

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this EGM Circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this EGM Circular.

**If you are in any doubt** as to any aspect of this EGM Circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in E&P Global Holdings Limited, you should immediately hand this EGM Circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This EGM Circular is made for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of E&P Global Holdings Limited.

---



### **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)**

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

**Financial Adviser to Mr. Chen William Hon Lam, A Mark and Wayside**



**Independent Financial Adviser to the Independent Board Committee and the  
Independent Shareholders**



---

A letter from the Board is set out on pages 8 to 31 of this EGM Circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this EGM Circular. A letter from Innovax Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-20 of this EGM Circular.

A notice convening the EGM of E&P Global Holdings Limited to be held at Conference Room R3, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on 30 June 2025 (Monday) at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this EGM Circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy enclosed with this EGM Circular in accordance with the instructions printed thereon 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 possible and in any event before 10:00 a.m. on 28 June 2025 (Saturday), which is no less than 48 hours before the time appointed for holding the EGM or any adjournment (as the case may be) thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment (as the case may be) thereof in person if you so wish.

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS . . . . .</b>	<b>1</b>
<b>LETTER FROM THE BOARD . . . . .</b>	<b>8</b>
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE . . . . .</b>	<b>IBC-1</b>
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER . . . . .</b>	<b>IFA-1</b>
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP . . . . .</b>	<b>I-1</b>
<b>APPENDIX II — GENERAL INFORMATION . . . . .</b>	<b>II-1</b>
<b>APPENDIX III — REPORT FROM PRISM HONG KONG LIMITED ON THE PROFIT ESTIMATE . . . . .</b>	<b>III-1</b>
<b>APPENDIX IV — REPORT FROM THE INDEPENDENT FINANCIAL ADVISER ON THE PROFIT ESTIMATE . . . . .</b>	<b>IV-1</b>
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING . . . . .</b>	<b>EGM-1</b>

---

## DEFINITIONS

---

*In this EGM Circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“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 on behalf of Wayside as at the Latest Practicable Date
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Asian Capital”	Asian Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the exclusive financial adviser to Mr. Chen, A Mark and Wayside
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Capital Reorganisation”	share capital reorganisation of the Company, comprising (i) the reduction of the par value of each of the issued Shares from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.49 per issued Share so that following such reduction, each issued Share shall become one Reduced Share with a par value of HK\$0.01 each in the share capital of the Company; and (ii) the sub-division of the authorised but unissued Shares into fifty (50) unissued Reduced Shares with a par value of HK\$0.01 each, both of which became effective by 9:00 a.m. on Monday, 17 March 2025
“Closing”	closing of the Placing, which took place on 20 May 2025
“CN Circular”	the circular of the Company dated 20 December 2024 in relation to the Subscription Agreement and the issue of the Convertible Notes under specific mandate in full and final settlement of the Third Convertible Notes
“CN Placees”	the purchaser(s) of the Sale CN who are independent third parties to and not parties acting in concert with Mr. Chen, the Subscribers and any of their respective concert parties
“Company”	E&P Global Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Stock Exchange with stock code 1142

---

## DEFINITIONS

---

“Conversion Conditions”	the conditions precedent to the Proposed Conversion contained in the Conversion Notices and the New Conversion Notices, which are set out in the paragraph headed “II. The Proposed Conversion – B. Conversion Conditions” in the letter from the Board contained in this EGM Circular
“Conversion Notices”	the conversion notices dated 28 March 2025 served by the Subscribers on the Company which have been supplemented by the New Conversion Notice
“Conversion Price”	HK\$0.25 per Conversion Share
“Conversion Shares”	new Shares to be allotted and issued pursuant to the Convertible Notes
“Convertible Noteholder(s)”	holders of the Convertible Notes
“Convertible Notes”	zero coupon rate unsecured convertible note(s) in the aggregate principal amount of US\$400,390,000 issued by the Company on 17 March 2025 pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company from time to time
“EE Assets”	the exploration and evaluation assets of the Group in relation to the mining rights of lot 2 of the coal mines of the Group situated in Industrial area, Kemerovo district, Kemerovo region, 650906, Russia
“EGM”	the extraordinary general meeting of the Company to be convened and held at Conference Room R3, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on 30 June 2025 (Monday) at 10:00 a.m. for considering, and if though fit, approving, among other things, the Whitewash Resolutions
“EGM Circular”	this circular containing, among other things, (i) information about the Proposed Conversion and the Whitewash Waiver; (ii) the letter from the Independent Board Committee; (iii) the recommendations from the Independent Financial Adviser on the Proposed Conversion and the Whitewash Waiver; and (iv) a notice convening the EGM despatched to the Shareholders in accordance with the applicable requirements of the Takeovers Code
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“FY2025”	the financial year ended 31 March 2025

---

## DEFINITIONS

---

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	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, which has been formed to advise the Independent Shareholders with regard to the Proposed Conversion and the Whitewash Waiver
“Independent Financial Adviser” or “Innovax”	Innovax Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by Board (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Conversion and the Whitewash Waiver
“independent third parties”	third parties independent of the Company and its connected persons as defined under the Listing Rules
“Independent Shareholders”	Shareholders other than Mr. Chen, the Subscribers, and any parties acting in concert with any of them and those who are interested in or involved in the Proposed Conversion and/or the Whitewash Waiver
“Interim Report” or “2024 IR”	the interim report of the Company for the six months ended 30 September 2024
“Last Trading Date”	27 March 2025, being the last trading date for the Shares prior to the date of the R3.5 Announcement
“Latest Practicable Date”	3 June 2025, being the latest practicable date for ascertaining certain information for inclusion in this EGM Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

---

## DEFINITIONS

---

“Mandatory Conversion”	the conversion of the Sale CN in the aggregate amount of US\$50,200,000 into 1,566,240,000 Conversion Shares that will be triggered by the Proposed Conversion in accordance with the Placees Undertakings
“Mr. Chen” or “Applicant”	Mr. Chen William Hon Lam, formerly known as Chen William Youwen, who is the sole shareholder of Wayside and was deemed to be interested in the Convertible Notes in the aggregate amount of US\$350,190,000 pursuant to the SFO as at the Latest Practicable Date
“New Conversion Notices”	the new conversion notices served by the Subscribers on the Company on 22 May 2025 which has supplemented the Conversion Notices
“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
“Placees Undertakings”	various irrevocable undertakings as to the Sale CN by the CN Placees to the Vendors in relation to the Proposed Conversion pursuant to the Placing Agreement
“Placing”	placing of the Sale CN by the Placing Agent to investors on a best-effort basis to not less than six placees who are independent third parties and not parties acting in concert with any of Mr. Chen, the Subscribers and any of their respective concert parties
“Placing Agent”	Kingsway Financial Services Group Limited, a licensed corporation in Hong Kong permitted to carry on business in 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
“Placing Agreement”	the placing agreement dated 28 March 2025 entered into between the Vendors and the Placing Agent in relation to the Placing (as modified by the Supplemental Placing Agreement)
“Placing Price”	the placing price in respect of the Sale CN, which is HK\$0.25 equivalent per Conversion Share corresponding to the Sale CN placed

---

## DEFINITIONS

---

“Possible Offer”	the possible mandatory unconditional cash offer to be made by Asian Capital for and on behalf of Mr. Chen and the Subscribers to acquire all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the 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)) pursuant to Rule 26.1 of the Takeovers Code in the event that the Conversion Conditions (iv) and (v) are not fulfilled and the Subscribers waive the Conversion Conditions (iv) and (v) as set out in the paragraph headed “II. The Proposed Conversion – B. The Conversion Conditions” in the letter from the Board contained in this EGM Circular
“PRC”	the People’s Republic of China which, for the purpose of this EGM Circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Profit Estimate”	the Updated Profit Warning (as defined in the supplemental Profit Warning Announcement dated 3 June 2025) and the estimate of consolidated loss for FY2025 in the range of HK\$290 million and HK\$420 million (unaudited) as further set out in the paragraph headed “II. The Proposed Conversion – F. Profit Estimate” in the letter from the Board contained in this EGM Circular
“Profit Warning Announcements”	the profit warning announcement of the Company dated 7 May 2025 and the supplemental profit warning announcement of the Company dated 3 June 2025
“Proposed Conversion”	the proposed conversion of the Convertible Notes in the aggregate amount of US\$164,500,000 to 5,132,400,000 Conversion Shares by the Subscribers
“Relevant Period”	the period commencing on 28 September 2024, being the date falling six months prior to the date of the R3.5 Announcement and ending on and including the Latest Practicable Date
“Remaining Convertible Notes”	the Convertible Notes in the aggregate principal amount of US\$185,690,000 to be held by the Subscribers following completion of the Proposed Conversion
“R3.5 Announcement”	the joint announcement of Mr. Chen and the Company dated 28 March 2025 in relation to, among other things, the Proposed Conversion and the Whitewash Waiver

---

## DEFINITIONS

---

“Sale CN”	US\$26,000,000 and US\$74,000,000 agreed to be placed by Ocean Resources and Wayside through the Placing Agent, respectively, of which US\$50,200,000 were placed by Wayside (through the Placing Agent) and no Sale CN was placed by Ocean Resources upon Closing in accordance with the terms of the Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	holders of the Convertible Notes in the aggregate principal amount of US\$350,190,000 as at the Latest Practicable Date, namely A Mark, Ocean Resources and Wayside
“Subscription Agreement”	the subscription agreement dated 2 December 2024 entered into between the Company and the Subscribers in respect of the subscription for the Convertible Notes
“Supplemental Placing Agreement”	the supplemental agreement to the Placing Agreement dated 29 April 2025 entered into between the Vendors and the Placing Agent in relation to the Placing
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“Third Convertible Notes”	the convertible note issued by the Company on 3 April 2013 which was settled by the issue of the Convertible Notes by the Company to the Subscribers on 17 March 2025
“Total Conversion”	the Proposed Conversion and the Mandatory Conversion
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendors”	Mr. Chen (as deemed beneficial owner of the Sale CN), Ocean Resources and Wayside



---

## DEFINITIONS

---

“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) 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 wholly-owned by Mr. Chen
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Mr. Chen and the Subscribers to make a mandatory general offer for all the 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 which would otherwise arise as a result of the issue of the Conversion Shares from the Proposed Conversion
“Whitewash Resolutions”	resolutions approving (A) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, and (B) the Proposed Conversion by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Takeovers Code
“2025AR”	the financial results of the Group for the year ended 31 March 2025, which is expected to be published by the Company on or before the end of June 2025
“%”	per cent.

*For the purpose of this EGM Circular, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the 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.*

*All times and dates in this EGM Circular refer to the Hong Kong local times and dates.*

*\* For identification purpose only*

---

## LETTER FROM THE BOARD

---



**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)**

*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

*Registered Office:*

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

*Head Office and Principal Place of  
Business:*

Unit 1703, 17/F  
Cheong Tai Commercial Building  
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

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

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;

---

## LETTER FROM THE BOARD

---

- (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).

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

Selection criteria of the CN Placees : Each of the CN Placees confirmed to the Placing Agent and the 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;



---

## LETTER FROM THE BOARD

---

- (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

---

## LETTER FROM THE BOARD

---

- (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:

	<b>As at the date of the R3.5 Announcement</b>	<b>Add/(Less): Sale CN</b>	<b>Immediately upon Closing and as at the Latest Practicable Date</b>
	<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	<u>–</u>	<u>50,200.0</u>	<u>50,200.0</u>
<b>Total</b>	<b><u>400,390.0</u></b>	<b><u>–</u></b>	<b><u>400,390.0</u></b>

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.

---

## LETTER FROM THE BOARD

---

### 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.

---

## LETTER FROM THE BOARD

---

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

## LETTER FROM THE BOARD

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 <sup>Note 1</sup>	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Cheon Ji In M Partners <sup>Note 2</sup>	43,134,137	29.74%	43,134,137	0.63%	43,134,137	3.04%
E-Tron Co., Ltd <sup>Note 3</sup>	24,169,510	16.67%	24,169,510	0.35%	24,169,510	1.70%
Solidarity Partner <sup>Note 4</sup>	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%
	<b>92,146,723</b>	<b>63.54%</b>	<b>92,146,723</b>	<b>1.35%</b>	<b>92,146,723</b>	<b>6.50%</b>
Other public shareholders	52,870,339	36.46%	52,870,339	0.77%	52,870,339	3.73%
Collectively the “Existing Shareholders”	<b>145,017,062</b>	<b>100.00%</b>	<b>145,017,062</b>	<b>2.12%</b>	<b>145,017,062</b>	<b>10.23%</b>
CN Places	-	-	<b>1,566,240,000</b>	<b>22.89%</b>	<b>848,640,000</b>	<b>59.85%</b>
Sub-total			<b>1,711,257,062</b>	<b>25.01%</b>	<b>993,657,062</b>	<b>70.08%</b>
Public Float			<b>1,711,257,062</b>	<b>25.01%</b>	<b>357,177,062</b>	<b>25.19%</b>
A Mark <sup>Note 5</sup>	-	-	620,880,000	9.07%	-	-
Ocean Resources <sup>Note 5</sup>	-	-	1,020,240,000	14.91%	-	-
Wayside <sup>Note 5</sup>	-	-	3,491,280,000	51.01%	424,320,000	29.92%
Mr. Chen, the Subscribers and parties acting in concert with any of them	-	-	<b>5,132,400,000</b>	<b>74.99%</b>	<b>424,320,000</b>	<b>29.92%</b>
No. of (enlarged) issued Shares	<b>145,017,062</b>	<b>100.00%</b>	<b>6,843,657,062</b>	<b>100.00%</b>	<b>1,417,977,062</b>	<b>100.00%</b>

---

## LETTER FROM THE BOARD

---

### *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.

---

## LETTER FROM THE BOARD

---

	For the year ended		For the six months ended	
	31 March		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.

---

## LETTER FROM THE BOARD

---

### *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 Convertibles 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



---

## LETTER FROM THE BOARD

---

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

---

## LETTER FROM THE BOARD

---

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

---

## LETTER FROM THE BOARD

---

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

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

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

---

## LETTER FROM THE BOARD

---

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](http://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.



---

## LETTER FROM THE BOARD

---

### 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*



**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)**

6 June 2025

*To the Independent Shareholders*

Dear Sir/Madam,

**(1) PROPOSED CONVERSION OF CONVERTIBLE NOTES;**  
**AND**  
**(2) APPLICATION FOR WHITEWASH WAIVER;**

We refer to the EGM Circular issued by the Company to the Shareholders dated 6 June 2025 of which this letter forms part. Unless otherwise specified, terms used in this letter shall have the same meanings as defined in the EGM Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders 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. Innovax has been appointed, with the approval of the Independent Board Committee, as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from the Independent Financial Adviser” set out in the EGM Circular. Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that the terms of the Proposed Conversion and the Whitewash Waiver are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Accordingly, we recommend that the Independent Shareholders vote in favour of the Whitewash Resolutions.

*Yours faithfully,  
For and on behalf of the Independent Board Committee*

**Ms. Sun Meng**  
*Non-executive Director*

**Ms. Chen Dai**  
*Independent non-executive Director*

**Mr. Kim Sung Rae**  
*Independent non-executive Director*

**Mr. Wong Wei Hua Derek**  
*Independent non-executive Director*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the full text of the letter from Innovax Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this EGM Circular.*



*To the Independent Board Committee and the Independent Shareholders,*

6 June 2025

Dear Sirs,

### **PROPOSED CONVERSION OF CONVERTIBLE NOTES AND APPLICATION FOR WHITEWASH WAIVER**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Conversion of the Convertible Notes by the Subscribers and the Whitewash Waiver, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular issued to the Shareholders dated 6 June 2025 (the “**EGM Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this EGM Circular, unless otherwise specified.

On 28 March 2025 (after trading hours), 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 and subject to the 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. 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).

Upon the Total Conversion, Mr. Chen will, collectively with the Subscribers, hold 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). 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

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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.

In this regard, an application has been made by Mr. Chen to the Executive for the granting of the Whitewash Waiver in relation to the allotment and issuance of the Conversion Shares pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be 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.

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.

### OUR APPOINTMENT

We, Innovax Capital Limited, have been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in this respect.

As at the Latest Practicable Date, we did not have any relationships or interests in the Company that could reasonably be regarded as relevant to the independence of Innovax Capital Limited. During the past two years immediately preceding and up to date of our appointment as the Independent Financial Adviser in respect of the Proposed Conversion and the Whitewash Waiver, we have not entered into any engagement with the Group, Mr. Chen, the Subscribers or parties acting in concert with them. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we have or will receive any fees or benefits from the Group, Mr. Chen, the Subscribers and their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in respect of the Proposed Conversion and the Whitewash Waiver.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in this EGM Circular and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this EGM Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this EGM Circular, or the reasonableness of the opinions expressed by the

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Directors and the Management that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Proposed Conversion and the Whitewash Waiver.

Your attention is drawn to the responsibility statements as set out in the section headed “1. RESPONSIBILITY STATEMENT” of Appendix II to this EGM Circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the EGM Circular, save and except for this letter of advice.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the EGM Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the EGM Circular have been arrived at after due and careful consideration and there are no material facts not contained in the EGM Circular, the omission of which would make any statement in the EGM Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the EGM Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of the Group or the Shareholders as a result of the Proposed Conversion and the Whitewash Waiver. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other relevant securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Innovax Capital Limited to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations in respect of the Proposed Conversion and the Whitewash Waiver, we have taken the following principal factors and reasons into consideration:

#### 1. Background of the Proposed Conversion

Reference is made to the Company’s announcements dated 2 December 2024, 4 December 2024, 17 March 2025 and 22 May 2025 and the CN Circular dated 20 December 2024.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

On 2 December 2024, the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe to, and the Company conditionally agreed to issue, the Convertible Notes in the aggregate principal amount of US\$400,390,000, which shall be satisfied by the execution of the deed of settlement in full and final settlement of the Third Convertible Note. The Subscription Agreement was approved by the Shareholders at the extraordinary general meeting of the Company held on 6 January 2025, and the completion of the Subscription Agreement took place on 17 March 2025.

On 28 March 2025 (after trading hours), 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 and subject to the 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. 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).

## 2. Information of the Group

### *Principal business of 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.

### *Historical financial information of the Group*

Set out below is a summary of (i) the audited consolidated financial information of the Company for each of the two financial years ended 31 March 2023 and 2024, as extracted from the Company's annual report dated 28 June 2024 ("**Annual Report 2024**"); (ii) the unaudited consolidated information of the Company for the six months ended 30 September 2023, as extracted from the Company's interim report dated 30 November 2023; and (iii) the unaudited consolidated information of the Company for the six months ended 30 September 2024, as extracted from the Company's interim report dated 29 November 2024 ("**Interim Report 2024**");

---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

	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
– Sale of diesel	836,329	510,957	273,935	188,540
– Sale of gasoline	199,369	123,339	74,543	49,168
– Sale of others	113,977	30,405	5,246	3,117
Profit/(loss) before tax	528,926	108,658	41,593	(92,257)
Profit/(loss) attributable to the Shareholders	550,211	106,899	41,107	(93,873)
Net cash from operating activities	11,082	190	1,731	4,044
Net cash used in investing activities	(32,988)	(7,358)	(7,130)	(358)
Net cash from financing activities	24,723	2,706	2,488	1,736
Increase/(Decrease) in cash and cash equivalents	2,817	(4,462)	(2,911)	5,422
	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 current assets	23,833	14,448	16,290	16,367
– Cash and cash equivalents	5,349	228	2,290	5,762
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)
Net current liabilities	(3,704,427)	(3,705,062)	(3,730,067)	(3,660,259)
Capital deficiencies	(1,854,905)	(1,750,802)	(1,816,816)	(1,869,151)



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*For the year ended 31 March 2024 vs 31 March 2023*

In the Annual Report 2024, the Company highlighted a 42.2% decrease in revenue for the Group, dropping from HK\$1,149.7 million in the year ended 31 March 2023 to HK\$664.7 million in the year ended 31 March 2024. This decline in revenue was primarily attributed to reduced demand for diesel and gasoline, influenced by higher sales prices of diesel and gasoline driven by geopolitical tensions between Russia and Ukraine and overall inflation during the year. Additionally, the general depreciation of the Korean Won further impacted the Group's revenue when converted into the reporting currency of Hong Kong Dollar for the purpose of consolidated accounts reporting.

Furthermore, the Group reported a significant decrease of 79.5% in profit before tax, decreasing from HK\$528.9 million for the year ended 31 March 2023 to HK\$108.7 million for the year ended 31 March 2024. According to the Annual Report 2024, the decrease in profit before tax was primarily attributable to the decrease in reversal of impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) of approximately HK\$142.9 million (31 March 2023: Approximately HK\$717.5 million), which was partially offset by the decrease in the amortization of other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) as no such amortization was recorded for the year ended 31 March 2024 (31 March 2023: Approximately HK\$175.92 million) where the intangible assets had been fully amortized under the cost model as at 31 March 2023.

Despite the Group recorded profits for the years ended 31 March 2023 and 31 March 2024, the Group's cash flow position did not allow for the accumulation of sufficient cash reserves for potential repayment of the Convertible Notes in the future. Net cash inflows from operating activities of approximately HK\$11.1 million and HK\$0.2 million were generated for the years ended 31 March 2023 and 31 March 2024, respectively, resulting in cash and cash equivalents of approximately HK\$5.3 million and HK\$0.2 million for the corresponding periods. The cash balance is inadequate to meet the future repayment obligations of the Convertible Notes.

*For the six months ended 30 September 2024 vs 30 September 2023*

The Company reported in its Interim Report 2024 that the Group recorded a decrease of 31.9% in revenue, from HK\$353.7 million for the six months ended 30 September 2023 to HK\$240.8 million for the six months ended 30 September 2024. According to the Interim Report 2024, the decrease in revenue was mainly due to the decline in sales of diesel and gasoline to the Group's certain top customers for the six months ended 30 September 2024, driven by lower purchasing sentiment amid geopolitical tensions, including the ongoing Ukraine-Russia conflict, the Israel-Gaza Strip conflict, and economic uncertainties related to the United States and Organization of the Petroleum Exporting Countries (OPEC) policies.

The Group also recorded a loss before tax of approximately HK\$92.3 million for the six months ended 30 September 2024, when compared with profit before tax of approximately HK\$41.6 million for the six months ended 30 September 2023. According to the Interim Report 2024, the loss before tax was mainly attributable to the combined effects of impairment loss on exploration and evaluation assets of approximately HK\$131.1 million for the six months ended 30 September 2024 (30 September 2023: reversal of impairment loss of approximately HK\$55.0 million), partially offset by

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

the decrease in administrative expenses from HK\$10.6 million for the six months ended 30 September 2023 to HK\$4.5 million for the six months ended 30 September 2024 and the gain from write off of interest-bearing borrowings of approximately HK\$46.1 million (30 September 2023: nil). The gain from the write-off arose because such interest-bearing borrowings, which had been outstanding for over six years and owed to a lender who dissolved in 2023, became time-barred under Hong Kong's Limitation Ordinance, enabling the Group to write off the liability.

For the six months ended 30 September 2024, the Group recorded an increase in cash and cash equivalents of approximately HK\$5.4 million. The Group's condensed consolidated statement of cash flows as set out in the Interim Report 2024 suggests that the said increase was mainly due to (i) working capital change of approximately HK\$6.3 million; and (ii) loans received from shareholders of approximately HK\$1.6 million. As such, we are of the view that the said net increase does not indicate the Group will be able to accumulate sufficient cash to repay the Convertible Notes when fall due.

### ***Audit opinion***

In the audit opinion of Prism Hong Kong and Shanghai Limited, the independent external auditor, contained in the Annual Report 2024, the auditor highlighted the material uncertainty related to the going concern as one of the emphasis of matter with the following statements in their report:

#### *"Development of Russia – Ukraine War*

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

#### *Material Uncertainty Related to the Going Concern*

*As at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK\$3,705,062,000 and HK\$1,750,802,000 respectively. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.*

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

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

According to the audit opinion in the Annual Report 2024, the Group faced significant financial challenges, with net current liabilities of approximately HK\$3,705.1 million and net liabilities of HK\$1,750.8 million as at 31 March 2024. These conditions, along with other factors noted in the financial statements, indicated a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The use of the going concern basis for preparing the consolidated financial statements depends heavily on whether the Group implements measures to improve its liquidity successfully. Should the Group be unable to continue as a going concern, it may not be able to realize its assets or discharge its liabilities in the normal course of business. Failure to improve liquidity could lead to creditor actions, liquidation, suspension of trading of the Shares, or eventual delisting from the Stock Exchange.

According to the Management, based on their discussion with the independent auditor, the Proposed Conversion, which involves converting debt to equity, is expected to significantly reduce the Group's net current liabilities and net liabilities. If successfully implemented, the Proposed Conversion should effectively improve the Group's liquidity and mitigate its going concern uncertainty.

### *The Profit Warning Announcements*

As disclosed in the Profit Warning Announcements, based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for FY2025, the Group is expected to record a consolidated loss for FY2025 in the range of HK\$290 million to HK\$420 million (unaudited). According to the Profit Warning Announcements, the consolidated loss for FY2025 arises from: (i) an estimated impairment loss on the exploration and evaluation assets of approximately HK\$708 million for FY2025 due to the decrease in valuation of the exploration and evaluation assets based on a preliminary valuation as at 31 March 2025, attributable to the combined effects of decrease in coal sales prices of certain types of coals, appreciation of Russian Rubles to United States Dollars and change in expected future inflation rate of costs; (ii) a gain from the settlement of the Third Convertible Notes of approximately HK\$468.5 million, representing the difference between the carrying amount of the Third Convertible Notes and the consideration; and (iii) a fair value adjustment loss on the Convertible Notes of not less than HK\$100 million for FY2025 based on a preliminary valuation of the Convertible Notes as at 31 March 2025.

Given that the Group is expected to record a consolidated loss for FY2025, which will worsen its financial position by increasing net liabilities, we believe that the Proposed Conversion is crucial to help the Company mitigate the Group's net liabilities and improve its financial position.

### **3. Competitive environment of the Group's business**

#### *Trading segment*

The Group's trading segment, which specialise in the sale and distribution of diesel, gasoline, and related petroleum products to gas stations and industrial fuel consumers in Korea, operates in a highly competitive market with persistently slim margins. For the years ended 31 March 2023 and 2024, gross profit margins of the Group's trading segment were 1.1% and 1.2%, respectively, reflecting intense profitability pressures. Demand for these products depends on global diesel and gasoline

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

prices, influenced by international oil markets and competition from alternatives like electric vehicles and natural gas. Higher oil prices typically reduce demand, while sharp decrease can lower profit margins and risk losses on inventory.

According to the United States Energy Information Administration<sup>1</sup>, diesel prices in United States ranged from US\$3.5 to US\$4.0 per gallon in 2024, with a volatility of 14.3%, while gasoline prices in United States spanned US\$3.1 to US\$3.7 per gallon, with a volatility of 19.4%. These trends were mainly driven by Brent crude oil prices, which fluctuated between US\$74.0 and US\$89.0 per barrel in 2024. This volatility, driven partly by Russia's conflict with Ukraine, may lead to inconsistent sales for the Group. Looking ahead, ongoing geopolitical tensions, now compounded by a trade war sparked by tariffs introduced by United States in April 2025, are likely to sustain volatility in prices and demand for diesel and gasoline, posing persistent challenges to the Group's trading segment.

### ***Coal mining segment***

As noted in the Annual Report 2024, the development of the Group's coal mining segment is constrained by volatile coal prices, geopolitical risks, and sanctions-related funding constraints. The Group recognized a reversal of impairment loss on exploration and evaluation assets of approximately HK\$142.9 million for the year ended 31 March 2024 but recorded an impairment loss of approximately HK\$131.1 million for the six months ended 30 September 2024. The Russia-Ukraine conflict and global economic uncertainties have caused sharp fluctuations in international coal prices. According to the International Monetary Fund<sup>2</sup>'s coal price index, the coal price index ranged from 173.8 to 414.5 in 2023 and from 163.5 to 197.1 in 2024. The average monthly coal price index decreased from 227.8 in 2023 to 184.2 in 2024, a decline of approximately 19.1%. These price fluctuations have significant impact on the period-end/year-end valuation of the Group's exploration and evaluation assets, potentially affecting the Group's financial results through impairment losses or reversals and its total non-current assets. Moreover, United States and European Union sanctions on major Russian banks have disrupted fund remittances to the Group's Russian subsidiary, impeding daily operations and coal mine development.

## **4. Information on 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 1802 acre of land in

<sup>1</sup> *The United States Energy Information Administration is a principal agency of the United States Federal Statistical System and is responsible for collecting, analyzing, and disseminating energy information.*  
Source of the data: <https://www.eia.gov/petroleum/gasdiesel/>

<sup>2</sup> *The International Monetary Fund is an international organization established in 1944 with 190 member countries to promote global monetary cooperation, ensure financial stability, facilitate international trade, foster sustainable economic growth. It can access comprehensive data from member countries, central banks, and industry sources.*  
Source of the data: <https://www.imf.org/en/Research/commodity-prices>

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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.

Based on the confirmation of Mr. Chen, he has not been interested (directly or indirectly) in any companies listed on the Stock Exchange for more than 5% of the issued share capital in the past and he has not been appointed as a director of any companies listed on the Stock Exchange.

As stated in the Letter from the Board, Mr. Chen does not intend to introduce any major changes to the Group's existing business operations, discontinue the employment of any employees of the Group, or change the composition of the Board. Although he lacks experience as a substantial shareholder or director of a listed company on the Stock Exchange, based on the experience of Mr. Chen in the coal mining business, we believe he is capable to assist the Group in expanding its core businesses should opportunities arise and to recommend qualified candidates to strengthen the management team's profile and experience.

### ***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. As stated in the Letter from the Board, Mr. Yao Junliang is a friend of Mr. Chen and Mr. Wong Wilson over five years.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 5. Reasons and benefits of the Proposed Conversion

As stated in the Letter from the Board, the Board considers that the Proposed Conversion and the Whitewash Waiver to be fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, details of which can be referred to the section headed “E. Reasons for the Proposed Conversion” in the Letter from the Board in this EGM Circular. We have taken into account the following factors when assessing the reasonableness of the Proposed Conversion:

#### *The financial position and going concern uncertainty of the Group*

As stated in the Letter from the Board, 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’s financial position. As at 31 March 2024 and 30 September 2024, the Group had net liabilities of approximately HK\$1,750.8 million (audited) and HK\$1,869.2 million (unaudited), respectively, and net current liabilities of approximately HK\$3,705.1 million (audited) and HK\$3,660.3 million (unaudited), respectively. The Board is of the view that the Total Conversion, including the Proposed Conversion, can assist the Company to alleviate the Group’s net liabilities and net current liabilities.

According to the Interim Report 2024, the Company had net liabilities of approximately HK\$1,869.2 million and net current liabilities of approximately HK\$3,660.3 million, including the Third Convertible Notes with a carrying value of approximately HK\$3,591.5 million, classified as current liabilities. Assuming the settlement of the Third Convertible Notes and the completion of the Proposed Conversion took place on 30 September 2024, triggering the Mandatory Conversion:

- (i) the Group’s net current liabilities would be reduced from HK\$3,660.3 million to HK\$68.8 million and would shift from a net liabilities position to a net assets position, details of the financial effect can be referred to the section headed “7. Financial effect of the Proposed Conversion – Effect on net liabilities/net current liabilities”; and
- (ii) the Group’s current ratio, defined as the ratio of current assets to current liabilities, would increase from 0.45% to 19.23%.

Therefore, we agree with the Board’s view that the Proposed Conversion can alleviate the net liabilities and net current liabilities positions of the Group.

Furthermore, as outlined in the section headed “2. Information of the Group – Historical financial information of the Group – Audit opinion” above, the material uncertainty related to the going concern of the Group was mainly attributable to the net current liabilities and net liabilities of the Group as at 31 March 2024. Given the Proposed Conversion can substantially reduce the net current liabilities and net liabilities, we believe the Proposed Conversion can mitigate the Group’s going concern uncertainty.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Ability of the Group to redeem the Convertible Notes upon maturity*

As at the Latest Practicable Date, the outstanding principal amount of the Convertible Notes was US\$400,390,000 (equivalent to HK\$3,123,042,000). For the year ended 31 March 2024 and the six months ended 30 September 2024, the Group recorded net cash inflow from operating activities of approximately HK\$0.2 million and HK\$4.0 million only, respectively. With cash and cash equivalents of approximately HK\$0.2 million as at 31 March 2024 and HK\$5.8 million as at 30 September 2024, we believe the Group lacks sufficient funds to meet the repayment obligations of the Convertible Notes due in 2030 based on its existing business operations.

Based on our discussion with the Management, we understand that the Group has exhausted all alternative methods of fund raising available, none of which were successful. As stated in the Letter from the Board, the financial performance and the financial positions of the Group, in particular, the net liabilities and net current liabilities positions as well as the going concern uncertainty as mentioned above, 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) and pre-emptive offering of new shares to existing Shareholders by rights issue or open offer. Without the Proposed Conversion, it would be difficult for the Group to improve its financial position and secure external financing through debt or equity to redeem the Convertible Notes.

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.

Taking into account of the above, we agree with the Board's assessment that the Total Conversion, which includes the Proposed Conversion, could alleviate the Group's net liabilities and net current liabilities positions, thus mitigating the significant uncertainty surrounding the Group's ability to continue as a going concern and paving the way for alternative fund raising opportunities following the completion of the Proposed Conversion.

### **6. 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 83.55% to the closing price of HK\$1.52 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;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

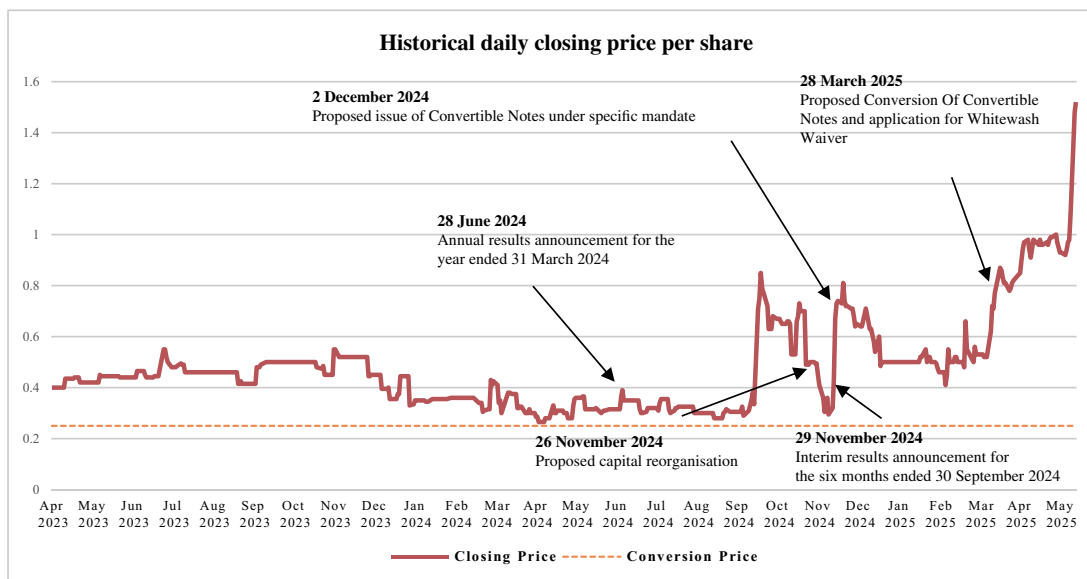
- (iii) a discount of approximately 52.47% to the average of the closing prices of HK\$0.526 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iv) a discount of approximately 52.26% to the average of the closing prices of 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 524.5% over the adjusted net asset value per Shares of approximately HK\$0.04 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 2024, the principal of the Remaining Convertible Notes upon Total Conversion of HK\$1,448.4 million and 6,834,657,062 Shares in issue upon 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.

In order to assess the fairness and reasonableness of the Conversion Price, we conducted an analysis on the price of the Shares. Set out below is a chart showing the movement of the closing prices of the Shares during the period from 28 March 2024 to the Latest Practicable Date, being a period covering (i) one year prior to and including the Conversion Notices dated 28 March 2025; and (ii) the period from the date of Conversion Notices to the Latest Practicable Date (the “**Share Review Period**”). The comparison of closing prices of the Shares and Conversion Price is illustrated as follows:



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Source: Stock Exchange

During the Share Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.52 per Share recorded on 3 June 2025 and HK\$0.265 recorded on 25 April 2024, 26 April 2024 and 29 April 2024. The Conversion Price was at a discount of approximately 5.7% to the lowest closing price of the Shares during the Share Review Period.

Although the Conversion Price was lower than the lowest closing price of the Shares during the Share Review Period, we wish to highlight that since the date when the Subscription Agreement was entered into (i.e. 2 December 2024) and up to the Last Trading Date (i.e. 27 March 2025), the Shares have consistently traded above the Conversion Price, with the Share price rising by 62.5% during this period. This performance significantly outperformed the Hang Seng Index, which increased by approximately 20.6% over the same period. Additionally, no announcements were made by the Company during this period that had a material positive impact on the Share price. We believe these factors indicate a strong positive market reaction to the Subscription Agreement, which is further evidence by the unanimous approval of the shareholders' resolution to issue the Convertible Notes, including the Conversion Price, by the Shareholders at the extraordinary general meeting held on 6 January 2025.

Having considered (i) the Conversion Price is at premium of approximately HK\$13.1392 over 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); (ii) the Conversion Price is at premium of approximately 524.5% over the adjusted net asset value per Share of approximately HK\$0.04 as at 30 September 2024 as illustrated above, the Proposed Conversion can lead to a higher adjusted net asset value per Shares following the completion of the Total Conversion; (iii) although the Conversion Price is at a discount to the lowest closing price of the Shares during the Share Review Period, the Shares have not been traded below the Conversion Price since the date of the Subscription Agreement; (iv) the Conversion Price was approved by the Shareholders in the extraordinary general meeting held on 6 January 2025 unanimously; and (v) as

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

stated in the section headed “5. Reasons and benefits of the Proposed Conversion – Ability of the Group to redeem the Convertible Notes upon maturity”, the Management has exhausted all alternative methods of fund raising available and none of which were successful, we are of the view that the Conversion Price is fair and reasonable.

### 7. Financial effect of the Proposed Conversion

Between the completion date of the Subscription Agreement (i.e. 17 March 2025) and the Latest Practicable Date, the Company has not issued any financial statements. Consequently, the financial impact of issuing the Convertible Notes has not been reflected in any of the Company’s published financial statements.

#### *Effect on net liabilities/net current liabilities*

According to the Interim Report 2024, the Group’s net current liabilities was approximately HK\$3,660.3 million and net liabilities was approximately HK\$1,869.2 million as at 30 September 2024. As advised by the Management, the Group’s current liabilities as at 30 September 2024, included convertible notes payables, specifically the Third Convertible Notes, with a carrying amount of approximately HK\$3,591.5 million. This carrying value comprised HK\$3,123.0 million in principal and HK\$468.5 million in imputed interest, representing the 15.0% redemption premium recognized as liability in prior financial years.

Assuming the settlement of the Third Convertible Notes and the completion of the Proposed Conversion took place on 30 September 2024, which would also trigger the Mandatory Conversion, the Group’s net current liabilities would decrease from HK\$3,660.3 million to HK\$68.8 million (excluding any gain or loss that may arise from fair value change of the Convertible Notes upon issuance or subsequently) as a combined effect of the following:

- (i) completion of the Subscription Agreement and execution of the deed of settlement, settling the principal of the Third Convertible Notes through the issuance of new Convertible Notes and waiving of the redemption premium, resulting in a gain from the write-off of the convertible notes payable of approximately HK\$468.5 million;
- (ii) the reclassification of the Remaining Convertible Notes, amounting to US\$185.7 million (equivalent to HK\$1,448.4 million), from current liabilities to non-current liabilities due to their maturity date in March 2030; and
- (iii) partial conversion of the Convertible Notes through the Proposed Conversion, totaling US\$164.5 million (equivalent to HK\$1,283.1 million) and the Mandatory Conversion of US\$50.2 million (equivalent to HK\$391.6 million).

In view of such and as advised by the Directors, following the settlement of the Third Convertible Notes and assuming completion of the Proposed Conversion took place on 30 September 2024, which would also trigger the Mandatory Conversion, the Group’s net current liabilities would be reduced. Consequently, the Group would shift from a net liabilities position to a net assets position.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Effect on gearing*

The Group's gearing ratio, calculated as total interest-bearing loans and borrowings divided by total assets, was approximately 10.80% as at 30 September 2024. As advised by the Directors, the completion of the Proposed Conversion is expected to have no effect on the said gearing ratio as the Convertible Notes and the Third Convertible Notes, which are not interest bearing as at 30 September 2024, are not included as numerator of the Group's gearing ratio.

To better assess the financial impact of the Proposed Conversion, we also review its impact to the Group's current ratio. According to the Interim Report 2024, the Group's current ratio, being a ratio of current assets to current liabilities, was 0.45%. As advised by the Directors, following the settlement of the Third Convertible Notes by the issuance of the Convertible Notes, and the completion of the Total Conversion, the Group's current ratio would increase from 0.45% to 19.23%. This clearly illustrates the significant positive impact of the Proposed Conversion to the Group's financial position.

### *Effect on liquidity*

Given that the Proposed Conversion involves transferring debt to equity without involving cash flow, it will not have an immediate material impact on the Group's cash position.

According to the Interim Report 2024, the Group's cash and cash equivalents amounted to approximately HK\$5.8 million as at 30 September 2024. As disclosed in the CN Circular and advised by the Management, the liquidity of the Group for the year ended 31 March 2024 and 30 September 2024 is 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\$2.2 million, respectively.

The aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position and performance of the Group will be after the completion of the Proposed Conversion. As advised by the Directors, completion of the Total Conversion is expected to reduce cash outflow for redemption of the Convertible Notes at maturity (i.e. March 2030), as the Group lacks the ability to meet this obligation based on its latest published financial statements.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 8. Dilution effect on the shareholding interest of the public shareholders

With reference to the shareholding table in the section headed “C. Effect on the Shareholding Structure of the Company” of the Letter from the Board, the shareholding interests of the existing other public Shareholders would be diluted from 36.46% to 0.77% immediately after completion of the Total Conversion (assuming the Whitewash Waiver is granted by the Executive and the Whitewash Resolutions are approved by the Independent Shareholders).

We are of the view that the dilution effect of the Proposed Conversion is justifiable and reasonable after taking into consideration that:

- (i) the Group’s current liabilities and net current liabilities can be alleviated immediately, and the going concern uncertainty can be mitigated accordingly after completion of the Proposed Conversion. Assuming the settlement of the Third Convertible Notes and the completion of the Proposed Conversion took place on 30 September 2024, which would also trigger the Mandatory Conversion, the Group’s current ratio as at 30 September 2024 would increase from 0.45% to 19.23%;
- (ii) the Subscription Agreement and the transactions contemplated thereunder were approved by the then independent Shareholders on 6 January 2025 and the Proposed Conversion is only the exercise of the conversion rights attaching to the Convertible Notes which was previously granted to the holders of the Convertible Notes; and
- (iii) as stated in the section headed “5. Reasons and benefits of the Proposed Conversion – Ability of the Group to redeem the Convertible Notes upon maturity”, the Management has exhausted all alternative methods of fund raising available and none of which were successful due to the financial performance and the financial positions of the Group, in particular, its net liabilities and net current liabilities position as well as the going concern uncertainty. Without the Proposed Conversion, it would be difficult for the Group to improve its financial position and secure external financing through debt or equity.

Taking into account of the above factors, we are of the view that the said dilution effect on the shareholding interest of the existing other public Shareholders is fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

### 9. The Whitewash Waiver

With reference to the Letter from the Board, 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;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (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 Mr. Chen and the Subscribers of 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) (the “**Whitewash Conditions**”) 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

With reference to the Letter from the Board, as at the Latest Practicable Date, save for the Convertible Notes, 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, Mr. Chen will, collectively with the Subscribers, hold 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.

In this regard, an application has been made by Mr. Chen to the Executive for the granting of the Whitewash Waiver in relation to the issuance of the Conversion Shares pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be conditional upon, among others, the conditions that 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.

### **10. Summary of our analysis**

Having considered that:

- (i) the Proposed Conversion will ease the going concern uncertainty and the Group's net current liabilities and net liabilities positions as at 30 September 2024, which is crucial to the Company as the Group is expected to record a consolidated loss for FY2025 according to the Profit Warning Announcements;
- (ii) the competitive market condition facing by the trading and coal mining segment of the Group;
- (iii) the Conversion Price is fair and reasonable as concluded under the section headed "6. Conversion Price" above;
- (iv) the financial effect of the Proposed Conversion as set out under the section headed "7. Financial effect of the Proposed Conversion" above;
- (v) the dilution effect of the Proposed Conversion of the Convertible Notes on the shareholding interests of the public Shareholders is acceptable as set out under the section headed "8. Dilution effect on the shareholding interest of the public shareholders" above; and

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (vi) if any of the Whitewash Conditions is not fulfilled, there is no certainty that the Proposed Conversion will take place,

we consider that the Proposed Conversion of the Convertible Notes and the Whitewash Waiver are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

### RECOMMENDATION

Having taken into consideration the factors as set out above, we consider that the Proposed Conversion and the Whitewash Waiver are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Proposed Conversion and the Whitewash Waiver.

Yours faithfully,  
For and on behalf of  
**Innovax Capital Limited**

<b>Calvin Poon</b>	<b>Alvin Wong</b>
<i>Managing Director</i>	<i>Director</i>

*Mr. Calvin Poon and Mr. Alvin Wong are licensed persons under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Innovax Capital Limited. Mr. Calvin Poon and Mr. Alvin Wong have over 21 and 14 years of experience in corporate finance industry, respectively.*

**1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2022, 2023 AND 2024 AND FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The financial information of the Group for the three years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2024, together with the accompanying notes to financial statements (including the significant accounting policies), are respectively set out in the following documents, which are also available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<https://enp.aconnect.com.hk/en/index.aspx>) for access:

Pages 2 to 47 of the Company's unaudited interim report for the six months ended 30 September 2024 published on 23 December 2024;

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1223/2024122300441.pdf>)

Pages 32 to 127 of the annual report of the Company for the year ended 31 March 2024 published on 31 July 2024;

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0731/2024073100611.pdf>)

Pages 34 to 131 of the annual report of the Company for the year ended 31 March 2023 published on 28 July 2023;

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800795.pdf>)

And

Pages 35 to 129 of the Company's annual report for the year ended 31 March 2022 published on 28 July 2022.

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801030.pdf>)

The audited consolidated financial statements of the Company for the three years ended 31 March 2022, 2023 and 2024 are incorporated by reference into this EGM Circular and form part of this EGM Circular.

The following summary of financial information for each of the three years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2023 and 2024 as extracted from the consolidated financial statements of the Company as set forth in the annual reports and the interim report of the Group set out above.



**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

	For the six months ended		For the year ended 31 March		
	30 September		2024	2023	2022
	2024	2023	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)			
<b>REVENUE</b>	240,825	353,724	664,701	1,149,675	1,168,035
Cost of Sales	(237,302)	(349,917)	(657,049)	(1,137,389)	(1,159,112)
<b>Gross profit</b>	3,523	3,807	7,652	12,286	8,923
Other income	72	88	153	3,032	365
Other gains and losses	(84,506)	54,981	129,734	718,350	(100,888)
Selling and distribution costs	(1,896)	(1,683)	(3,769)	(4,036)	(2,936)
Administrative expenses	(4,460)	(10,559)	(14,992)	(14,716)	(15,693)
Other expenses	–	–	–	(175,921)	(225,214)
Finance costs	(4,990)	(5,041)	(10,120)	(10,069)	(12,576)
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	(92,257)	41,593	108,658	528,926	(348,019)
Income tax credit (expense)	796	(1,446)	(3,028)	(1,430)	(1,551)
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>	<u>(91,461)</u>	<u>40,147</u>	<u>105,630</u>	<u>527,496</u>	<u>(349,570)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>					
<b>ATTRIBUTABLE TO:</b>					
Owners of the Company	(93,873)	41,107	160,899	550,211	(343,499)
Non-controlling interests	2,412	(960)	(1,269)	(22,715)	(6,071)
	<u>(91,461)</u>	<u>40,147</u>	<u>105,630</u>	<u>527,496</u>	<u>(349,570)</u>
<b>OTHER COMPREHENSIVE EXPENSE</b>					
<b>FOR THE PERIOD</b>					
Exchange differences arising on translation of financial statements of foreign operations	(26,888)	(2,058)	(1,527)	(313)	(39,637)
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD</b>	<u>(118,349)</u>	<u>38,089</u>	<u>104,103</u>	<u>527,183</u>	<u>(389,207)</u>
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD</b>					
<b>ATTRIBUTABLE TO:</b>					
Owners of the Company	(120,905)	32,755	103,937	549,985	(380,250)
Non-controlling interests	2,556	5,334	166	(22,802)	(8,957)
	<u>(118,349)</u>	<u>38,089</u>	<u>104,103</u>	<u>527,183</u>	<u>(389,207)</u>
<b>(LOSS)/EARNINGS PER SHARE</b>					
Basic and diluted (HK\$)	<u>(0.65)</u>	<u>0.28</u>	<u>0.74</u>	<u>3.79</u>	<u>(2.37)</u>

For each of the years ended 31 March 2022, 2023 and 2024 and six months period ended 30 September 2023 and 2024, no dividend was declared or paid by the Company.

Save for the recognition of reversal of impairment loss on exploration and evaluation assets of approximately HK\$717.456 million and HK\$142.912 million for each of the two years ended 31 March 2023 and 2024, there were no items of income or expense which were material for each of the years ended 31 March 2022, 2023 and 2024 and six months period ended 30 September 2023 and 2024.

**For the financial year ended 31 March 2022**

The consolidated financial statements of the Company for the year ended 31 March 2022 were audited by Unitax Prism (HK) CPA Limited, who expressed emphasis of matter related to going concern which have been reproduced below:

“As at 31 March 2022, the Group had net current liabilities and net liabilities of approximately HK\$3,662,806,000 and HK\$2,382,088,000 respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Also, we draw attention to note 41 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not modified in respect of this matter.”

**For the financial year ended 31 March 2023**

The consolidated financial statements of the Company for the year ended 31 March 2023 were audited by Prism Hong Kong and Shanghai Limited, who expressed emphasis of matter related to going concern which have been reproduced below:

“As at 31 March 2023, the Group had net current liabilities and net liabilities of approximately HK\$3,704,427,000 and HK\$1,854,905,000 respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Also, we draw attention to note 43 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuits filed against the Group. Our opinion is not modified in respect of this matter.”

**For the financial year ended 31 March 2024**

The consolidated financial statements of the Company for the year ended 31 March 2024 were audited by Prism Hong Kong and Shanghai Limited, who expressed emphasis of matter related to going concern which have been reproduced below:

“As at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK\$3,705,062,000 and HK\$1,750,802,000 respectively. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The Group is in the progress of implementing various measures to improve its liquidity. On the basis that all these measures could be successfully implemented, the directors of the Company are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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

**2. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group continues to navigate a difficult global economic climate marked by rising costs and political uncertainty. High interest rates and persistent inflation, along with lingering trade tensions and geopolitical conflicts, are creating headwinds for the Group’s core businesses. Notably, the ongoing Russia-Ukraine war has disrupted energy markets – driving up diesel and gasoline prices – which in turn dampened demand and added volatility in the Group’s trading segment. These uncertainties have also impacted the coal mining business, as the war’s effects on the Russian economy and international trade conditions pose additional challenges for project development and operations. Overall, the macroeconomic backdrop remains complex and is expected to keep the operating environment challenging in the near term.

In light of these challenges, the Group is actively implementing strategic initiatives to fortify its trading operations in Korea. A key focus is expanding its market presence by partnering with more independent petrol stations, thereby widening its customer base and sales network. At the same time, the Group is enhancing cost efficiency and service reliability – for example, purchasing fuel in bulk during low-demand periods and delivering directly from refineries to stations to minimize lead times and logistics costs. These steps enable the Group to offer competitive pricing and a stable supply to its clients, helping differentiate its services in a highly price-sensitive market. The Group is also leveraging digital marketing (such as “untact marketing” online outreach) and pursuing proactive sales efforts to reach new customers and drive volume growth. Additionally, management remains responsive to customer needs by exploring value-added services and is prepared to diversify the

product mix when opportunities arise, further distinguishing the Group's trading offerings. Together, these initiatives aim to strengthen the resilience and competitiveness of the Korea trading business in the face of external pressures.

Concurrently, the Group is cautiously advancing its coal mining operations with a strong emphasis on stakeholder engagement, environmental compliance, and modernising its mining practices. Management has been working closely with industry experts and local authorities to ensure that development plans meet all regulatory requirements and community expectations. This has included conducting technical studies to demonstrate compliance with environmental standards and holding public hearings to listen to the concerns of local residents. The Group is committed to upholding the highest environmental standards so that the mining project poses no threat to the surrounding environment and community, laying the groundwork for a project that can ultimately contribute to local economic growth. In parallel, the Group is exploring the adoption of automation technologies in its mining operations to boost efficiency and safety. It is researching the introduction of automated tools and systems aimed at increasing production efficiency and reducing labour costs in routine mining activities. By engaging stakeholders, rigorously complying with environmental safeguards, and investing in new technologies, the Group is positioning its coal mining project for a smooth start-up and sustainable long-term development.

The conversion of convertible notes into equity, leading to new controlling shareholders, reflects the noteholders' own intention to gain control rather than any strategic initiative by the Group. Nonetheless, this conversion will result in meaningful benefits for the Group. It will significantly enhance the Group's balance sheet by eliminating existing debt obligations, thereby improving its net liability position and expanding the equity base. These improvements will generally increase financial stability, potentially strengthening investor confidence. Additionally, the reduction in debt obligations provides the Group with greater flexibility to allocate resources effectively towards operational enhancements and future growth opportunities. Overall, the change in shareholder structure is expected to have a positive impact on the Group's financial resilience and business outlook.

As at the Latest Practicable Date, the Company is in the process of preparing and finalising the 2025AR. As at the date of the supplemental Profit Warning Announcement dated 3 June 2025 and the Latest Practicable Date, the Board has continued to examine, including but not limited to,

- (i) the valuation of the EE Assets;
- (ii) the effect of the issuance of the Convertible Notes in full and final settlement of the Third Convertible Notes; and
- (iii) the fair value adjustment in relation to the Convertible Notes.

The items mentioned above are non-cash in nature and were not expected to have any impact on the Group's revenue or operating cash flow.

Shareholders are advised to read the Company's announcement of the 2025AR in detail once it is available.

### 3. INDEBTEDNESS STATEMENT

At the close of business on 31 March 2025, being the latest practicable date for the purpose of the indebtedness statement prior to printing of this EGM Circular, the total indebtedness of the Group included the following:

- a. Unsecured and unguaranteed outstanding interest-bearing borrowings of approximately HK\$31,346,000;
- b. Unsecured and unguaranteed outstanding amounts due to shareholders of approximately HK\$151,762,000;
- c. Unsecured and unguaranteed outstanding other short term loans of approximately HK\$41,753,000;
- d. Unsecured and unguaranteed outstanding convertible note of approximately HK\$3,243,023,000;
- e. Unsecured and unguaranteed outstanding balances due to a related company of approximately HK\$15,312,000; and
- f. Lease liabilities of approximately HK\$58,000.

Save as the aforesaid and apart from the intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not, at the close of business on 31 March 2025, have any other loan issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, term loans (whether guaranteed, unguaranteed, secured and unsecured), debts securities or any other similar indebtedness liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

### 4. MATERIAL CHANGE

The Directors confirm that, save and except as disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2024 (being the date which the latest published audited consolidated financial statements of the Group were made up), up to and including the Latest Practicable Date.

- (a) as disclosed in the Company's announcement dated 18 November 2024, certain litigations of the Group, including HCA 1071/2017, HCA 2501/2017 and HCA 2520/2018, HCA 2077/2017 and HCA 2079/2017 (the "**Litigations**"), had been wholly discontinued and no order as to costs for the application for the discontinuance of each of the Litigations and the discontinuance of each of the Litigations per se;

- (b) as disclosed in the CN Circular dated 20 December 2024, the announcement of the Company dated 17 March 2025 and the Profit Warning Announcements, the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe to, and the Company conditionally agreed to issue, the Convertible Notes in the aggregate principal amount of US\$400,390,000 (equivalent to HK\$3,123,042,000). The completion of the Subscription Agreement took place on 17 March 2025 and the consideration of the Subscription was applied exclusively as full and final settlement of the Third Convertible Note (which had a carrying value of HK\$3,591,498,000). It was expected that a gain from the settlement of the Third Convertible Notes of approximately HK\$468.5 million (unaudited), representing the difference between the carrying amount of the Third Convertible Notes and the consideration, should be recognised by the Group for FY2025;
- (c) as disclosed in the Company's interim report dated 29 November 2024, the Group recorded a total turnover of approximately HK\$240.8 million for the six months ended 30 September 2024, representing a decrease of approximately 31.9% as compared to the total turnover of HK\$353.7 million for the six months ended 30 September 2023. The decrease in turnover was mainly due to the decline in sales of diesel and gasoline to the Group's certain top customers for the period ended 30 September 2024. In addition, the Group recorded a loss before income tax of approximately HK\$92.3 million for the six months ended 30 September 2024, compared to a profit before income tax of approximately HK\$41.6 million for the corresponding period. The decrease in profit before income tax was mainly attributable to the combined effects of (i) an impairment loss on exploration and evaluation assets of approximately HK\$131.1 million for the six months ended 30 September 2024; (ii) a gain from write-off of interest-bearing borrowings of approximately HK\$46.1 million; and (iii) a decrease in net exchange losses;
- (d) as disclosed in the Profit Warning Announcements, it was expected that the Group was likely to record a consolidated loss for FY2025 in the range between HK\$290 million and HK\$420 million;
- (e) as disclosed in the Profit Warning Announcements, based on the preliminary valuation of the Convertible Notes as at 31 March 2025, the Company was likely to record a fair value adjustment loss on the Convertible Notes of not less than HK\$100 million for FY2025; and
- (f) as disclosed in the Profit Warning Announcements, based on the preliminary valuation of the EE Assets as at 31 March 2025, the Group was likely to record an estimated impairment loss on the EE Assets of approximately HK\$708 million (unaudited) for FY2025.

**1. RESPONSIBILITY STATEMENT**

This EGM Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this EGM Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this EGM Circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this EGM Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this EGM Circular have been arrived at after due and careful consideration and there are no other facts not contained in this EGM Circular, the omission of which would make any statement in this EGM Circular misleading.

**2. SHARE CAPITAL**

Set out below are the authorised and issued share capital of the Company (i) as at the Latest Practicable Date, immediately after (ii) Conversion Shares allotted and issued pursuant to the Proposed Conversion and Mandatory Conversion.

		Nominal value HK\$
<i>Authorised share capital:</i>		
<u>100,000,000,000</u>	Shares as at the Latest Practicable Date	<u>1,000,000,000.00</u>
<i>Issued and fully paid share capital or credited as fully paid:</i>		
145,017,062	Shares as at the Latest Practicable Date	1,450,017.62
5,132,400,000	Conversion Shares to be allotted and issued pursuant to the Proposed Conversion	51,324,000
<u>1,566,240,000</u>	Conversion Shares to be allotted and issued pursuant to the Mandatory Conversion	<u>1,556,240</u>
<u>6,698,640,000</u>	Shares to be allotted and issued upon Total Conversion	<u>66,986,400</u>

The nominal value of the Shares is HK\$0.01 each. All the existing issued Shares rank pari passu in all respects including all rights as to dividends, voting and capital.

The Company had not issued or repurchased any Shares since 31 March 2024 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, save for the Convertible Notes, the Company had no outstanding options, warrants, derivatives or securities convertible into or exchangeable into Shares.

**3. DISCLOSURE OF INTEREST AND DEALINGS REQUIRED UNDER THE TAKEOVERS CODE**

As at the Latest Practicable Date:

- (a) Mr. Chen, A Mark, Ocean Resources and Wayside were interested (within the meaning of Part XV of the SFO) in the Convertible Notes in the principal amount of US\$350,190,000, US\$200,195,000, US\$100,097,500 and US\$350,190,000 respectively;
- (b) save for the interest of Mr. Chen (who was a director of Wayside) in the Convertible Notes as disclosed above, none of the directors of any of A Mark, Ocean Resources and Wayside were interested (within the meaning of Part XV of the SFO) in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (c) save as disclosed above, neither Mr. Chen, the Subscribers nor any party acting in concert with any of them owned, controlled or directed any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (d) neither Mr. Chen, the Subscribers nor any party acting in concert with any of them has received any irrevocable commitment vote for or against the resolutions to be proposed at the EGM to approve the Whitewash Resolutions;
- (e) save for the Placees' Undertakings, neither of Mr. Chen, the Subscribers nor any party acting in concert with any of them has any agreement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) neither Mr. Chen, the Subscribers nor any party acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (g) none of the acquisition of the Third Convertible Notes, the subscription of the Convertible Notes, the entering into the Placing Agreement and giving the Conversion Notices and the New Conversion Notices to the Company involved acquisition or disposal of any voting rights in the Company on the part of Mr. Chen, the Subscribers and parties acting in concert with any of them. Mr. Chen, the Subscribers and parties acting in concert with any of them had not acquired nor disposed of any voting rights in the Company in the Relevant Period;
- (h) neither Mr. Chen, the Subscriber nor any party acting in concert with any of them had any agreement or arrangement to which any of them was a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposed Conversion of the Convertible Notes and/or the Whitewash Waiver;



- (i) the Proposed Conversion of the Convertible Notes and/or the Whitewash Waiver does not involve any sale of Shares;
- (j) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any of the Shareholders; and (2)(a) Mr. Chen, the Subscribers or any party acting in concert with any of them, or (b) the Company, its subsidiaries or associated companies;
- (k) other than the Proposed Conversion, neither Mr. Chen, the Subscribers nor any party acting in concert with any of them will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the Latest Practicable Date and the date of completion of the Proposed Conversion; and
- (l) there was no agreement, arrangement or understanding pursuant to which the Shares to be allotted and issued to the Subscribers pursuant to the Proposed Conversion would be transferred, charged or pledged to any other persons.

As at the Latest Practicable Date, the Company confirmed that:

- (m) it did not have any interest (within the meaning of Part XV of the SFO) in (i) the shares of A Mark, Ocean Resources or Wayside or (ii) any convertible securities, warrants, options or derivatives in respect of the shares of A Mark, Ocean Resources or Wayside;
- (n) none of the Directors had any interest (within the meaning of Part XV of the SFO) in the Shares or convertible securities, warrants, options and derivatives in respect of the Shares;
- (o) none of the Directors had any interest (within the meaning of Part XV of the SFO) in (i) the shares of A Mark, Ocean Resources or Wayside or (ii) any convertible securities, warrants, options or derivatives in respect of the shares of A Mark, Ocean Resources or Wayside;
- (p) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” (for the avoidance of doubt, except in the capacity of an exempt principal trader or exempt fund manager) or who is an associate of the Company by virtue of class (2) of the definition of “associate” (for the avoidance of doubt, except in the capacity of an exempt principal trader or exempt fund manager) under the Takeovers Code had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (q) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;

- (r) no Shares or any convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (s) none of the Directors held any shareholdings in the Company which would entitle them to vote for or against the Whitewash Resolutions and the transactions contemplated thereunder;
- (t) there were no Shares or convertible securities, warrants, options and derivatives in respect of the Shares which the Company or the Directors has/have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold during the Relevant Period; and
- (u) none of the Directors had dealt for value in any Shares or convertible securities, warrants, options and derivatives in respect of any Shares.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, save for the service agreement dated 4 November 2024 entered into between Mr. Liu Wai Shing, Peter and the Company (particulars of which are set out in the paragraph below), none of the Directors had entered into any existing service contract with the Company or any of its subsidiaries or associated companies or the Group which (i) (including both continuous and fixed term contracts) have been entered into or amended within six months before the date of the R3.5 Announcement; (ii) are continuous contracts with a notice period of twelve months or more; (iii) are fixed term contracts with more than twelve months to run irrespective of the notice period; or (iv) is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Pursuant to a service agreement dated 4 November 2024 entered into between Mr. Liu Wai Shing, Peter and the Company, Mr. Liu Wai Shing, Peter has been appointed for a term of two year as an executive Director. Mr. Liu will be entitled to a director's fee of HK\$200,000 per annum for acting as an executive Director and no variable remuneration is payable by the Company to Mr. Liu under the said service agreement.

#### **5. MATERIAL CONTRACTS**

Save for the following contract(s), no contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the members of the Group) have been entered into by members of the Group within the two years immediately preceding the date of the R3.5 Announcement and up to and including the Latest Practicable Date, which are or may be material

- (a) the Subscription Agreement.

**6. ARRANGEMENTS AFFECTING THE DIRECTORS**

As at the Latest Practicable Date,

- (a) there was no benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Proposed Conversion and the Whitewash Waiver;
- (b) save for the Placees' Undertakings, no agreement, arrangement or understanding (including any compensation arrangement) existed between Mr. Chen, the Subscribers or any parties acting in concert with any of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Proposed Conversion and the Whitewash Waiver;
- (c) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of, or otherwise connected with, the Proposed Conversion and the Whitewash Waiver; and
- (d) there was no material contract entered into by Mr. Chen and the Subscribers in which any Director has a material personal interest.

**7. LITIGATION**

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

**8. EXPERT AND CONSENT**

<b>Name</b>	<b>Qualification</b>
Innovax Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Shareholders in respect of the Proposed Conversion and the Whitewash Waiver
Prism Hong Kong Limited	Certified Public Accountants

As at the Latest Practicable date, each of the experts above has given and has not withdrawn its written consent to the issue of this EGM Circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable date, none of the experts above had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable date, none of the experts above had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2024, the date to which the latest published audited financial statements of the Group were made up.

## 9. MARKET PRICE

The table below shows the closing prices of the Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period:

<b>Date</b>	<b>Closing price per Share HK\$</b>
30 September 2024	0.310
31 October 2024	0.650
29 November 2024	0.295
31 December 2024	0.630
28 January 2025	0.500
28 February 2025	0.500
27 March 2025 (the Last Trading Date)	0.520
31 March 2025	0.620
30 April 2025	0.910
30 May 2025	1.080
3 June 2025 (the Latest Practicable Date)	1.520

The highest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK\$1.520 per Share on 3 June 2025, and the lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK\$0.295 per Share on 29 November 2024 respectively.

## 10. MISCELLANEOUS

- (a) The correspondence address of Mr. Chen is Unit 1901-02, 19/F, China Insurance Group Building, 141 Des Voeux Road Central, Central.
- (b) The financial adviser to Mr. Chen, A Mark and Wayside in respect of the Proposed Conversion and the Whitewash Waiver is Asian Capital. The address of Asian Capital is Suite 1405-09 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

- (c) The principal members of Mr. Chen's concert group are: (i) A Mark (ii) Ocean Resources and (iii) Wayside. Details of the principal members of Mr. Chen's concert group are as follows:
- (i) A Mark is a company incorporated in Hong Kong with limited liability. Mr. Wong Wilson is the sole shareholder and sole director of A Mark. As at the Latest Practicable Date, the principal place of business of A Mark is situated at Unit 1901-02, 19/F, China Insurance Group Building, 141 Des Voeux Road Central, Central.
  - (ii) Ocean Resources is a company incorporated in British Virgin Islands with limited liability. Jin Xin Resources Group Limited is the sole shareholder and Mr. Yao Junliang is the sole director of Ocean Resources. As at the Latest Practicable Date, the principal place of business of Ocean Resources is situated at 28/F, Kerry Centre, 683 King's Road, Quarry Bay.
  - (iii) Wayside is a company incorporated in the Independent State of Samoa with limited liability. Mr. Chen is the sole shareholder and sole director of Wayside. As at the Latest Practicable Date, the principal place of business of Wayside is situated at Unit 1901-02, 19/F, China Insurance Group Building, 141 Des Voeux Road Central, Central.

In the event of inconsistency, the English text of this EGM Circular will prevail over the Chinese text.

## **11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available for inspection (i) on the website of the Company at <https://enp.aconnect.com.hk/en/index.aspx>; (ii) the website of the SFC at [www.sfc.hk](http://www.sfc.hk) and (iii) on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), from the date of this EGM Circular up to and including the date of the EGM, or not less than 14 days from the date of this EGM Circular, whichever is later:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of Wayside;
- (c) the annual reports of the Company for the financial years ended 31 March 2022, 2023 and 2024;
- (d) the interim reports of the Company for the six months ended 30 September 2023 and 2024;
- (e) the service agreement dated 4 November 2024 entered into between Mr. Liu Wai Shing, Peter and the Company as referred to in the paragraph headed "4. Directors' Service Contracts" in this Appendix;
- (f) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this EGM Circular;

- (g) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this EGM Circular;
- (h) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this EGM Circular;
- (i) the consent letter(s) from the expert(s) referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (j) the “Report from Prism Hong Kong Limited on the Profit Estimate”, the text of which is set out on pages III-1 to III-2 of this EGM Circular;
- (k) the “Report from the Independent Financial Adviser on the Profit Estimate”, the text of which is set out on pages IV-1 to IV-2 of this EGM Circular;
- (l) the material contract(s) referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (m) this EGM Circular.

*The following is the text of a letter, for the purpose of incorporation in this EGM Circular, received from Prism Hong Kong Limited, Certified Public Accountants, Hong Kong*

6 June 2025

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

Dear Sirs,

**E&P Global Holdings Limited**  
**(the “Company”) and its subsidiaries, (collectively referred to as “the Group”)**

**Profit Estimate for the Financial Year Ended 31 March 2025**

We refer to the estimate of the loss for the year of the Group for the year ended 31 March 2025 (“**the Profit Estimate**”) set forth in paragraph headed “Profit Estimate” in the whitewash circular of the Company dated 6 June 2025 in relation to the proposed conversion of the convertible notes issued by the Company and the application for whitewash waiver by Mr. Chen William Hon Lam.

**Directors’ Responsibilities**

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Group for the financial year ended 31 March 2025.

The Company’s directors are solely responsible for the Profit Estimate.

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company 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.

Yours faithfully,

**Prism Hong Kong Limited**

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong



---

## APPENDIX IV      REPORT FROM THE INDEPENDENT FINANCIAL ADVISER ON THE PROFIT ESTIMATE

---

*The following is the text of a report prepared for the purpose of incorporation in this EGM Circular, received from Innovax Capital Limited, the independent financial adviser of the Company.*

Date: 6 June 2025

### **E&P Global Holdings Limited**

Unit 1703, 17/F, Cheong Tai Commercial Building,  
Nos. 287-289 Reclamation Street  
Kowloon, Hong Kong

### **Attention: The Board of Directors**

We refer to (i) the profit warning announcement of E& P Global Holdings Limited (the “**Company**”) dated 7 May 2025 and (ii) the supplemental profit warning announcement of the Company dated 3 June 2025 in respect of the update on financial information of the Company based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 March 2025 (the “**Profit Estimate**”); and (ii) the circular of the Company dated 6 June 2025 (the “**EGM Circular**”). Capitalised terms used herein shall have the same meanings as defined in the EGM Circular unless the context requires otherwise.

With reference to the Profit Estimate, it states that:

*“...based on the Board’s preliminary assessment of the unaudited consolidated management accounts (“**FY2025 Unaudited Management Accounts**”) of the Group for FY2025, it is expected that the Group is likely to record a consolidated loss for the year in the range of HK\$290 million and HK\$420 million.”.*

The Profit Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on in accordance with Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The Profit Estimate has been prepared by the Directors after their preliminary assessment based on the unaudited consolidated management accounts of the Group for the year ended 31 March 2025 (the “**Unaudited Management Accounts**”). We have reviewed the Profit Estimate and other relevant information and documents (in particular, the Unaudited Management Accounts) which you, as the Directors, are solely responsible for and discussed with you and the senior management of the Company the key bases upon which the Profit Estimate has been made. In addition, we have considered, and relied upon, the report as contained in Appendix III to the EGM Circular on the Profit Estimate from Prism Hong Kong Limited, being the auditors of the Company, addressed to the Directors regarding the accounting policies and the arithmetical accuracy of the calculations upon which the Unaudited Management Accounts have been made. Prism Hong Kong Limited is of the opinion that so far as the accounting policies and calculations are concerned, the Unaudited Management Accounts have been properly compiled in accordance with the bases adopted by the Directors and are presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group, as set out in the audited consolidated financial statements of the Group for the financial year ended 31 March 2024.

---

**APPENDIX IV      REPORT FROM THE INDEPENDENT FINANCIAL ADVISER  
ON THE PROFIT ESTIMATE**

---

Based on the above, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made with due care and consideration.

Our opinion has been given for the sole purpose of compliance with Rule 10 of the Takeovers Code and for no other purpose. We accept no responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

We hereby give and have not withdrawn our consent to the issue of the EGM Circular with the inclusion therein of this report.

Yours faithfully,  
For and on behalf of  
**Innovax Capital Limited**  
**Calvin Poon**                      **Alvin Wong**  
*Managing Director*                      *Director*

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



**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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of E&P Global Holdings Limited (the “Company”) will be held at Conference Room R3, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on 30 June 2025 (Monday) at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

#### ORDINARY RESOLUTION

1. (a) To approve the conversion (the “**Proposed Conversion**”) of up to 5,132,400,000 shares (the “**Shares**”) with a par value of HK\$0.01 each in the Share capital of the Company pursuant to the terms of the instrument of the convertible notes dated 17 March 2025 (the “**Convertible Notes**”) by A Mark Limited, Ocean Resources Int’l Investment Group Limited and Wayside Holdings Limited (the “**Subscribers**”) and the transactions contemplated thereunder;
- (b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited not having withdrawn the approval for the listing of, and the permission to deal in the conversion Shares, the directors of the Company (the “**Directors**”) be and are hereby authorised to issue and allot the respective conversion Shares pursuant to the notices of conversion given by the holders of the Convertible Notes pursuant to the instrument of the Convertible Notes; and
- (c) the Directors be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and where appropriate, under the common seal of the Company) all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Proposed Conversion.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### SPECIAL RESOLUTION

2. (a) To approve the grant of waiver (the “**Whitewash Waiver**”) of the obligation of Mr. Chen William Hon Lam (“**Mr. Chen**”) and the Subscribers to make a general offer for all the issued Shares and other securities of the Company (other than issued Shares and other securities 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 holders of the Convertible Notes (other than the Subscribers) (the “**CN Placees**”) and any unconverted Convertible Notes placed to the CN Placees)) as a result of the allotment and issue of conversion Shares under the Proposed Conversion in accordance with the Whitewash Waiver granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission pursuant to Note 1 on dispensations to Rule 26 of the Hong Kong Code on Takeovers and Mergers; and
- (b) to authorize any one or more Directors to, do all such acts and things and execute all relevant documents or deeds (and, if necessary, affix the company seal in accordance with the by-laws of the Company) as he/she may consider necessary, expedient or desirable in connection with, to give effect to, or to consummate any matter relating to or in connection with the Whitewash Waiver and/or the transactions contemplated thereunder.

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

Hong Kong, 6 June 2025

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

*Notes:*

1. A member of the Company entitled to attend and vote at the aforesaid EGM is entitled to appoint one or (if holding two or more Shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarial certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 10:00 a.m. on 28 June 2025 (Saturday), which is not later than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
3. In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 24 June 2025 (Tuesday) which is the last registration date for the EGM.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

4. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM.
5. The voting on the resolution at the EGM will be conducted by way of a poll.
6.
  - (a) Subject to paragraph (b) below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 8:00 a.m. and 5:00 p.m. on the date of the EGM, the EGM will be adjourned in accordance with the articles of association of the Company, and shareholders of the Company will be informed of the date, time and venue of the adjourned EGM by a supplemental notice posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited.
  - (b) If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled 4 hours before the time of holding of the EGM (i.e. at or before 6:00 a.m.) and where conditions permit, the EGM will be held as scheduled.
  - (c) The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.
  - (d) After considering their own situations, shareholders should decide on their own whether or not they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.
7. No distribution of corporate gifts and no serving of refreshments.
8. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.