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E&P Global Holdings Limited
能源及能量環球控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1142)

**PROPOSED ISSUE OF CONVERTIBLE NOTES UNDER SPECIFIC
MANDATE IN FULL AND FINAL SETTLEMENT
OF THE THIRD CONVERTIBLE NOTE**

Financial Adviser to the Company



PROPOSED ISSUE OF CONVERTIBLE NOTES

On 2 December 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, Convertible Notes in the aggregate principal amount of US\$400,390,000, which shall be satisfied by means of execution of the Deed of Settlement in full and final settlement of the Third Convertible Note upon Completion.

The obligation of the Subscribers to subscribe for the Convertible Notes is subject to the fulfilment of each of the following conditions at or prior to the Completion:

- (a) the Proposed Capital Reorganisation becoming effective;

- (b) the passing of resolutions by Shareholders at the EGM to approve, among other matters, the Subscription Agreement and the issue of the Convertible Notes and the Conversion Shares upon any exercise of the conversion rights attaching to the Convertible Notes under the Specific Mandate;
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Conversion Shares; and
- (d) the Shares or the Reduced Shares remain listed and traded on the Main Board of the Stock Exchange and no written notification being received by the Company to the effect that listing of the Shares or the Reduced Shares on the Main Board of the Stock Exchange will or may be withdrawn.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the issue of the Convertible Notes and Conversion Shares upon any exercise of the conversion right attaching to the Convertible Notes. A circular containing, among other things, further details of Subscription and the Convertible Notes, together with a notice convening the EGM and the related proxy form, will be despatched by the Company to the Shareholders on or before Friday, 17 January 2025.

As no Shareholders have a material interest in the Subscription, no Shareholders will be required to abstain from voting on the resolutions to be proposed at the EGM.

WARNING

Shareholders and potential investors of the Company should note that the completion of the Subscription including the proposed issue of the Convertible Notes are conditional upon, among others, the fulfilment of the certain conditions precedent as out in the paragraph headed “Conditions precedent to the Subscription” in this announcement. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

THIRD CONVERTIBLE NOTE

Reference is made to:

- (1) the announcement and the circular of the Company dated 14 November 2008 and 31 December 2008 respectively in relation to, among other things, the acquisition of 90% of the shares in the issued share capital of Langfeld Enterprises Limited and certain loans owed by Langfeld Enterprises Limited;
- (2) the announcement of the Company dated 21 March 2013 in connection with certain requisitions made by certain shareholders of the Company to convene extraordinary general meetings;
- (3) the announcement of the Company dated 3 April 2013 regarding the inside information, requisition of extraordinary general meeting from shareholders, issue of the Third Convertible Note and resumption of trading;
- (4) the announcement of the Company dated 22 April 2015 regarding inside information and resumption of trading;
- (5) the announcement of the Company dated 26 May 2015 regarding partial conversion of Third Convertible Note;
- (6) the announcement of the Company dated 17 June 2015 regarding inside information transfer of Third Convertible Note;
- (7) the announcement of the Company dated 23 April 2020 regarding the adjustments to conversion price of Third Convertible Note; and
- (8) the announcement of the Company dated 26 November 2024 regarding the Proposed Capital Reorganisation and the proposed change in board lot size.

Background

On 3 April 2013, pursuant to a written convertible note agreement, the Company, as issuer, issued the zero-coupon Third Convertible Note by executing a note instrument in the principal sum of US\$443,070,000 (approximately HK\$3,455,946,000) to Cordia Global. The Original Note Instrument was part of the settlement consideration relating to the Acquisition Agreement.

The outstanding principal amount of the Third Convertible Note was reduced by (i) the partial conversion of the principal amount of US\$30,800,000 by Cordia Global, the Original Note Instrument holder, on 22 May 2015; and (ii) an agreement between, inter alia, the Company, Cordia Global and Daily Loyal Limited, to reduce the principal amount by US\$11,880,000. As at the date of this announcement, the outstanding principal amount of the Third Convertible Note is US\$400,390,000 (approximately HK\$3,123,042,000).

The 2013 Conversion Price was determined at the time of the issue of the Third Convertible Note. The parties to the Acquisition were minded to set the conversion price at HK\$0.12 per Existing Conversion Share, which represented a premium of approximately 42.86% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 25 September 2008, being the last trading date prior to suspension of trading in the Shares on the Stock Exchange on 26 September 2008 pending the release of the announcement in relation to the Acquisition giving rise to the issue of the Third Convertible Note.

Based on the intended conversion price of HK\$0.12 per Share and taking into account the two Share consolidation exercises both at the scale of 20-to-1 implemented on 9 April 2010 and 30 September 2011 by the Company, on 3 April 2013, the parties to the Acquisition agreed to set the final conversion price at HK\$48.00 per Existing Conversion Share.

Pursuant to the terms of the Third Convertible Note, the conversion price of the Third Convertible Note was further adjusted from HK\$48.00 per Existing Conversion Share to the 2020 Conversion Price of HK\$480.00 per Existing Conversion Share as a result of the completion of the share consolidation exercise of 10-to-1 with effect from 24 April 2020.

List of Third Convertible Noteholders

As at the date of this announcement, according to the register of the Third Convertible Noteholders of the Company, the registered holders of the Third Convertible Note are as follows:

Name of Third Convertible Noteholder	Aggregate principal amount and outstanding balance
Ocean Resources	US\$100,097,500
A Mark	US\$200,195,000
Wayside	US\$100,097,500
Total:	<u>US\$400,390,000</u>

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the above Third Convertible Noteholders and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

ISSUE OF CONVERTIBLE NOTES TO THE SUBSCRIBERS

On 2 December 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Notes in the aggregate principal amount of US\$400,390,000. Details of the Subscription Agreement are set out below:

The Subscription Agreement

Date : 2 December 2024

Parties : (i) the Company, as the issuer; and
(ii) Ocean Resources, A Mark and Wayside as the subscribers.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save for being the holders of the Third Convertible Note, the Subscribers and their respective beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Principal amount : An aggregate principal amount of US\$400,390,000, which shall be satisfied by means of execution of the Deed of Settlement in full and final settlement of the Third Convertible Note upon Completion.

As the Subscription consideration will be applied exclusively as full and final settlement of the Third Convertible Note, there will be no remaining net proceeds from the issue of the Convertible Notes available to be utilised by the Company.

Conditions precedent to the Subscription

The obligation of the Subscribers to subscribe for the Convertible Notes is subject to the fulfilment of each of the following conditions at or prior to the Completion:

- (a) the Proposed Capital Reorganisation becoming effective;
- (b) the passing of resolutions by Shareholders at the EGM to approve, among other matters, the Subscription Agreement and the issue of the Convertible Notes and the Conversion Shares upon any exercise of the conversion rights attaching to the Convertible Notes under the Specific Mandate;
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Conversion Shares; and

- (d) the Shares or the Reduced Shares remain listed and traded on the Main Board of the Stock Exchange and no written notification being received by the Company to the effect that listing of the Shares or the Reduced Shares on the Main Board of the Stock Exchange will or may be withdrawn.

If the above conditions precedent have not been fulfilled on or before the Long Stop Date or such later date as may be agreed between the Company and the Subscribers, the Subscription Agreement will lapse and become null and void and the parties thereto will be released from all obligations thereunder, save for liabilities for any antecedent breaches hereof.

As at the date of this announcement, subject to the fulfilment of the above conditions precedent, the Proposed Capital Reorganisation is expected to take place on 31 March 2025. Please refer to the announcement of the Company dated 26 November 2024 for details of the conditions of the Proposed Capital Reorganisation.

As at the date of this announcement, none of the above conditions precedent have been satisfied/fulfilled.

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Shareholders at the EGM.

CONVERTIBLE NOTES

The principal terms of the Convertible Notes are as follows:

Issuer	:	The Company
Principal amount	:	US\$400,390,000 (or equivalent to approximately HK\$3,123,042,000)
Maturity Date	:	The Convertible Notes will mature on the Business Day falling on the fifth (5th) anniversary from the issue date of the Note Instrument
Interest	:	No interest shall accrue on each of the Convertible Notes.
Redemption	:	The Company shall be entitled to redeem the Convertible Notes at a price equal to 115% of the outstanding principal amount of the Convertible Notes on their respective Maturity Dates, without entitlement of early redemption before the Maturity Dates.

- Transferability : Any assignment or transfer of the Convertible Notes shall be in respect of the whole or any part (in integral multiples of US\$1,000,000) of the outstanding principal amount of the Convertible Notes and should be made in accordance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations. Save for with the consent of the Stock Exchange, none of the Convertible Notes may be transferred to a connected person of the Company (as defined in the Listing Rules).
- Conversion : The Convertible Noteholder shall have the right at any time from the date of issue up to and including the date immediately prior to their respective Maturity Dates, to convert in amounts in integral multiple of US\$100,000, the whole (but not part) of the outstanding principal amount of the Convertible Notes into Conversion Shares. The Convertible Noteholder shall be entitled to convert the outstanding principal amount of the Convertible Notes, provided that: (a)(i) the holder of each of the Convertible Notes together with the parties acting in concert (as defined in the Takeovers Code) with it will not hold or control such level of the voting rights of the Company as may trigger a mandatory general offer under the Takeovers Code regardless of whether a waiver has been granted by the SFC on the obligation of a mandatory general offer under the Takeovers Code; or (ii) the holder of each of the Convertible Notes together with the parties acting in concert (as defined in the Takeovers Code) with it, which will hold or control such level of the voting rights of the Company as may trigger a mandatory general offer under the Takeovers Code, shall make a mandatory general offer under the Takeovers Code or otherwise obtain a waiver from the SFC on the obligation of a mandatory general offer under the Takeovers Code; and (b) the conversion of the outstanding principal amount of each of the Convertible Notes will not cause the public float of the Company unable to meet the requirement under Rule 8.08 of the Listing Rules unless the arrangement for the purposes of restoring the public float has been in place.
- Conversion Price : The Convertible Notes shall be converted at the initial Conversion Price of HK\$0.25 per Conversion Share (subject to adjustments), which represents:
- (i) a discount of approximately 21.88% to the closing price of HK\$0.320 per Share as quoted on the Stock Exchange on 2 December 2024, being the date of the Subscription Agreement;

- (ii) a discount of approximately 24.92% to the average of the closing prices of HK\$0.333 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 37.73% to the average of the closing prices of HK\$0.402 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date; and
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.64%, represented by the theoretical diluted price of approximately HK\$0.251 per Share to the benchmarked price of approximately HK\$0.333 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Subscription Agreement of HK\$0.320 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Subscription Agreement of HK\$0.333 per Share).

The Conversion Price is subject to adjustments upon the occurrence of consolidation, subdivision or reclassification of Reduced Shares, capitalisation of profits or reserves, capital distributions, rights issues of Reduced Shares, options over Reduced Shares, issue of Reduced Shares or convertible securities other than Reduced Shares issued on the exercise of the conversion right at price less than 80% of the then market price per Reduced Share, modification of rights of conversion, offers to Shareholders, or any other events the Company determines that a downward adjustment should be made to the Conversion Price.

Ranking : The Convertible Notes will at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be provided by mandatory provisions of applicable law.

The Conversion Shares being allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes shall rank pari passu in all respects with all other Shares in issue as at the date of conversion.

- Listing : The Convertible Notes will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Completion : Completion shall take place on the fifth (5th) business day following the date on which all the conditions precedent pursuant to the Subscription Agreement are fulfilled.

The Subscription Agreement is prepared in English and there is no official Chinese version. Therefore, any Chinese translation serves as a reference only. In case of any inconsistencies between the English and Chinese version, the English version shall prevail.

Determination of the Conversion Price

The Conversion Price which was determined after arm's length negotiations between the Company and the Subscribers, being Third Convertible Noteholders and taking into account of, among others:

(a) Financial performance of the Group

For the year ended 31 March 2024, the audited profit before and after income tax of the Group was approximately HK\$108.66 million and HK\$105.63 million, respectively, which comprised the reversal of impairment loss on exploration and evaluation assets in relation to the mining rights of the Group's coal mines in Russia of approximately HK\$142.91 million. The reversal of impairment loss on exploration and evaluation assets was a non-cash item arising from the year-end valuation exercise for financial reporting purposes, which had no impact on the cashflow position of the Group. However, if such reversal were to be excluded from the profit before and after income tax of the Group, the Group would have recorded net loss for the year ended 31 March 2024. The Board noted a similar situation for the financial year ended 31 March 2023.

As disclosed in the Interim Results Announcement, the unaudited loss before and after income tax of the Group was approximately HK\$92.26 million and HK\$91.46 million, respectively.

As disclosed in the paragraph headed "PROSPECTS" of the Interim Results Announcement, the business environment of the Group's diesel and gasoline trading business will remain challenging as macroeconomic environment, coupled with high interest rates, geopolitical conflicts, trade wars, remains complicated.

(b) Financial position of the Group

As at 31 March 2024, the Group recorded:

- (i) an audited total non-current asset of approximately HK\$2,149.15 million comprising mainly exploration and evaluation assets of approximately HK\$2,107.61 million;

- (ii) an audited total current asset of approximately HK\$14.45 million comprising mainly inventories and trade and other receivables;
- (iii) an audited total non-current liability of approximately HK\$194.89 million comprising mainly amounts due to Shareholders, a Director and a related party of approximately HK\$152.32 million in aggregate and interest-bearing borrowings of approximately HK\$33.54 million;
- (iv) an audited total current liability of approximately HK\$3,719.51 million comprising mainly the Third Convertible Note of approximately HK\$3,591.50 million, trade and other payables of approximately HK\$39.60 million in aggregate, interest-bearing borrowings of approximately HK\$28.56 million, amounts due to Shareholders of approximately HK\$39.10 million and promissory notes payables of approximately HK\$15.6 million.

As at 30 September 2024, the Group recorded:

- (i) an unaudited total non-current asset of approximately HK\$1,991.83 million comprising mainly exploration and evaluation assets of approximately HK\$1,949.64 million;
- (ii) an unaudited total current asset of approximately HK\$16.37 million comprising mainly trade and other receivables and cash and cash equivalents;
- (iii) an unaudited total non-current liability of approximately HK\$200.72 million comprising mainly amounts due to Shareholders, a Director and a related party of approximately HK\$157.39 million in aggregate, interest-bearing borrowings of approximately HK\$20.40 million and security deposit payable of approximately HK\$14.00 million;
- (iv) an unaudited total current liability of approximately HK\$3,676.63 million comprising mainly the Third Convertible Note of approximately HK\$3,591.50 million, trade and other payables of approximately HK\$23.98 million in aggregate, amounts due to Shareholders of approximately HK\$39.39 million and promissory notes payables of approximately HK\$15.6 million.

As a result, the Group had net liabilities and net current liabilities of approximately HK\$1,750.80 million and HK\$3,705.06 million, respectively, as at 31 March 2024 and approximately HK\$1,869.15 million and HK\$3,660.26 million, respectively, as at 30 September 2024. The net deficit per Share (i.e. capital deficiency divided by the number of issued Shares) as at 31 March 2024 and 30 September 2024 are HK\$12.0731 and HK\$12.8892, respectively. In view of the financial positions as at 31 March 2024 and 30 September 2024, the Board is of the view that the high levels of net liabilities and net current liabilities have been adversely affecting the fundraising ability of the Group.

(c) *Liquidity and financial resources*

The liquidity of the Group for the year ended 31 March 2024 and 30 September 2024 was demonstrated below:

- (i) the Group recorded the net cash outflow of approximately HK\$4.46 million for the year ended 31 March 2024 while the total cash and cash equivalents decreased to approximately HK\$0.23 million as at 31 March 2024 (31 March 2023: HK\$5.35 million);
- (ii) as at 31 March 2024 and 30 September 2024, the aggregate interest-bearing borrowings was approximately HK\$62.10 million and HK\$20.40 million, respectively, and the amounts due to Shareholders was approximately HK\$172.66 million and HK\$177.26 million, respectively, the majority of which was repayable within a period of more than one year but not exceeding two years; and
- (iii) during the year ended 31 March 2024 and six months ended 30 September 2024, the Group raised several loans of approximately HK\$4.38 million and HK\$1.63 million, respectively.

The abovementioned liquidity situation of the Group illustrates the reliance of the Group on Shareholders, Directors and related parties and the limited ability of the Group to procure external funding.

(d) *Views of the Company's independent external auditor*

In the opinion of the Company's independent external auditor, the consolidated financial statements of the Group as at 31 March 2024 shall give a true and fair view of the financial position of the Group, and the financial performance and the cash flows as at 31 March 2024. However, the Company's independent external auditor highlighted the material uncertainty related to the on-going concern of the Group as one of the emphases of the matter of the "existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern". As disclosed in the Interim Results Announcement, the Company's independent external auditor highlighted the same uncertainty in their review report on the Group's interim financial information for the six months ended 30 September 2024.

(e) *Cash position of the Group*

The cash position of the Group was approximately HK\$0.23 million (equivalent to approximately US\$29,000) and HK\$5.76 million (equivalent to approximately US\$0.74 million) as at 31 March 2024 and 30 September 2024.

Assuming the outstanding Third Convertible Note shall not be converted, the Company is required to pay US\$400.39 million in cash (i.e., the face value of the principal amount of the outstanding Third Convertible Note) to fully cover the financial obligation arising from the settlement of the Third Convertible Note.

It is, therefore, not in the best interest of the Company and the Shareholders as a whole if the Third Convertible Noteholders demand the settlement of the Third Convertible Note in cash.

(f) Trading statistics of the Shares

The closing price of the Shares ranged between \$1.11 and \$0.25 in the 12-month period ended on the Last Trading Date (the “**Observation Period**”), with an average daily trading volume of approximately 50,000 Shares, representing approximately 0.03% of the issued Shares.

In light of the above statistics and information, as well as the indicative terms of settlement proposal from the Third Convertible Noteholders, the Company believes that the Conversion Price will provide a more appealing incentive for the Convertible Noteholders to convert the Convertible Notes into Conversion Shares, which upon conversion, will significantly improve the financial position of the Group.

Therefore, it is fair and reasonable for the Company to take the view that the issue of the Convertible Notes in full and final settlement of the Third Convertible Note represents a realistic solution to the Company to address the net liabilities position of the Company and strengthen the financial position of the Company, which is in the best interest of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the Company’s shareholding structure as at the date of this announcement and upon full exercise of the conversion rights attaching to the Convertible Notes (assuming there is no other change to the issued share capital of the Company and the Proposed Capital Reorganisation would have become effective):

	As at the date of this announcement		Upon full exercise of the conversion rights attaching to the Convertible Notes	
	<i>No. of Reduced Shares</i>	<i>Shareholding %</i>	<i>No. of Reduced Shares</i>	<i>Shareholding %</i>
Space Hong Kong Enterprise Limited ^(Note 1)	43,134,137	29.74%	43,134,137	0.34%
E-tron Co., Ltd ^(Note 2)	24,169,510	16.67%	24,169,510	0.19%
Solidarity Partnership ^(Note 3)	17,403,076	12.00%	17,403,076	0.14%
Kim Wuju	7,440,000	5.13%	7,440,000	0.06%
Sub-total:	92,146,723	63.54%	92,146,723	0.73%
Other public shareholders	52,870,339	36.46%	52,870,339	0.42%
Sub-total:	145,017,062	100.00%	145,017,062	1.15%
A Mark	–	–	6,246,084,000	49.43%
Ocean Resources	–	–	3,123,042,000	24.71%
Wayside	–	–	3,123,042,000	24.71%
Sub-total:	–	–	12,492,168,000	98.85%
Total:	145,017,062	100%	12,637,185,062	100.00%

Notes:

- (1) HCMP SPC Ltd. held approximately 67.78% interest in Space Hong Kong Enterprise Limited. HCMP SPC Ltd. was a wholly-owned subsidiary of BSE CMP Value-up Private Equity Fund. BSE CMP Value-up Private Equity Fund was in turn a 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 in.
- (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).
- (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 which Solidarity Partnership has beneficial interest in.

INFORMATION OF THE PARTIES

The Company and the Group

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 Russia and trading of diesel, gasoline and other products in Korea.

The Subscribers

The principal business activities of each of Ocean Resources, A Mark and Wayside are investment holdings. As at the date of this announcement, the Subscribers are also the Third Convertible Noteholders. The part of the Third Convertible Note held by Ocean Resources and A Mark are beneficially owned by Wayside, which is in turn wholly-owned by Mr. Chen William Hon Lam (“**Mr. Chen**”). Mr. Chen is a seasoned investor with property investments in the People’s Republic of China and the Commonwealth of Australia and investments in coal mine in Mongolia.

REASONS FOR THE PROPOSED ISSUE OF THE CONVERTIBLE NOTES

The Board is of the view that the proposed issue of the Convertible Notes is fair and reasonable and is in the interests of the Group and the Shareholders as a whole based on the following reasons:

- (a) the Third Convertible Note is already overdue, and the Company does not have the financial resources to redeem the Third Convertible Note;
- (b) the issue of the Convertible Notes in full and final settlement of the Third Convertible Note will change the nature of liability under the Third Convertible Note from current liability to non-current liability under the Convertible Notes. This reclassification will significantly improve the net current liabilities position of the Group; and
- (c) the Conversion Price would provide greater incentive to the Subscribers, being the Third Convertible Noteholders to exercise their conversion rights attaching to the Convertible Notes.

The Board has considered the following alternatives to address the current financial position of the Group, in particular settling the Third Convertible Note in the amount of US\$400.39 million (approximately HK\$3,123.04 million) including but not limited to (i) equity fund raising by placing of new Reduced Shares to independent third parties; (ii) borrowings from banks and independent third parties; and (iii) pre-emptive offering of new Reduced Shares to existing Shareholders by rights issue or open offer.

However, the Board considers that none of these alternatives is suitable for the following reasons:

- (a) the Company's financial performance for the year ended 31 March 2024 and six months ended 30 September 2024, particularly the net liabilities and net current liabilities of the Group were substantial as at 31 March 2024 and 30 September 2024;
- (b) the significant amount of the Third Convertible Note representing approximately 73 times of the current market capitalisation of the Company of approximately HK\$42.78 million as at the Last Trading Date;
- (c) the current market price was below the par value of the Shares and the low trading liquidity of the Shares on the Stock Exchange with daily average of approximately 50,000 Shares, representing approximately 0.03% of the total issued Shares, for the Observation Period are both unfavourable factors for any fund-raising activities; and
- (d) the Group does not have suitable assets to meet the collateral requirements of the banks, particularly, the Group's coal mines in Russia are not accepted by banks, as such the terms of borrowings offered by banks are unattractive and at the same time the Group may not be able to service the finance costs for any additional borrowings.

The Board notes that the issue of the Convertible Notes will result in a significant dilution of the shareholding of existing Shareholders. The Board nevertheless believes that that the issue of the Convertible Notes is in the best interest of the Company and the Shareholders as a whole for the following reasons:

- (a) since the Group has been operating under very tight cash flow with short-term support from its Shareholders and various related parties, the Company has been unable to raise substantial funds either by equity or borrowings;
- (b) the Third Convertible Note is already overdue, and the Third Convertible Noteholders can demand settlement anytime, but the Company has no financial resources to settle the demand of settlement of the Third Convertible Note; and
- (c) typical liquidation value of nil or nearly nil of the Company if the Company is being wound up by the Third Convertible Noteholders.

However, the issue of the Convertible Notes would not provide any cash inflow to address the tight cash flow of the Group, the Company is also considering a potential small-scale fundraising by utilising the general mandate granted by its Shareholders at the annual general meeting of the Company on 27 September 2024, in order to raise fund for its business operations, part repayment of borrowings and general working capital. The Company will make further announcements in this regard in accordance with the Listing Rules as and when appropriate.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund-raising activities during the 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATION

The Subscription will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Subscription is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

As at the date of the Subscription Agreement, save for the Third Convertible Note, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares or Reduced Shares, as the case may be.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the issue of the Convertible Notes and Conversion Shares upon any exercise of the conversion right attaching to the Convertible Notes. A circular containing, among other things, further details of Subscription and the Convertible Notes, together with a notice convening the EGM and the related proxy form, will be despatched by the Company to the Shareholders on or before Friday, 17 January 2025.

As no Shareholders have a material interest in the Subscription, no Shareholders will be required to abstain from voting on the resolutions to be proposed at the EGM.

WARNING

Shareholders and potential investors of the Company should note that the completion of the Subscription including the proposed issue of the Convertible Notes are conditional upon, among others, the fulfilment of the certain conditions precedent as out in the paragraph headed “Conditions precedent to the Subscription” in this announcement. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“2013 Conversion Price”	HK\$48.00 per Existing Conversion Share
“2020 Conversion Price”	HK\$480.00 per Existing Conversion Share
“A Mark”	A Mark Limited, a company incorporated in Hong Kong with limited liability and one of the Third Convertible Noteholders
“Acquisition”	the acquisition of 90% interest in the Target Company in 2009 pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement entered into between Grandvest International Limited, a wholly-owned subsidiary of the Company, as purchaser and Cordia Global as the vendor in 2009 in relation to the acquisition of 90% interest in Langfeld Enterprises Limited, a company incorporated in Cyprus
“Board”	the board of Directors
“Capital Reduction”	the reduction of the par value of each issued Shares from HK\$0.5 each to HK\$0.01 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 Reduced Share with a par value of HK\$0.01 in the share capital of the Company
“Company”	E&P Global Holdings Limited (能源及能量環球控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Cordia Global”	Cordia Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Conversion Share(s)”	Reduced Share(s) falling to be allotted and issued by the Company, credited as fully paid, upon any exercise of the conversion rights attaching to the Convertible Notes
“Convertible Note(s)”	zero coupon rate unsecured convertible note(s) in the aggregate principal amount of US\$400,390,000 to be issued by the Company pursuant to the Subscription Agreement
“Convertible Noteholders”	holders of Convertible Note(s)

“Conversion Price”	HK\$0.25 per Conversion Share
“Deed of Settlement”	the deed of settlement to be signed by the Third Convertible Noteholders in favour of the Company in full and final settlement of all of the liabilities and obligations of the Company under the Third Convertible Note
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the issue of the Convertible Notes and the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Notes
“Existing Conversion Share(s)”	Share(s) which fall to be issued upon any exercise of the conversion rights attaching to the Third Convertible Note
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Result Announcement”	the interim result announcement for the six month ended 30 September 2024 of the Company dated 29 November 2024
“Last Trading Date”	29 November 2024, the full trading day immediately preceding the date of the Subscription Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2025 or such later date as may be agreed between the Company and the Subscribers
“Maturity Date”	the maturity date of the Note Instrument, being the fifth (5th) anniversary from the issue date of the Note Instrument
“Note Instrument”	the instrument to be executed by the Company at Completion by way of deed poll constituting the Convertible Notes

“Ocean Resources”	Ocean Resources Int’l Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Third Convertible Noteholders
“Original Note Instrument”	the note instrument in the principal sum of US\$443,070,000 (approximately HK\$3,455,946,000) from the Company to Cordia Global dated 3 April 2013
“Proposed Capital Reorganisation”	proposed share capital reorganisation of the Company, comprising the Capital Reduction and Share Sub-division as announced by the Company on 26 November 2024
“Reduced Shares”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Proposed Capital Reorganisation becoming effective
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	the ordinary share(s) of HK\$0.5 each in the share capital of the Company
“Share Sub-division”	the sub-division of the authorised but unissued Shares into fifty (50) unissued Reduced Shares with a par value of HK\$0.01 each
“Shareholders”	the holder(s) of the Shares or Reduced Shares (as the case may be)
“Specific Mandate”	the specific mandate for the allotment and issue of the Conversion Shares to be granted to the Directors by the Shareholders in EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Convertible Notes under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 December 2024 entered into between the Company and the Subscribers in respect of the Subscription
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

“Third Convertible Note”	the convertible note issued by the Company to Cordia Global on 3 April 2013 to satisfy the consideration pursuant to the terms of the Acquisition Agreement
“Third Convertible Noteholders”	the holders of Third Convertible Note, and as at the date of this announcement, being the Subscribers
“US\$”	United States dollar, the lawful currency of the United States of America
“Wayside”	Wayside Holdings Limited, a company incorporated in Samoa with limited liability, which as at the date of this announcement is one of the Third Convertible Noteholders
“%”	per cent.

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

Hong Kong, 2 December 2024

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

For the purpose of this announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.