1071/2017 and HCA 2520/2018.

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

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

Fourth Party Notices in Relation to HCA 51 of 2017

As announced by the Company on 7 February 2017, the Company took legal action against Newborn Global Energy Limited (formerly known as HASS) ("**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. 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 is in the process of liaising with the Trustee. If the Trustee indicates not to proceed with the legal action, Grandvest will ask the Trustee to discontinue such legal action.

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

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

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

44. LITIGATIONS *(Continued)*

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

HCA 2520 of 2018

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

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

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

On 8 November 2021, the Court ordered that this HCA 2520/2018 be consolidated with HCA 1071/2017 and HCA 2501/2017.

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

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

44. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff

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

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

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

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

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

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

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

44. LITIGATIONS *(Continued)*

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

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

On 31 March 2017, the Company was informed by the legal adviser of Cheung Keng Ching (as the 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 for 11 days commencing on 5 July 2022.

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

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

HCA 1016 of 2016

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

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

44. LITIGATIONS *(Continued)*

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

HCA 51 of 2017

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

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

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

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to shareholders (Note 32) HK$'000	Interest-bearing borrowings (Note 31) HK$'000	Amount due to a director (Note 33) HK$'000	Amount due to a related party (Note 34) HK$'000	Lease liabilities (Note 20) HK$'000	Total HK$'000
At 1 April 2024	172,656	62,096	2,596	16,167	777	254,292
Financing cash flows:						
— Additions	7,612	5,779	229	—	—	13,620
— Repayments	—	—	(2,673)	—	(1,005)	(3,678)
Non-cash changes:						
— New lease	—	—	—	—	278	278
— Finance costs incurred	6,110	77	77	636	30	6,930
— Lease modification	—	—	—	—	299	299
— Write-off of interest-bearing borrowings	(3,377)	(28,560)	—	—	—	(31,937)
— Transfer from amounts due to shareholders to interest-bearing borrowings	(31,239)	31,239	—	—	—	—
— Transfer from promissory notes payables to interest-bearing borrowings	—	15,600	—	—	—	15,600
— Transfer from interest-bearing borrowings to other payables	—	(12,472)	—	—	—	(12,472)
— Exchange realignments	—	(660)	—	(1,491)	(321)	(2,472)
At 31 March 2025	151,762	73,099	229	15,312	58	240,460

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	Amounts due to shareholders (Note 32) HK$'000	Interest-bearing borrowings (Note 31) HK$'000	Amount due to a director (Note 33) HK$'000	Amount due to a related party (Note 34) HK$'000	Lease liabilities (Note 20) HK$'000	Total HK$'000
At 1 April 2023	166,097	61,432	—	16,863	1,357	245,749
Financing cash flows:						
— Additions	601	1,183	2,596	—	—	4,380
— Repayments	—	—	—	(696)	(978)	(1,674)
Non-cash changes:						
— New lease	—	—	—	—	278	278
— Finance costs incurred	6,067	—	—	683	57	6,807
— Lease modification	—	—	—	—	336	336
— Exchange realignments	(109)	(519)	—	(683)	(273)	(1,584)
At 31 March 2024	172,656	62,096	2,596	16,167	777	254,292

46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
Non-current asset			
Investments in subsidiaries	(a)	—	—
Current assets			
Other receivables		1,554	1,661
Cash and cash equivalents		41	8
		1,595	1,669
Current liabilities			
Other payables		3,153	22,224
Amounts due to shareholders		1,878	5,136
Amount due to a director		229	—
Interest-bearing borrowings		41,783	28,561
Promissory notes payables		—	15,600
Convertible notes payables		—	3,591,498
		47,043	3,663,019
Net current liabilities		(45,448)	(3,661,350)
Total assets less current liabilities		(45,448)	(3,661,350)
Non-current liabilities			
Other payables		4,366	3,230
Amounts due to shareholders		146,836	133,559
Amount due to a director		—	2,596
Amount due to a subsidiary		5,536	5,299
Interest-bearing borrowings		—	20,404
Convertible notes payables		3,170,231	—
		3,326,969	165,088
Net liabilities		(3,372,417)	(3,826,438)
Shareholders' equity			
Share capital		1,450	72,509
Reserves	(b)	(3,373,867)	(3,898,947)
Capital deficiencies		(3,372,417)	(3,826,438)

46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) The amounts including the amounts due from subsidiaries are unsecured, interest-free and not expected to be repaid with one year. The directors of the Company consider the amounts are in substance, part of the Company's investments in the subsidiaries in the form of quasi-equity loans.

(b) Reserves movement of the Company is as follows:

	Share premium	Equity-settled share option reserve (Note i)	Capital reserve (Note ii & iii)	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2023	1,956,517	47	23,936	(6,081,231)	(4,100,731)
Loss and total comprehensive expenses for the year	—	—	—	(15,741)	(15,741)
Capital reduction	—	—	—	217,525	217,525
At 31 March 2024 and 1 April 2024	1,956,517	47	23,936	(5,879,447)	(3,898,947)
Profit and total comprehensive income for the year	—	—	—	454,021	454,021
Capital reduction	—	—	—	71,059	71,059
At 31 March 2025	**1,956,517**	**47**	**23,936**	**(5,354,367)**	**(3,373,867)**

At the end of reporting year, the equity-settled share option reserve and capital reserve of the Company represents respectively (i) the fair value of the outstanding share options of the Company at the respective grant dates; (ii) the amount of interest charged on amount due to a shareholder of the Company that was waived as a result of early settlement on the principal balance of the amount due to that shareholder of the Company. The amount waived was considered as a contribution from the equity participant of the Company; and (iii) the carrying amount of the Modified PN that was converted to equity and utilised to settle purchase consideration as set out in Note 37 as a result of early settlements on the principal balance of the Modified PN, which were considered as contributions from equity participant of the Company.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
				Direct		Indirect		
				2025	2024	2025	2024	
Langfeld Enterprises Limited	The Republic of Cyprus ("**Cyprus**")	Ordinary	EUR10,000	–	–	90%	90%	Investment holding
LLC "Shakhta Lapichevskaya"	Russia	Registered capital	RUB172,315,950	–	–	90%	90%	Holding of mining and exploration rights
Grandvest International Limited	BVI	Ordinary	US$1	100%	100%	–	–	Investment holding
Global Power Asia Co., Ltd	Korea	Registered capital	KRW179,595,000	–	–	100%	100%	Trading of diesel, gasoline and other products

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries have non-controlling interests that are material to the Group.

48. EVENTS AFTER THE REPORTING PERIOD

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

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

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

FINANCIAL SUMMARY

For the year ended 31 March 2025

(Expressed in Hong Kong dollars)

The following is summary of the published results and of the assets and liabilities of the Group for the five years ended 31 March 2025.

RESULTS

	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Revenue	**489,447**	664,701	1,149,675	1,168,035	1,243,111
(Loss) profit before tax and non-controlling interests	**(329,014)**	108,658	528,926	(348,019)	536,283
Income tax (expenses) credit	**(328)**	(3,028)	(1,430)	(1,551)	434
(Loss) profit after tax and before non-controlling interests	**(329,342)**	105,630	527,496	(349,570)	536,717
Non-controlling interests	**297**	1,269	22,715	6,071	(12,133)
(Loss) profit attributable to owners of the Company	**(329,045)**	106,899	550,211	(343,499)	524,584

ASSETS AND LIABILITIES

	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Non-current assets	**1,465,045**	2,149,147	2,021,177	1,445,309	1,813,134
Current assets	**11,470**	14,448	23,833	24,332	30,800
Current liabilities	**(98,589)**	(3,719,510)	(3,728,260)	(3,687,138)	(3,640,066)
Non-current liabilities	**(3,356,084)**	(194,887)	(171,655)	(164,591)	(196,801)
Non-controlling interests	**37,081**	36,083	36,249	13,447	4,490
Equity attributable to owners of the Company	**(1,941,077)**	(1,714,719)	(1,818,656)	(2,368,641)	(1,988,443)