

Executive Directors:

Lee Jaeseong (*Chairman*)

Im Jonghak

Liu Wai Shing, Peter

Non-executive Director:

Sun Meng

Independent Non-executive Directors:

Chen Dai

Kim Sung Rae

Wong Wei Hua Derek

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Head Office and Principal Place of

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Nos. 287-289 Reclamation Street

Kowloon, Hong Kong

6 June 2025

To the Shareholders,

Dear Sir or Madam,

**(1) PROPOSED CONVERSION OF CONVERTIBLE NOTES;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to (i) the CN Circular in relation to, among other things, the Subscription Agreement and the issue of the Convertible Notes; (ii) the announcement of the Company dated 6 January 2025 in relation to the poll results of the extraordinary general meeting in relation to the Subscription Agreement; (iii) the announcement of the Company dated 17 March 2025 in relation to the completion of the Subscription Agreement and the issue of the Convertible Notes; (iv) the R3.5 Announcement of Mr. Chen and the Company dated 28 March 2025 in relation to, among other things, the Placing, the Proposed Conversion and the Whitewash Waiver; (v) the announcements of the Company dated 22 April 2025 and 13 May 2025 in relation to the delay in despatch of this EGM Circular; (vi) the joint announcement of Mr. Chen and the

Company dated 30 April 2025 in relation to the Supplemental Placing Agreement; (vii) the Profit Warning Announcements; and (viii) the joint announcement of Mr. Chen and the Company dated 22 May 2025 in relation to the Closing, the New Conversion Notice, the Proposed Conversion and the Whitewash Waiver.

The purpose of this EGM Circular is to provide you with information regarding, among other things, (i) details of the Proposed Conversion, the Mandatory Conversion (collectively the Total Conversion) and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) financial information of the Group; and (v) a notice convening the EGM as well as other information required to be disclosed under the Takeovers Code and the Listing Rules.

I. BACKGROUND

A. The Subscription and the Convertible Notes

On 2 December 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to issue, the Convertible Notes in the aggregate principal amount of US\$400,390,000, in full and final settlement of the Third Convertible Notes.

At the extraordinary general meeting of the Company convened on 6 January 2025, the then Shareholders approved the Subscription Agreement and the issue of the Convertible Notes under a specific mandate. On 17 March 2025, the Subscription Agreement became unconditional and the Convertible Notes were issued by the Company to the Subscribers in full and final settlement of the Third Convertible Notes.

The principal terms of the Convertible Notes are summarised 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 Convertible Note instrument, i.e. 17 March 2025.
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.

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 (except that if the outstanding principal amount of the Convertible Note is less than US\$100,000, the whole (but not part) of the outstanding principal amount of the Convertible Note held by such Convertible Noteholder shall be converted into such number of Conversion Shares as will be determined by dividing the said outstanding principal amount to be converted by the Conversion Price on the date of the Conversion).

The Convertible Noteholder shall be entitled to convert the outstanding principal amount of the Convertible Notes, provided that: (a)(i) each of the Convertible Noteholders 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) Convertible Noteholders 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.

Conversion Price : The Convertible Notes shall be converted at the initial Conversion Price (subject to adjustments) of HK\$0.25 per Conversion Share (which is equal to the Placing Price), which represents:

- (i) a discount of approximately 83.55% to the closing price of HK\$1.520 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 51.92% to the closing price of HK\$0.520 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (iii) a discount of approximately 52.47% to the average of the closing prices of HK\$0.526 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iv) a discount of approximately 52.26% to the average of the closing prices of HK\$0.527 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date;
- (v) a difference (i.e. the initial Conversion Price minus net deficit per Share) of HK\$12.3231 relative to the audited net deficit per Share of approximately HK\$12.0731 as at 31 March 2024 (based on the audited consolidated net deficit of the Company of approximately HK\$1,750.8 million as at 31 March 2024 and 145,017,062 Shares in issue as at the Latest Practicable Date);
- (vi) a difference of approximately HK\$13.1392 relative to the unaudited net deficit per Share of approximately HK\$12.8892 as at 30 September 2024 (based on the unaudited consolidated net deficit of the Company of approximately HK\$1,869.2 million as at 30 September 2024 and 145,017,062 Shares in issue as at the Latest Practicable Date); and
- (vii) a premium of approximately 524.50% over the adjusted net asset value of the Shares of approximately HK\$0.0400 as at 30 September 2024 (based on the unaudited consolidated net deficit of the Company of approximately HK\$1,869.2 million as at 30 September 2024, the carrying value of the Third Convertible Notes of approximately HK\$3,591.5 million as at 30 September 2024 as disclosed in the interim report of the Company for the six months ended 30 September 2024, the outstanding principal of the Convertible Notes upon Total Conversion of approximately HK\$1,448.4 million and 6,843,657,062 Shares in issue upon the Total Conversion).

The Conversion Price is subject to adjustments, which are exhaustive, upon the occurrence of consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares, options over Shares, issue of Shares or convertible securities other than Shares issued on the exercise of the conversion right under the Convertible Notes, modification of rights of conversion or offers to Shareholders at price less than 80% of the then market price per Share. Details of the adjustments are set out in the CN Circular.

The Company will closely monitor the effect of the Total Conversion and subsequent conversion of the Convertible Notes such that at least 25% of the Company's enlarged number of issued shares (excluding treasury shares) will at all times be held by the public. The Company will not process the conversion notice(s) of the Convertible Noteholders if the Company notes that conversion of such Convertible Notes will cause the public float of the Company unable to meet the public float requirement under Rule 8.08 of the Listing Rules in accordance with the terms of the instrument of the Convertible Notes.

B. The Placing

On 28 March 2025, the Vendors entered into the Placing Agreement with the Placing Agent, pursuant to which Ocean Resources and Wayside agreed to place the Convertible Notes in the principal amounts of US\$26,000,000 and US\$74,000,000, respectively, through the Placing Agent, at the placing price of not less than HK\$0.25 equivalent per Conversion Share on a best-effort basis to not less than six CN Placees who are independent third parties and not parties acting in concert with Mr. Chen and his concert parties.

Salient terms of the Placing Agreement are as follows:

Vendors	:	Mr. Chen (as deemed beneficial owner of the Sale CN under the SFO), Ocean Resources, and Wayside
Placing Agent	:	Kingsway Financial Services Group Limited, a licensed corporation in Hong Kong permitted to carry on business in, amongst others, type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

The Placing Agent is a third party independent of and not acting in concert with Mr. Chen and the Subscribers and their respective concert parties.

The Placing Agent confirmed to the Vendors that:

- (a) the Placing Agent and its associates have not dealt in any securities of the Company, as principal, in the six months prior to the date of the Placing Agreement; and
- (b) other than entering into the Placing Agreement, the Placing Agent and its associates did not hold and did not have any interest, as principal, in any securities of the Company as at the date of the Placing Agreement.

The Placing Agent has further undertaken to the Vendors that the Placing Agent and its associates will not make any acquisitions or disposals of voting rights in the Company, as principal, which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of the Placing Agreement and the date of completion of the Proposed Conversion.

If the Possible Offer proceeds upon the Total Conversion, the Placing Agent will not deal in any securities of the Company, as principal, during the period from the date of the Placing Agreement up to and including the final closing date of the Possible Offer.

Convertible Notes : The Convertible Notes in the aggregate amount of
subject to the US\$100,000,000, representing 3,120,000,000 Conversion
Placing Shares), of which US\$26,000,000 and US\$74,000,000 were to
Agreement be placed by Ocean Resources and Wayside, respectively. The
Sale CN was placed by selling the part of the Sale CN held by
Wayside first and in priority to the part of the Sale CN held by
Ocean Resources.

The Placing Agent, as agent of the Vendors, would, on a best-effort basis, procure not less than six CN Placees, who are third parties independent of and not acting in concert with (a) the Placing Agent and its associates; and (b) Mr. Chen, the Subscribers or any of their respective concert parties, to purchase the Sale CN.

Selection criteria of : Each of the CN Placees confirmed to the Placing Agent and the
the CN Placees Vendors that, other than the acquisition of the Sale CN: (i) the CN Placee and his/her/its associates have not dealt in any securities of the Company in the six months prior to the date of the Placing Agreement; and (ii) the CN Placee and his/her/its associates did not hold and did not have any interest in any securities of the Company as at the date of the Placing Agreement.

The Placing Agent obtained a written confirmation from each CN Placee that such CN Placee and (where a corporation) its ultimate beneficial owner(s) were, among other matters:

- (a). not holding and/or interested in any securities of the Company as at the date of the Placing Agreement;
- (b). (aa) third party independent of and not acting in concert with the Company or any of its substantial Shareholders in relation to the control of the Company within the meaning of the Takeovers Code and independent of and not connected with any of the Company, the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates, and (bb) third party independent of and not acting in concert with Mr. Chen, the Subscribers, or any of their respective concert parties;
- (c). not (as of the date of the Placing Agreement) and would not be (prior to completion of the Placing) Shareholder(s) or its ultimate beneficial owners (at such time) and that none of them should become a substantial Shareholder as a result of the Total Conversion;
- (d). acquiring the Sale CN as principal and beneficial owner for the purpose of investment, and not as an agent;
- (e). not directly or indirectly funded or backed by Mr. Chen, the Subscribers or any of their respective concert parties, or director, chief executive, substantial shareholder of the Company or any of its subsidiaries or any of their respective associates in connection with the purchase of the Sale CN;

- (f). not accustomed to take instructions from a core connected person of the Company in relation to the acquisition, disposal, voting or any other disposition of securities in the Company registered in its name or otherwise held by him/her/it; and
- (g). there was no decrees, legislations or regulation prohibiting the Mandatory Conversion on the part of the CN Placees, and no courts with competent jurisdiction have issued any decree or injunction to stop or prohibit the Mandatory Conversion against the CN Placee.

Conversion by the
CN Placees and
conditions
subsequent

: Subject to the applicable requirements of the Takeovers Code, the Listing Rules and the terms of the Convertible Notes, each of the CN Placees has given the Placees Undertakings in writing that he/she/it irrevocably and unconditionally has undertaken to the Vendors, for the six-month period from the date of (a) transfer of the Sale CN or (b) waiver of Conversion Conditions (iv) and (v) (whichever is later) that:

- (i) the CN Placee shall convert all the Sale CN simultaneously upon conversion by the Subscribers (i.e. the Mandatory Conversion);
- (ii) the CN Placee and its associates will not deal in any securities of the Company during the period from the date of the Placing Agreement up to and including the date of the Mandatory Conversion;
- (iii) the CN Placee and its associates will not sell, transfer, charge, pledge or otherwise dispose of any of the Sale CN or any interest in such Sale CN up to and including the date of the Mandatory Conversion; and
- (iv) if the Possible Offer proceeds upon the Total Conversion:
 - (a) the CN Placees will not tender acceptance to the Possible Offer;
 - (b) the CN Placee and its associates will not deal in any securities of the Company during the period from the date of the Placing Agreement up to and including the final closing date of the Possible Offer; and

- (c) the CN Placee and its associates will not sell, transfer, charge, pledge or otherwise dispose of any of the Sale CN or Conversion Shares issued to the CN Placee upon Mandatory Conversion or any interest in such Sale CN or Conversion Shares up to and including the final closing date of the Possible Offer.

Each of the CN Placees has confirmed and agreed to the Vendors that in the event that the Possible Offer proceeds upon the Total Conversion, the Possible Offer shall not be extended to the CN Placee and its associates in respect of the Sale CN and the Conversion Shares issued and allotted pursuant to the Mandatory Conversion.

By the Supplemental Placing Agreement, the Vendors and the Placing Agent agreed to extend the latest date for Closing from 29 April 2025 to 20 May 2025. Closing took place on 20 May 2025 in accordance with the terms of the Placing Agreement.

Sale CN in the aggregate amount of US\$50,200,000 (approximately HK\$391,560,000), representing 1,566,240,000 Conversion Shares falling to be issued and allotted pursuant to the terms of the Convertible Notes, have been placed at the Placing Price equivalent of HK\$0.25 per Conversion Share to no less than six (6) Placees on a best effort basis by the Placing Agent. The gross proceeds from the Placing to the Vendors is approximately HK\$391,560,000.

Immediately upon Closing and as at the Latest Practicable Date, the Convertible Notes were registered in the name of the following persons:

	As at the date of the R3.5 Announcement	Add/(Less): Sale CN	Immediately upon Closing and as at the Latest Practicable Date
	<i>Principal amounts (US\$'000)</i>		
A Mark	200,195.0	—	200,195.0
Ocean Resources	100,097.5	—	100,097.5
Wayside	100,097.5	(50,200.0)	49,897.5
CN Placees	—	50,200.0	50,200.0
Total	400,390.0	—	400,390.0

Further details of the Placing and Closing are set out in the R3.5 Announcement and the joint announcements of Mr. Chen and the Company dated 30 April 2025 and 22 May 2025.

II. THE PROPOSED CONVERSION

A. The Conversion Notices and the New Conversion Notices

On 28 March 2025, Mr. Chen and the Subscribers notified the Company by way of the Conversion Notices of their intention to convert the Convertible Notes subject to the principal amounts of the Convertible Notes proposed to be converted to be finalised upon Closing of the Placing and subject to certain conversion conditions.

On 22 May 2025 (after trading hours), Mr. Chen and the Subscribers notified the Company by way of the New Conversion Notices of their definitive plan for the Proposed Conversion in the principal of US\$164,500,000 (representing 5,132,400,000 Conversion Shares), subject to the Conversion Conditions set out below. The Proposed Conversion, if materialised, will trigger the Mandatory Conversion in the principal of US\$50,200,000 simultaneously (representing 1,566,240,000 Conversion Shares).

B. The Conversion Conditions

The Proposed Conversion and the Mandatory Conversion are inter-conditional and the Total Conversion is subject to fulfillment of the following Conversion Conditions:

- (i) the approval and permission for the listing of and permission to deal in the Conversion Shares granted by the Listing Committee not having been subsequently revoked;
- (ii) (as modified by the Supplemental Conversion Notices) the Company will, immediately upon the Total Conversion, be able to maintain at least 25% of its total number of issued Shares (excluding treasury shares) to be held by the public as required under the Listing Rules;
- (iii) no regulatory authorisations implementing or enacting any decrees, legislations or regulations to prohibit the Proposed Conversion and/or the Mandatory Conversion, and no courts with competent jurisdiction issuing a decree or injunction to stop or prohibit the Proposed Conversion and/or the Mandatory Conversion;
- (iv) the Executive having granted the Whitewash Waiver (which have not been subsequently revoked or withdrawn) and all the conditions attached thereto (if any) having been satisfied; and
- (v) the respective resolutions relating to the Proposed Conversion on the one hand, and the Whitewash Waiver on the other hand, being approved by more than 50% and at least 75% respectively, of the votes cast by the Independent Shareholders at the EGM by way of poll.

Conversion Conditions (i) and (ii) cannot be waived by any party. If the above Conversion Conditions (i) and (ii) are not fulfilled, the Total Conversion will not take place and the New Conversion Notices from the Subscribers setting out their intention to exercise the conversion rights in respect of the Convertible Notes will be deemed to be withdrawn.

If Conversion Condition (iii) is not fulfilled (in respect of one or more than one CN Placee), the Subscribers will, in relation to the Sale CN of such CN Placees, scale down the Conversion Shares to be issued and allotted pursuant to the Proposed Conversion, such that the aggregate shareholding of Mr. Chen and the Subscribers immediately upon the scaled-down Total Conversion will be no more than 75% of the enlarged issued capital to render fulfilment of Conversion Condition (ii).

Conversion Conditions (iv) and (v) can only be waived by Mr. Chen and the Subscribers if they can provide proof of financial resources to the satisfaction of their financial adviser that sufficient financial resources are available to Mr. Chen and the Subscribers to satisfy full acceptance of the Possible Offer. Mr. Chen and the Subscribers reserve their rights to waive Conversion Conditions (iv) and (v), however, none of Mr. Chen and the Subscribers has a firm intention to waive conditions (iv) and (v) and to make the Possible Offer as at the Latest Practicable Date.

As at the Latest Practicable Date, the Listing Committee has granted and has not withdrawn or revoked the approval of listing of and permission to deal in the Conversion Shares (subject to conversion) which may fall to be allotted and issued upon the exercise of the conversion rights pursuant to Convertible Notes.

Other than Conversion Condition (i), none of the Conversion Conditions has been fulfilled as at the Latest Practicable Date.

C. Effect On the Shareholding Structure of the Company

Following completion of the Total Conversion, assuming the Whitewash Waiver is granted by the Executive and the Whitewash Resolutions are approved by the Independent Shareholders, the Convertible Notes in the aggregate principal amount of US\$214,700,000 will have been converted, comprising Convertible Notes of US\$164,500,000 will have been converted by the Subscribers and Convertible Notes of US\$50,200,000 will have been converted by the CN Placees, and an aggregate of 6,698,640,000 Conversion Shares will be issued and allotted by the Company.

Following completion of the Total Conversion, the Subscribers will hold the Remaining Convertible Notes in the aggregate principal amount of US\$185,690,000 and the CN Placees will no longer hold any of the Sale CN.

For illustration purpose, set out below are the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the Total Conversion; and (iii) if the Whitewash Waiver is not granted by the Executive or if the Whitewash Resolutions are not approved by the Independent Shareholders and Mr. Chen and the Subscribers elect to convert

such amount of the Convertible Notes so that Mr. Chen, the Subscribers and parties acting in concert with any of them will have aggregate shareholding up to approximately 29.92% of the enlarged issued share capital following such conversion assuming that there will be no other change in the issued share capital of the Company save for the issuance of the Conversion Shares:

	As at the Latest Practicable Date		Upon Total Conversion		Mr. Chen and the Subscribers elect to convert such amount of the Convertible Notes so that the aggregate shareholding of Mr. Chen and parties acting in concert with him will have shareholding up to approximately 29.92% of the enlarged issued share capital ^{Note 1}	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Cheon Ji In M Partners ^{Note 2}	43,134,137	29.74%	43,134,137	0.63%	43,134,137	3.04%
E-Tron Co., Ltd ^{Note 3}	24,169,510	16.67%	24,169,510	0.35%	24,169,510	1.70%
Solidarity Partner ^{Note 4}	17,403,076	12.00%	17,403,076	0.25%	17,403,076	1.23%
Kim Wuju	7,440,000	5.13%	7,440,000	0.11%	7,440,000	0.52%
	<u>92,146,723</u>	<u>63.54%</u>	<u>92,146,723</u>	<u>1.35%</u>	<u>92,146,723</u>	<u>6.50%</u>
Other public shareholders	<u>52,870,339</u>	<u>36.46%</u>	<u>52,870,339</u>	<u>0.77%</u>	<u>52,870,339</u>	<u>3.73%</u>
Collectively the "Existing Shareholders"	<u>145,017,062</u>	<u>100.00%</u>	<u>145,017,062</u>	<u>2.12%</u>	<u>145,017,062</u>	<u>10.23%</u>
CN Places	<u>-</u>	<u>-</u>	<u>1,566,240,000</u>	<u>22.89%</u>	<u>848,640,000</u>	<u>59.85%</u>
Sub-total			<u>1,711,257,062</u>	<u>25.01%</u>	<u>993,657,062</u>	<u>70.08%</u>
Public Float			<u>1,711,257,062</u>	<u>25.01%</u>	<u>357,177,062</u>	<u>25.19%</u>
A Mark ^{Note 5}	-	-	620,880,000	9.07%	-	-
Ocean Resources ^{Note 5}	-	-	1,020,240,000	14.91%	-	-
Wayside ^{Note 5}	-	-	3,491,280,000	51.01%	424,320,000	29.92%
Mr. Chen, the Subscribers and parties acting in concert with any of them	<u>-</u>	<u>-</u>	<u>5,132,400,000</u>	<u>74.99%</u>	<u>424,320,000</u>	<u>29.92%</u>
No. of (enlarged) issued Shares	<u>145,017,062</u>	<u>100.00%</u>	<u>6,843,657,062</u>	<u>100.00%</u>	<u>1,417,977,062</u>	<u>100.00%</u>

Notes

1. This conversion scenario is prepared for illustrative purposes only. As at the Latest Practicable Date, Mr. Chen and the Subscribers had not finalised their plan for conversion of their Convertible Notes if the Whitewash Waiver is not granted by the Executive or if the Whitewash Resolutions are not approved by the Independent Shareholders and Mr. Chen does not waive Conversion Conditions (iv) and (v).
2. 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 in which Space Hong Kong Enterprise Limited has beneficial interest.
3. 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).
4. 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.
5. A Mark and Ocean Resources will hold these Shares on behalf of Wayside. Wayside is beneficially wholly-owned by Mr. Chen and as such Mr. Chen will be deemed to be interested in all the Shares held by A Mark, Ocean Resources and Wayside.
6. As at the Latest Practicable Date, 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 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.
7. Subject to rounding adjustment.

D. Information of the Parties

The Company and the Group

The Company is an investment holding company. The principal activities of its principal subsidiaries are engaged in holding mining and exploration rights of coal mines in the Russian Federation and trading of diesel, gasoline and other products in the Republic of Korea.

Set out below is a summary of the audited consolidated financial results of the Company for each of the two financial years ended 31 March 2023 and 2024, as extracted from the annual reports of the Company for the years ended 31 March 2023 and 2024, respectively, and the unaudited consolidated results of the Company for the six months ended 30 September 2023 and 2024, as extracted from the interim reports of the Company for the six months ended 30 September 2023 and 2024, respectively.

	For the year ended 31 March		For the six months ended 30 September	
	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	1,149,675	664,701	353,724	240,825
Profit/(loss) before tax	528,926	108,658	41,593	(92,257)
Profit/(loss) for the year/ period attributable to the Shareholders	550,211	106,889	41,107	(93,873)
	As at 31 March		As at 30 September	
	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Total assets	2,045,010	2,163,595	2,090,141	2,008,192
Total current liabilities	3,728,260	3,719,510	3,746,357	3,676,626
Total liabilities	3,899,915	3,914,397	3,906,957	3,877,343
Capital deficiencies	(1,854,905)	(1,750,802)	(1,816,816)	(1,869,151)

Mr. Chen and the Subscribers

Mr. Chen

Mr. Chen, formerly known as Chen William Youwen (陳彥瑜), aged 36, is a seasoned investor with property investments in the PRC and the Commonwealth of Australia and investments in coal mine in Mongolia. Mr. Chen is a director of Wonderful Power Limited, which in turn owned Azure Coal Mongol Mining Company Limited*, a limited liability company incorporated in Mongolia. Azure Coal Mongol Mining Company Limited* was licensed to explore mineral reserve over 1,802 acre of land in Mongolia by the competent authority of Mongolia. With his background in mining business, Mr. Chen has experience and knowledge in managing the principal assets of the Group which consist of exploration and mining rights. Mr. Chen obtained a bachelor's degree in business from the Royal Melbourne Institute of Technology in 2012 and was awarded an executive master of business administration by the University of Northampton in 2022.

Wayside

Wayside Holdings Limited, a company incorporated in the Independent State of Samoa with limited liability, which (i) was the registered holder of the Convertible Notes in the amount of US\$49,897,500 as at the Latest Practicable Date; (ii) was the beneficial owner of the Convertible Notes in the amount of US\$350,190,000 as at the Latest Practicable Date; and (iii) is beneficially owned by Mr. Chen.

A Mark

A Mark Limited, a company incorporated in Hong Kong with limited liability, which held the Convertible Notes in the amount of US\$200,195,000 as at the Latest Practicable Date on behalf of Wayside. A Mark is beneficially owned by Mr. Wong Wilson, aged 33, sibling of Mr. Chen.

Ocean Resources

Ocean Resources Int'l Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, which held the Convertible Notes in the amount of US\$100,097,500 on behalf of Wayside as at the Latest Practicable Date. Ocean Resources is owned by Jin Xin Resources Group Limited, which is in turn wholly-owned by Jin Xin (PTC) Limited for and on behalf of the family trust for the family of Mr. Yao Junliang. Jin Xin (PTC) Limited and Mr. Yao Junliang is the trustee and the settlor of the said family trust, respectively. Mr. Yao Junliang is a friend of Mr. Chen and Mr. Wong Wilson for over five years.

E. Reasons for the Proposed Conversion

Intention of Mr. Chen and the Subscribers

Mr. Chen will continue to support the independent operation of the Group and maintain the Company's listing status in the Hong Kong capital market. It is the intention of Mr. Chen that the Group will continue its existing principal business following the Total Conversion. Mr. Chen does not intend to introduce any major changes to the existing business and operation of the Group and does not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on injection of any other new business to the Company and any disposal, termination, scaling-down of the Group's existing businesses following the Total Conversion. Furthermore, Mr. Chen has no intention to (a) discontinue the employment of any employees of the Group or change the composition of the Board; or (b) dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business. Mr. Chen will review the business and operation of the Group from time to time following the Total Conversion, and may take steps that he deems necessary or appropriate to enhance the value of the Group. If opportunities arise, Mr. Chen will assist the Group to expand its existing principal businesses and bring in suitable candidates to enhance the profile and experience of the management of the Group.

Mr. Chen and the Subscribers will continue to explore the possibility of further placing of the Remaining Convertible Notes to potential investors (but not any Shareholders in the six-month period from the Total Conversion) or convert the Remaining Convertible Notes following the Total Conversion with a view to further improve the financial position of the Company in accordance with the requirements of the Listing Rules and the Takeovers Code. In particular, Mr. Chen, the Subscribers and their respective concert parties will not make or enter

into any arrangements with any Shareholders (including parties acting in concert with any of Mr. Chen or the Subscribers) which have favorable conditions not extended to all Shareholders within six months after the Total Conversion.

Reasons for the Proposed Conversion

The Group has been reporting net liabilities and net current liabilities positions over a long period of time which have adverse impact on the Group. As at 31 March 2024 and 30 September 2024, the Group had net liabilities of approximately HK\$1,750.80 million (audited) and HK\$1,869.15 million (unaudited), respectively, and net current liabilities of approximately HK\$3,705.06 million (audited) and HK\$3,660.26 million (unaudited), respectively. The financial positions of the Group have limited the ability of the Group to carry out (i) equity fund raising by placing of new shares of the Company to independent third parties; (ii) borrowings from banks and independent third parties; and (iii) pre-emptive offering of new shares to existing Shareholders by rights issue or open offer. In the audit opinion of Prism Hong Kong and Shanghai Limited, the independent external auditor, contained in the annual report of the Company for the year ended 31 March 2024, the auditor highlighted the material uncertainty related to the going concern as one of the emphasis of matter.

The Board had considered the following alternatives to address the current financial position of the Group, in particular financing the Convertible Notes (and its predecessor in the form of 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 Shares to independent third parties; (ii) borrowings from banks and independent third parties; and (iii) pre-emptive offering of new Shares to existing Shareholders by rights issue or open offer.

However, the Board considered 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 Convertible Notes representing approximately 41.41 times of the market capitalisation of the Company of approximately HK\$75.41 million as at the Last Trading Date;
- (c) the Group does not have suitable assets to meet the collateral requirements of the banks, particularly, the Group's coal mines in the Russian Federation 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;
- (d) as disclosed in the CN Circular, the market price was lower than the then par value of the Shares for substantial time of the twelve-month period preceding the last full trading date immediately preceding the date of the Placing Agreement 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 during the twelve-month period preceding the last full trading date the Share price was traded below;

- (e) there was insufficient time between 17 March 2025 (being the effective date of the Capital Reorganisation and the completion of the Subscription Agreement) and 28 March 2025 (being the date of the Conversion Notices) for the Board to thoroughly examine the possibility and the proposed terms of equity fundraising by placing of new Shares to independent third parties; and
- (f) following the commencement of an offer period in respect of the Company from the date of the Rule 3.5 Announcement, in accordance with the Takeovers Code, no action which could effectively result in an offer being frustrated, or in the Shareholders being denied an opportunity to decide on the merits of an offer, shall be taken by the Board, which shall include the issue of new Shares/enter into contracts otherwise than in the ordinary course of business to the Group without the approval of the Shareholders.

In order to address such issues, the Directors are of the view that the Total Conversion can assist the Company to alleviate its net liabilities positions which is in the best interest of the Company and the Shareholders as a whole. As at 30 September 2024, the Company had net liabilities of approximately HK\$1,869.2 million and net current liabilities of approximately HK\$3,660.3 million, in which the Third Convertible Notes with carrying value of approximately HK\$3,591.5 million were reported as current liabilities. Although the Total Conversion will only reduce the amount of net liabilities positions by approximately HK\$1,674,660,000 due to partial conversion of the Convertible Notes, this is a significant reduction of the liabilities of the Group. The Remaining Convertible Notes will mature on the business day falling on the fifth (5th) anniversary from the issue date of the Convertible Note instrument, which is 18 March 2030 and, subject to the accounting treatments based on the accounting policies of the Company, the Remaining Convertible Notes will be classified as non-current liabilities. On this basis, assuming the settlement of the Third Convertible Notes and the Total Conversion took place on 30 September 2024, the Company would report a net assets position. Following the Total Conversion, the Remaining Convertible Notes will be held by Mr. Chen and the Subscribers who will become the controlling Shareholders of the Company. This will exhibit reliance of the Company on Mr. Chen and the Subscribers financially which is not desirable for a company listed on the Stock Exchange. Accordingly, it is the intention of Mr. Chen and the Subscribers that they will continue to explore the possibility of further placing of the Remaining Convertible Notes to potential investors or convert the Remaining Convertible Notes in accordance with the requirements of the Listing Rules and the Takeovers Code.

The Total Conversion would allow the Company (i) to settle the outstanding amount of the principal under the Convertible Notes partially without immediate cash outflow as a result of its repayment of the Convertible Notes; and (ii) provide the Company with flexibility in working capital management and deployment of its financial resources to fund its business operations and development as well as the planning of its working capital requirements. If the

relevant Whitewash Resolutions are vetoed, there is uncertainty in (i) whether Mr. Chen and the Subscribers will waive the Conversion Conditions (iv) and/or (v) and proceed with the Possible Offer; and (ii) the amount of the Convertible Notes proposed to be converted by Mr. Chen, the Subscribers or any of the CN Placees.

The Directors (including the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee) consider that the terms of the Proposed Conversion and Whitewash Waiver are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

However, the Total Conversion would not provide any cash inflow to address the tight cash flow of the Group, subject to the market conditions, the Company will consider fundraising by utilising the general mandate granted by the Shareholders at the annual general meeting of the Company on 27 September 2024 and/or general mandate in the future, 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 requirements of the Listing Rules as and when appropriate.

F. Profit Estimate

Reference is made to the Profit Estimate, namely, the Updated Profit Warning (as defined in the supplemental Profit Warning Announcement dated 3 June 2025) which states that, the Group was likely to record a consolidated loss for FY2025 in the range between HK\$290 million and HK\$420 million (unaudited).

With the commencement of the offer period in respect of the Company from the date of the R3.5 Announcement, pursuant to Rule 10 of the Takeovers Code, the Profit Estimate (including the Updated Profit Warning) constitutes a profit forecast and must be reported on by the Company's financial adviser and auditors in accordance with Rule 10.4 of the Takeovers Code.

The Updated Profit Warning of the Company prepared by the Directors is based on the unaudited consolidated management financial statements of the Group for FY2025. The Profit Estimate has been prepared, in all material aspects, in accordance with the accounting policies consistent with those normally adopted by the Group set out in the annual report of the Group for the year ended 31 March 2024.

In this regard, the Profit Estimate has been reported on by Prism Hong Kong Limited, Certified Public Accountant and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance, and Innovax, the Independent Financial Adviser. Prism Hong Kong Limited is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly complied in accordance with a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Group for the year ended 31 March 2024. The Independent Financial Adviser is satisfied that the Profit Estimate has been made by the Directors with due care and consideration. Your attention is drawn to the

reports issued by Prism Hong Kong Limited and the Independent Financial Adviser on the statement of the Profit Estimate set out in Appendix III and IV to this EGM Circular, respectively.

III. APPLICATION FOR THE WHITEWASH WAIVER

As at the Latest Practicable Date, save for the Convertible Notes in the aggregate principal amount of US\$350,190,000, neither Mr. Chen, the Subscribers nor any party acting in concert with any of them owns (or has control or direction over) any Shares or any other convertible securities, options, warrants or derivatives in the Company.

Upon the Total Conversion (assuming conversion of the Convertible Notes in the aggregate principal amount of US\$214,700,000), Mr. Chen will, collectively with the Subscribers, hold in aggregate approximately 74.99% of the enlarged issued share capital of the Company (assuming that there will be no other change in the issued share capital of the Company save for the issuance of the Conversion Shares) and the Remaining Convertible Notes in the aggregate principal amount of US\$185,690,000.

Accordingly, upon completion of the Total Conversion, pursuant to Rule 26.1 of the Takeovers Code, Mr. Chen will be required to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Chen, the Subscribers and parties acting in concert with any of them, the Conversion Shares allotted and issued to the CN Placees pursuant to the Mandatory Conversion and any unconverted Convertible Notes placed to the CN Placee(s), unless the Whitewash Waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Mr. Chen has made an application to the Executive for the Whitewash Waiver from strict compliance with the obligations to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by Mr. Chen, the Subscribers and parties acting in concert any of with them, the Conversion Shares allotted and issued to the CN Placees pursuant to the Mandatory Conversion and any unconverted Convertible Notes placed to the CN Placee(s)) (which may be disqualified from conversion for the reason set out in Conversion Condition (ii) prior to the Total Conversion) under Rule 26.1 of the Takeovers Code as a result of the allotment and issuance of the Conversion Shares to the Subscribers. The Executive has indicated that it is minded to grant the Whitewash Waiver subject to, (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll; and (ii) the approval of the Proposed Conversion by more than 50% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll, as required under the Takeovers Code.

As the aggregate shareholding of Mr. Chen and the Subscribers would exceed 50% as a result of the Total Conversion, if the Whitewash Waiver is granted by the Executive and the Whitewash Resolutions are approved by the Independent Shareholders, Mr. Chen, the Subscribers and parties acting in concert with any of them may increase their shareholding in the Company, whether by further conversion of the Remaining Convertible Notes or acquisition of the Shares without incurring any further obligation under Rule 26 of the Takeovers Code to make a mandatory general offer.

The Total Conversion will not proceed if the Whitewash Waiver is not granted by the Executive or if the Whitewash Resolutions are not approved by the Independent Shareholders and Mr. Chen and the Subscribers do not waive Conversion Conditions (iv) and (v). If the Whitewash Waiver is not granted by the Executive or if the Whitewash Resolutions are not approved by the Independent Shareholders and Mr. Chen and the Subscribers do not waive Conversion Conditions (iv) and (v), Mr. Chen and the Subscribers can convert such amount of the Convertible Notes so that Mr. Chen, the Subscribers and parties acting in concert with any of them will have shareholding up to a percentage less than 30% of the enlarged issued share capital following such conversion having taking into account the Mandatory Conversion.

As at the date of the Latest Practicable Date, the Company did not believe that the Proposed Conversion or the Total Conversion would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Proposed Conversion or the Total Conversion does not comply with other applicable rules and regulations.

Possible Offer

As Mr. Chen and the Subscribers reserve their rights to waive Conversion Conditions (iv) and (v) in relation to the Proposed Conversion and the Whitewash Waiver, the possibility of the Shareholders receiving the Possible Offer as a result of the Proposed Conversion cannot be ruled out. Accordingly, an offer period in respect of the Company has commenced on the date of the R3.5 Announcement. The results of the EGM will be announced in accordance with the Listing Rules and the Takeovers Code following the conclusion of the EGM. If the Whitewash Waiver is not granted by the Executive and/or not approved by the Independent Shareholders at the EGM, Mr. Chen and the Subscribers may decide to:

- a. waive Conversion Conditions (iv) and (v) if they can provide proof of financial resources to the satisfaction of their financial adviser that sufficient financial resources are available to Mr. Chen and the Subscribers to satisfy full acceptance of the Possible Offer and proceed to the Possible Offer; or
- b. convert such amount of the Convertible Notes so that having considered the effect on the shareholding structure of the Company of the Mandatory Conversion, Mr. Chen, the Subscribers and parties acting in concert with any of them will have shareholding up to a percentage less than 30% of the enlarged issued share capital following such conversion.

If the Whitewash Waiver is not granted by the Executive and/or the Whitewash Resolutions are not approved by the Independent Shareholders at the EGM and if Mr. Chen and the Subscribers decide to waive the Conversion Conditions (iv) and (v) and proceed with the Possible Offer, as each of the CN Placees has confirmed and agreed to the Vendors the Possible Offer shall not be extended to the CN Placee and its associates in respect of the Sale CN and the Conversion Shares allotted and issued pursuant to the Mandatory Conversion.

If Mr. Chen and the Subscribers decide not to waive Conditions Precedent (iv) and (v) in such circumstances, the offer period will end when such an announcement is made. If the Independent Shareholders approve the Whitewash Resolutions at the EGM, the offer period will end when an announcement is made that the Possible Offer will not proceed.

In compliance with Rule 3.8 of the Takeovers Code, as at the Latest Practicable Date, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprised (i) 145,017,062 Shares in issue; and (ii) the Convertible Notes in the principal amount of US\$400,390,000. Save as aforesaid, the Company had no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Stock Exchange has stated that if, at the close of the Possible Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the then issued Shares (excluding treasury Shares), are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Mr. Chen intends the Company to remain listed on the Stock Exchange. The Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

IV. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Total Conversion, the Whitewash Waiver and the transactions contemplated thereunder, namely Ms. Sun Meng, Ms. Chen Dai, Mr. Kim Sung Rae and Mr. Wong Wei Hua Derek, has been formed to advise the Independent Shareholders with regard to the Proposed Conversion and the Whitewash Waiver.

Innovax Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed by the Board (with the approval of the Independent Board Committee) to advise the Independent Board Committee as to the fairness and reasonableness of the terms of the Proposed Conversion and the Whitewash Waiver and as to voting by the Independent Shareholders in accordance with the Takeovers Code.

V. GENERAL

As at the Latest Practicable Date, save for the Convertible Notes, 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, as the case may be.

VI. THE EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Whitewash Resolutions.

The Whitewash Resolutions will be proposed at the EGM to be approved by the Independent Shareholders. The Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders and the Proposed Conversion will be proposed by way of resolution to be passed by more than 50% of the independent votes that are cast either in person or proxy by the Independent Shareholders at the EGM.

The voting at the EGM will be conducted by way of poll. None of Mr. Chen, the Subscribers or parties acting in concert with any of them was interested in any Shares as at the Latest Practicable Date. As no Shareholders have a material interest in the Whitewash Resolutions or interested or involved in the Proposed Conversion and the Whitewash Waiver, no Shareholders will be required to abstain from voting on the Whitewash Resolutions to be proposed at the EGM.

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this EGM Circular. As at the Latest Practicable Date, to the extent that the Directors were aware and having made all reasonable enquiries, none of the Shareholders was required to abstain from voting on the Whitewash Resolutions at the EGM.

A form of proxy for use at the EGM is enclosed with this EGM Circular. Whether or not you intend to attend and vote in the EGM, you are requested to complete the form of proxy enclosed in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event before 10:00 a.m. on Saturday, 28 June 2025, which is no less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjourned meeting thereof should you so wish. An announcement setting out the poll results of the EGM will be made by the Company after the EGM.

Closure of Register of Members

For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 25 June 2025 to Monday, 30 June 2025 (both days inclusive) during which no transfer of Shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 24 June 2025.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules and Rule 2.9 of the Takeovers Code, any vote of Shareholders at a general meeting must be taken by poll. The chairman of the EGM, who shall be independent of Mr. Chen, the Subscribers and parties acting in concert with any of them, will therefore demand a poll for the resolutions put to the vote at the EGM in accordance with the articles of association of the Company. The results of the poll shall be deemed to be the resolutions of the

EGM in which the poll was demanded or required, and the poll results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (<https://enp.aconnect.com.hk>) after the EGM.

VII. WARNING

There is no assurance that the Proposed Conversion and/or the Whitewash Waiver will materialise or eventually be consummated and the proposed actions of the Subscribers may or may not lead to the Possible Offer for all issued Shares and other securities of the Company under Rule 26.1 of the Takeovers Code. The Possible Offer is subject to the Whitewash Waiver not being granted by the Executive or the Whitewash Resolutions not being approved by the Independent Shareholders, and Mr. Chen and the Subscribers waiving Conversion Conditions (iv) and (v). Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and/or other securities of the Company, and if they are in any doubt about their position or as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional adviser(s).

As the aggregate shareholding of Mr. Chen, the Subscribers and the parties acting in concert with any of them would exceed 50% as a result of the Total Conversion, if the Whitewash Waiver is granted by the Executive and the Whitewash Resolutions are approved by the Independent Shareholders, Mr. Chen, the Subscribers and parties acting in concert with any of them may increase their shareholding in the Company, whether by further conversion of the Remaining Convertible Notes or acquisition of the Shares without incurring any further obligations under Rule 26 of the Takeovers Code to make a mandatory general offer thereafter.

IX. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 in this EGM Circular which contains its recommendation to the Independent Shareholders (i) as to whether the terms of the Proposed Conversion and the Whitewash Waiver are fair and reasonable; and (ii) as to voting at the EGM in relation to the Whitewash Resolutions.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-20 in this EGM Circular which contains its advice to the Independent Board Committee and the Independent Shareholders (i) as to whether the terms of the Proposed Conversion and the Whitewash Waiver are fair and reasonable; and (ii) as to voting at the EGM in relation to the Whitewash Resolutions, and the principal factors and reasons considered by it in arriving at its advice.

You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the Whitewash Resolutions to be proposed at the EGM.

X. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this EGM Circular.

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

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