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中國油氣控股有限公司
SINO OIL AND GAS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 702)

- (1) PROPOSED RESTRUCTURING INVOLVING, INTER ALIA, THE INCREASE IN THE AUTHORISED SHARE CAPITAL, THE SUBSCRIPTIONS, THE AMENDMENT OF THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS, THE ACQUISITION OF CONVERTIBLE BONDS, THE PLACING AND THE CREDITORS' SCHEME;**
- (2) CONNECTED TRANSACTIONS;**
- (3) APPLICATION FOR WHITEWASH WAIVER AND CONSENT FOR SPECIAL DEAL;**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND**
- (5) RESUMPTION OF TRADING**

BACKGROUND

References are made to the announcements of the Company dated 9 February 2022, 15 February 2022, 9 March 2022, 8 April 2022, 6 May 2022, 7 June 2022, 7 July 2022, 8 August 2022, 8 September 2022, 7 October 2022, 21 October 2022, 8 November 2022, 7 December 2022, 6 January 2023, 19 January 2023, 17 February 2023, 23 March 2023, 10 May 2023, 13 June 2023, 13 July 2023, 22 September 2023, 25 October 2023, 27 November 2023, 28 December 2023, 1 February 2024 and 6 March 2024, in relation to, among others, the Restructuring Transactions.

As disclosed in the announcement of the Company dated 22 September 2023, the Company proposed to undertake the Restructuring Transactions which include the Increase in the Authorised Share Capital, the subscription of the Cash CB, the Amendment of the Crescent Spring Bonds, the acquisition of the Acquired Crescent Spring Bonds, the Placing and the Creditors' Scheme.

THE NEW RESTRUCTURING FRAMEWORK AGREEMENT

On 8 December 2023 (after trading hours of the Stock Exchange), the Company, the JV Company and the Investors entered into the New Restructuring Framework Agreement which sets out the details of the Restructuring Transactions.

Pursuant to the New Restructuring Framework Agreement, the Company, the JV Company and the Investors shall enter into and shall procure the relevant parties to enter into the Restructuring Documents to effect the Restructuring Transactions.

THE INCREASE IN THE AUTHORISED SHARE CAPITAL

The Company proposes to implement the Increase in the Authorised Share Capital, whereby, subject to the approval by the Shareholders, the authorised share capital of the Company is proposed to be increased from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares.

THE SUBSCRIPTIONS

On 8 December 2023 (after trading hours of the Stock Exchange), the Company entered into the Investor 1 Subscription Agreement with Investor 1 and the Investor 2 Subscription Agreement with Investor 2 in respect of the subscriptions of the Cash CB.

Pursuant to the Investor 1 Subscription Agreement, subject to the fulfilment and/or waiver of the conditions thereunder, Investor 1 has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Cash CB in the principal amount of HK\$794,040,000 in the name of Investor 1 for cash at the subscription price of HK\$83,580,000 at the initial conversion price of HK\$0.1 per Cash CB Conversion Share (subject to adjustments). Upon the exercise of the conversion rights attached to such Cash CB in full, the maximum number of Cash CB Conversion Shares to be allotted and issued in aggregate shall be 7,940,400,000 Shares.

Pursuant to the Investor 2 Subscription Agreement, subject to the fulfilment and/or waiver of the conditions thereunder, Investor 2 has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Cash CB in the principal amount of HK\$529,360,000 in the name of Investor 2 for cash at the subscription price of HK\$55,720,000 at the initial conversion price of HK\$0.1 per Cash CB Conversion Share (subject to adjustments). Upon the exercise of the conversion rights attached to such Cash CB in full, the maximum number of Cash CB Conversion Shares to be allotted and issued in aggregate shall be 5,293,600,000 Shares.

As part of the structure of the Restructuring Transactions, the Company shall issue the Cash CB in the principal amount of HK\$1,323,400,000 to the Investors for a total subscription price of HK\$139,300,000. Taking into account that:

- (a) Crescent Spring agrees to extend the maturity date given that the Cash CB is issued and the subscription price of the Subscriptions is used as the Scheme Consideration to repay the Scheme Creditors (including Crescent Spring). Upon Completion, the maturity date of the Crescent Spring Bonds with the principal amount of US\$130,000,000 (equivalent to approximately HK\$1,014,000,000) would be extended to a date falling on the fifth anniversary of the effective date of the Amendment of the Crescent Spring Bonds and be further extended for an additional period of two years subject to the fulfilment of certain conditions pursuant to the Second Deed of Amendment, and the extended Crescent Spring Bonds would either be converted upon Completion, continued to be held by Crescent Spring, or acquired by the JV Company under the CB Transfer Agreement;
- (b) the investment of the Investors and agreement of Crescent Spring to extend the maturity of the Crescent Spring Bonds represent the only feasible and viable option to settle the Claims, especially in view of the pressing time constraints presented by the petition against the Company and the difficulty of the Company in obtaining alternative funding; and
- (c) the obligations of the Company in relation to the debts under other corporate bonds held by the Scheme Creditors (other than Crescent Spring) will be discharged pursuant to the Creditors' Scheme in the amount of HK\$556,300,000 as at 31 December 2022 and the terms of the Creditors' Scheme having been approved by the Scheme Creditors at the Scheme Meeting held on 8 December 2023,

and by considering the Restructuring Transactions holistically,

- (i) the overall debt level of the Company will have decreased substantially by approximately HK\$1,151,915,000 (upon the discharge of the Scheme Creditors' debts pursuant to the Creditors' Scheme and the conversion of certain Cash CB and Crescent Spring Bonds upon Completion); and
- (ii) the extended maturity of the Acquired Crescent Spring Bonds and the Cash CB will allow longer period of the time for the Company to redeem the convertible bonds of the Company, if necessary.

The terms of the Subscriptions (including the subscription price of the Cash CB) were determined after the arm's length negotiation among the Company, the Investors and Crescent Spring. Taking into account of the above, the Directors are of the view that the Subscriptions (including the subscription price of the Cash CB) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The effective initial conversion price of the Cash CB (calculated by dividing the total subscription price to be paid by the Investors by the number of Cash CB Conversion Share) shall be approximately HK\$0.011.

The Subscriptions are subject to various conditions as set out under the paragraphs headed “The Subscriptions – The conditions to the subscription of the Cash CB by Investor 1” and “The Subscriptions – The conditions to the subscription of the Cash CB by Investor 2” in this announcement. The Subscriptions are also subject to the approval of the Independent Shareholders. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Cash CB Conversion Share.

The completion of the Subscriptions shall be contemporaneous with the completion of the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company and the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors’ Scheme.

The gross proceeds from the Subscriptions will be HK\$139,300,000 and will be paid to the Creditors’ Scheme as the Scheme Consideration to settle the debts and liabilities to the Scheme Creditors.

The exercise of conversion rights by the Investors

At Completion, Investor 1 and Investor 2 shall exercise the conversion rights of a principal amount of HK\$155,000,000 and HK\$525,000,000 Cash CB, respectively, the allotment and issue of such 1,550,000,000 and 5,250,000,000 conversion shares, being the Investor 1 Completion Conversion Shares and the Investor 2 Completion Conversion Shares.

The notice of conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares and the Investor 2 Completion Conversion Shares shall be provided to the Company by the respective Investors and shall be contemporaneous with the provision of notice of conversion of the relevant Crescent Spring Bonds into the Crescent Spring Completion Conversion Shares by Crescent Spring to the Company, the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, and the taking effect of the Creditors’ Scheme and the Amendment of the Crescent Spring Bonds. The notice of conversion shall state that it shall be effective subject to the respective Investors becoming a bondholder of the Company.

THE AMENDMENT OF THE CRESCENT SPRING BONDS

On 8 December 2023 (after trading hours of the Stock Exchange), the Company, Power Great, Soperton, SOG Capital and Crescent Spring entered into the Second Deed of Amendment in respect of the Amendment of the Crescent Spring Bonds.

Pursuant to the Second Deed of Amendment, subject to the fulfilment of the conditions thereunder, the Company has conditionally agreed to amend, among others, the maturity date, conversion price and the security of the Crescent Spring Bonds, whereby (a) the maturity date would be extended to a date falling on the fifth anniversary of the effective date of the Amendment of the Crescent Spring Bonds, and to be further extended for an additional period of two years subject to fulfilment of certain conditions as stipulated thereunder (such conditions cannot be fulfilled at Completion); (b) the initial conversion price of the Crescent Spring Bonds would be amended from HK\$0.168 per conversion share to HK\$0.1 per conversion share (subject to adjustments); and (c) Power Great and the Company shall execute the Deed of Loan Assignment of Power Great and the Deed of Loan Assignment of the Company, respectively, in favour of Crescent Spring.

The taking effect of the Amendment of the Crescent Spring Bonds shall be contemporaneous with the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company and the taking effect of the Creditors' Scheme.

THE ACQUISITION OF THE ACQUIRED CRESCENT SPRING BONDS

On 8 December 2023 (after trading hours of the Stock Exchange), Crescent Spring as the transferor and the JV Company as the transferee entered into the CB Transfer Agreement in respect of the transfer of the Acquired Crescent Spring Bonds.

Pursuant to the CB Transfer Agreement, subject to the fulfilment of the conditions to the acquisition of the Acquired Crescent Spring Bonds, the JV Company shall acquire the Acquired Crescent Spring Bonds in the amount of US\$79,060,000 (equivalent to approximately HK\$616,668,000), being approximately 60.82% of the total Crescent Spring Bonds by instalments for a consideration of US\$79,060,000 (equivalent to approximately HK\$616,668,000). Subject to the fulfilment of the conditions to the acquisition of the First Batch of the Acquired Crescent Spring Bonds in the principal amount of US\$9,830,000 (equivalent to approximately HK\$76,674,000), the completion of the acquisition of the First Batch of the Acquired Crescent Spring Bonds shall be contemporaneous with the completion of the Subscriptions, the grant of the Call Option and the Put Option, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company and the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors' Scheme. The Remaining Acquired Crescent Spring Bonds in the principal amount of US\$69,230,000 (equivalent to approximately HK\$539,994,000) shall be acquired by the JV Company in tranches over a term of five years.

The exercise of conversion rights by Crescent Spring

Pursuant to the CB Transfer Agreement, Crescent Spring shall exercise the conversion rights of a principal amount of US\$50,940,000 (equivalent to approximately HK\$397,332,000) Crescent Spring Bonds at the conversion price of HK\$0.1 The allotment and issue of such 3,973,000,000 conversion shares, being the Crescent Spring Completion Conversion Shares, representing approximately 26.82% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement and immediately after Completion other than as a result of the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing).

The notice of conversion of the relevant Crescent Spring Bonds into the Crescent Spring Completion Conversion Shares shall be provided to the Company by Crescent Spring, and shall be contemporaneous with the provision of notice of conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares and the Investor 2 Completion Conversion Shares by the Investors to the Company, the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, and the taking effect of the Creditors' Scheme and the Amendment of the Crescent Spring Bonds.

The Acquisition Indemnity

Pursuant to the CB Transfer Agreement, the Holdco shall provide an indemnity to Crescent Spring for the performance of the JV Company's obligations in relation to the acquisition of the entire Remaining Acquired Crescent Spring Bonds, being the Acquisition Indemnity.

THE CALL OPTION AND THE PUT OPTION

On 8 December 2023 (after trading hours of the Stock Exchange), Crescent Spring and the JV Company entered into the Option Deed with respect of the grant of the Call Option and the Put Option.

Pursuant to the Option Deed, Crescent Spring shall conditionally grant the Call Option to the JV Company, pursuant to which the JV Company is entitled to purchase 2,000,000,000 Shares held by Crescent Spring in the Company in tranches at its discretion from the Completion Date for a term of sixty months after the Completion Date at the option price of HK\$0.1 per share.

Further, pursuant to the Option Deed, the JV Company shall conditionally grant the Put Option to Crescent Spring, pursuant to which Crescent Spring is entitled to sell 2,000,000,000 Shares held by Crescent Spring in the Company in tranches at its discretion from the end date of the exercise period of the Call Option for a term of twenty-four months after such end date at the option price of HK\$0.1 per share.

The grant of the Call Option and the Put Option shall be contemporaneous with the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company, the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors' Scheme.

The Option Indemnity

Pursuant to the Option Deed, the Holdco shall provide an indemnity to Crescent Spring for the performance of the JV Company's obligations in relation to the payment of the option price in the event of the exercise of the Call Option or the Put Option, being the Option Indemnity.

THE COUNTER-INDEMNITY

On 8 December 2023 (after the trading hours of the Stock Exchange), Investor 2 has executed the Deed of Counter-indemnity in favour of the Holdco pursuant to which Investor 2 shall indemnify the Holdco in the event that the Acquisition Indemnity and/or the Option Indemnity is enforced by Crescent Spring.

Further, on 8 December 2023 (after trading hours of the Stock Exchange), Investor 2 has executed in favour of the Holdco (a) the JV Company Share Charge and the Acquisition Listco Share Charge as security for Investor 2's obligations under the Deed of Counter-Indemnity for the Acquisition Indemnity; and (b) the Option Listco Share Charge as security for Investor 2's obligations under the Deed of Counter-Indemnity for the Option Indemnity.

The securities charged under the JV Company Share Charge are the 40% equity interests held by Investor 2 in the JV Company. The securities charged under the Acquisition Listco Share Charge are the 2.16 billion conversion Shares pursuant to the conversion of the Cash CB to be subscribed by Investor 2 and Investor 2's rights and interests under the Investor 2 Subscription Agreement. The securities charged under the Option Listco Share Charge are the 800 million conversion Shares pursuant to the conversion of the Cash CB to be subscribed by Investor 2 and Investor 2's rights and interests under the Investor 2 Subscription Agreement.

THE PLACING

The Company shall enter into the Placing Agreement with placing agent, pursuant to which the placing agent shall conditionally agree to procure, on a fully underwritten basis, not less than six placees, who and whose beneficial owners shall be Independent Third Parties and not acting in concert with the Investors, the Holdco, Crescent Spring and their respective concert parties, to subscribe for (or failing which, to purchase themselves as principal) 400 million new Shares at a placing price of HK\$0.1 per Share. The Shares pursuant to the Placing shall be issued under the Specific Mandate.

THE CREDITORS' SCHEME

Under the Creditors' Scheme and subject to the terms thereof, the Scheme Consideration of HK\$139,300,000, which is equivalent to the proceeds from the Subscriptions, and the 696,500,000 Scheme Shares at the issue price of HK\$0.1 will be distributed to the Scheme Creditors with Admitted Claims on a pro-rata basis for their respective Admitted Claims. The distribution of the Scheme Consideration at approximately 10% of the Admitted Claims of the individual Creditor and approximately 5% of the Admitted Claims of the individual Creditor by way of allotment and issue of the Scheme Shares will be conducted in accordance with the terms of the Creditors' Scheme. Upon the Creditors' Scheme having become effective, all the debts and liabilities of the Company to the Scheme Creditors will be discharged and released in full.

Up to 31 December 2022 (being the date of which the amount of Claims was accounted for pursuant to the Creditors' Scheme), based on the available books and records of the Company, the Estimated Total Claims against the Company is approximately HK\$1,398,015,000, out of which an amount of approximately HK\$833,863,000 is owed to Crescent Spring. This figure is indicative only and will be subject to final determination by the Scheme Administrators and (if applicable) adjudication under the Creditors' Scheme.

IMPLICATIONS UNDER THE LISTING RULES

The Cash CB Conversion Shares, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Scheme Shares and the shares pursuant to the Placing will be allotted and issued pursuant to the Specific Mandate to be obtained upon approval by the Independent Shareholders at the SGM.

As (a) Dr. Dai is an executive Director; and (b) Bright Achieve is a substantial Shareholder, Dr. Dai and Bright Achieve therefore are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. As such, (i) the Subscriptions; (ii) the grant of the Call Option and the Put Option; (iii) the Amendment of the Crescent Spring Bonds; (iv) the acquisition of the Acquired Crescent Spring Bonds; (v) the Placing; (vi) the Creditors' Scheme; and (vii) the conversion of the relevant Bonds into the Completion Conversion Shares to the Company by Crescent Spring and the Investors constitute the connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to the announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

The SGM will be convened and held to consider, and if thought fit, to approve, among other things, the Connected Transactions, being (i) the Subscriptions; (ii) the grant of the Call Option and the Put Option; (iii) the Amendment of the Crescent Spring Bonds; (iv) the acquisition of the Acquired Crescent Spring Bonds; (v) the Placing; (vi) the Creditors' Scheme; and (vii) the conversion of the relevant Bonds into the Completion Conversion Shares to the Company by Crescent Spring and the Investors.

To the best of the Directors' knowledge, information and belief, save for Dr. Dai, Bright Achieve and their respective associates, no other Shareholder is required to abstain from voting on the resolutions at the SGM to approve, among other things, the Connected Transactions.

The LR IBC comprising the independent non-executive Directors, Dr. Wang Yanbin, Dr. Dang Weihua and Mr. Wan Man Wah, has been formed to advise the Independent Shareholders on the Connected Transactions, taking into account the recommendations of the Independent Financial Adviser.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for the Whitewash Waiver

As at the date of this announcement, save and except for Dr. Dai who directly and indirectly owns as to approximately 4.74% of the entire issued share capital of the Company, the Investors and their respective ultimate controlling shareholders, the JV Company, its ultimate controlling shareholder, Crescent Spring, its ultimate controlling shareholder and parties acting in concert with any of them are not interested in any Share.

Immediately after Completion and upon issue and allotment of the Completion Conversion Shares, (i) Investor 1; (ii) Investor 2, Dr. Dai and SOGRI; and (iii) Crescent Spring will be interested in 1,550,000,000, 5,409,280,809 and 4,388,435,914 Shares, respectively, representing approximately 10.19%, 35.55% and 28.84%, respectively, of the entire issued share capital of the Company as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to immediately after Completion other than as a result of the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing).

As such, immediately after Completion and upon issue and allotment of the Completion Conversion Shares, the Investors would be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Investors and parties acting in concert with each of them under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

An application will be made by the Investors to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the SGM by way of poll and the issue of the Cash CB, the Amendment of the Crescent Spring Bonds and the Connected Transactions would be subject to the approval by more than 50% of the Independent Shareholders at the SGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to Completion that the Whitewash Waiver is granted by the Executive, the Restructuring Transactions will not proceed if the Whitewash Waiver is not granted by the Executive and approved by the Independent Shareholders at the SGM.

Consent for the Special Deal

Among the Shareholders, Bright Achieve and Dr. Dai are Creditor Shareholders under the Creditors' Scheme.

As at the date of this announcement, Bright Achieve is interested in 719,763,500 Shares, representing approximately 21.51% of the Shares and Dr. Dai is interested in 158,504,000 Shares, representing approximately 4.74% of the Shares, together the Creditor Shareholders are interested in an aggregate of 878,267,500 Shares, representing approximately 26.25% of the Shares. As at 31 December 2022, each of Bright Achieve and Dr. Dai has Claims of approximately HK\$5,520,822 and HK\$1,559,210 against the Company respectively, representing aggregate Claims of approximately HK\$7,080,032 against the Company. The Creditor Shareholders will receive payments under the Creditors' Scheme if it becomes effective and such payments are not extended to other Shareholders.

As Dr. Dai is a party acting in concert with the Investors, who will be making an application for the Whitewash Waiver application to the Executive, the payments to be received by Dr. Dai under the Creditors' Scheme will not constitute a special deal under the Takeovers Code. However, the payments to be received by Bright Achieve pursuant to the Creditors' Scheme constitute a special deal under Note 5 to Rule 25 of the Takeovers Code, and requires the consent of the Executive, provided that the Independent Financial Adviser considers that the terms of the transactions contemplated thereunder are fair and reasonable and the transactions are approved by the Independent Shareholders at the SGM. The Company will apply to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Special Deal.

The Creditor Shareholders (including Bright Achieve and Dr. Dai) will be required to abstain from voting on the relevant resolutions relating to the Creditors' Scheme, the Subscriptions, the Specific Mandate, the Special Deal, the Whitewash Waiver and the Placing to be proposed at the SGM.

Formation of the TC IBC

The TC IBC, comprising all the non-executive Directors (save and except for Ms. Wong Kai Ling, who is currently an associate director of China Huarong International Holdings Limited, the holding company of Crescent Spring and therefore accustomed to act in accordance with its interest), being Mr. King Hap Lee, Mr. Huang Shaowu, Mr. Tsang Hing Bun, Dr. Wang Yanbin, Dr. Dang Weihua and Mr. Wan Man Wah, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the terms of the Restructuring Transactions and the Whitewash Waiver are fair and reasonable and in the interests of the Independent Shareholders only and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Capital 9 Limited has been appointed as the Independent Financial Adviser with the approval of the LR IBC and the TC IBC to (a) advise the LR IBC in accordance with the requirements under the Listing Rules as to whether the terms of the Connected Transactions are fair and reasonable and whether the Connected Transactions are in the interests of the Company and its Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote; and (b) advise the TC IBC in accordance with the requirements under the Takeovers Code as to whether the terms of the Restructuring Transactions and the Whitewash Waiver are fair and reasonable and in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote.

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among others, the Increase in the Authorised Share Capital, the Subscriptions, the Amendment of the Crescent Spring Bonds, the Placing, the Specific Mandate, the Special Deal, the Whitewash Waiver, the Connected Transactions and the Creditors' Scheme. Any Shareholder (or its associate and concert parties) who was involved in or interested in the Subscriptions, the Amendment of the Crescent Spring Bonds, the Placing, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme are required to abstain from voting at the SGM. As other than the Creditor Shareholders (including Bright Achieve and Dr. Dai), none of the Shareholders or their associates are involved in or interested in the issue of the Cash CB, the Amendment of the Crescent Spring Bonds, the Placing, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme, no Shareholder (other than the Creditor Shareholders) is required to abstain from voting at the SGM in respect of the resolution(s) relating to the issue of the Cash CB, the Amendment of the Crescent Spring Bonds, the Placing, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme.

A circular including, among other things, further details of (i) the Increase in the Authorised Share Capital; (ii) the Subscriptions; (iii) the Amendment of the Crescent Spring Bonds; (iv) the Placing; (v) the Specific Mandate; (vi) the Creditors' Scheme; (vii) the Whitewash Waiver and the Special Deal; (viii) the Connected Transactions; (ix) the recommendation of the LR IBC to the Independent Shareholders in relation to the Connected Transactions; (x) the recommendation of the TC IBC to the Independent Shareholders in relation to the Restructuring Transactions and the Whitewash Waiver; (xi) a letter of advice from the Independent Financial Adviser to the LR IBC in relation to the Connected Transactions and to the TC IBC in relation to the Restructuring Transactions and the Whitewash Waiver; and (xii) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules and the Takeovers Code. It is expected that the circular will be despatched to the Shareholders on or before 4 April 2024.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 11 December 2023 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 March 2024 following the publication of this announcement.

WARNING

Completion of the Restructuring Transactions are subject to various conditions precedent, including the Hong Kong Court sanctions the Creditors' Scheme. Reference is made to the announcement of the Company dated 6 March 2024, whereby it is disclosed that at the sanction hearing of the Creditors' Scheme on 29 February 2024, the Hong Kong Court had raised some concerns with the terms of the Creditors' Scheme and the Company should within 14 days from the date of the sanction hearing write to the Hong Kong Court to indicate whether or not it would pursue the proceedings. The Company is intended to indicate to the Hong Kong Court that it would pursue the proceedings. The Company is also obtaining advice to address the Hong Kong Court's concerns and may consider changing the terms of the Creditors' Scheme if necessary. As at the date of this announcement, the Hong Kong Court has yet to hand down its decision. Upon handing down of the decision and in the event that the decision is not in favour of the Company, the Company may consider appealing against the Hong Kong Court's decision. If the terms of the Creditor's Scheme are to be changed, the terms of the Restructuring Transactions as set out in the Restructuring Documents and this announcement may also need be changed. If the Company is to appeal against the Hong Kong Court's decision, subject to the court's approval that the matter is urgent, the Company will consider to apply to the court to shorten the period for the appeal hearing to be held in around two months. In the event that the appeal is turned down, the Company will negotiate with the relevant parties and may consider changing the terms of the Restructuring Transactions. The Subscriptions, the grant of the Call Option and the Put Option and the Amendment of the Crescent Spring Bonds are conditional on the conditions of the Creditors' Scheme being fulfilled. Further announcement(s) will be made by the Company in this regard as and when necessary.

The Stock Exchange would not grant the listing of, and permission to deal in, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing, where the issue of such new Shares would cause or facilitate a breach of the requirement(s) under the Listing Rules. In the event that the allotment and issue of the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing will result in the public float of the Shares being below the minimum public float requirement, the grant of the listing of, and permission to deal in, the new Shares is subject to the Company to be able to meet the minimum public float requirements under Rule 8.08(1) of the Listing Rules at all times before and after such allotment and issue.

Completion of the Restructuring Transactions is subject to the fulfilment of various other conditions precedents of the Restructuring Transactions as set out in this announcement, including (i) the Whitewash Waiver having been granted by the Executive; and (ii) the listing of, and permission to deal in the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing having been granted by the Stock Exchange. In the event that the listing of, and permission to deal in the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing is not granted, the Restructuring Transactions will not become unconditional and will not proceed.

The consent from the Stock Exchange under Rule 7.27B of the Listing Rules may or may not be obtained by the Company, and if obtained, might be subject to other conditions or change in structure. In the event that the consent from the Stock Exchange under Rule 7.27B of the Listing Rules is not obtained or requires material changes to the current structure of the Restructuring Transactions, each of the Investors has indicated that it may not proceed with the Restructuring Transactions, and therefore the Restructuring Transactions may not proceed.

If the Restructuring Transactions cannot proceed due to any of the above circumstances, the Company may face immediate financial difficulties and may be required to be liquidated in the near future in the absence of alternative fundraising activities.

Accordingly, the Restructuring Transactions may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

BACKGROUND

References are made to the announcements of the Company dated 9 February 2022, 15 February 2022, 9 March 2022, 8 April 2022, 6 May 2022, 7 June 2022, 7 July 2022, 8 August 2022, 8 September 2022, 7 October 2022, 21 October 2022, 8 November 2022, 7 December 2022, 6 January 2023, 19 January 2023, 17 February 2023, 23 March 2023, 10 May 2023, 13 June 2023, 13 July 2023, 22 September 2023, 25 October 2023, 27 November 2023, 28 December 2023, 1 February 2024 and 6 March 2024, in relation to, among others, the Restructuring Transactions.

As disclosed in the announcement of the Company dated 10 May 2023, on 24 March 2023 (after trading hours of the Stock Exchange), the Company and the Holdco entered into the Term Sheet, pursuant to which the Holdco has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, convertible bonds and shares of the Company.

As disclosed in the announcement of the Company dated 22 September 2023, on 14 August 2023 (after trading hours of the Stock Exchange), the Company and Investor 1 entered into the Restructuring Framework Agreement, pursuant to which, among others, (a) Investor 1 has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Cash CB; (b) the Company has conditionally agreed to amend the terms and conditions of the Crescent Spring Bonds; and (c) Investor 1 has conditionally agreed to acquire certain Crescent Spring Bonds. The terms of the Restructuring Framework Agreement superseded the restructuring arrangement under the Term Sheet.

As disclosed in the announcement of the Company dated 25 October 2023, Dr. Dai was proposed to join in the Restructuring Transactions through Investor 2. Therefore, there are material differences between the restructuring arrangements previously announced by the Company on 22 September 2023 pursuant to the Restructuring Framework Agreement and the Restructuring Documents.

THE NEW RESTRUCTURING FRAMEWORK AGREEMENT

On 8 December 2023 (after trading hours of the Stock Exchange), the Company, the JV Company and the Investors entered into the New Restructuring Framework Agreement which sets out the details of the Restructuring Transactions.

Pursuant to the New Restructuring Framework Agreement, the Company, the JV Company and the Investors shall enter into and shall procure the relevant parties to enter into the Restructuring Documents to effect the Restructuring Transactions and the Restructuring Framework Agreement is superseded by the New Restructuring Framework Agreement. On the same day, the relevant parties have executed the Subscription Agreements, the Second Deed of Amendment, the CB Transfer Agreement and the Option Deed.

The New Restructuring Framework Agreement is a formal agreement executed among the Company, the JV Company and the Investors. As the Holdco is a company listed on the Shenzhen Stock Exchange, in accordance with Articles 7.1.3 and 7.1.14 of the “Shenzhen Stock Exchange GEM Listing Rules”, the New Restructuring Framework Agreement shall take effect after the Holdco having passed the necessary resolutions at the meeting of its shareholders and board of directors to approve the transactions contemplated thereunder. Since the Holdco is the holding company of Investor 1 and shareholder’s approval is required for Investor 1 to enter into any agreements, the Holdco’s approval is required for Investor 1 to enter into the New Restructuring Framework Agreement. Moreover, Investor 1 shall comply with the requirements of the “Shenzhen Stock Exchange GEM Listing Rules” in respect of its entering into of the New Restructuring Framework Agreement. Upon the Holdco having passed the necessary resolutions at the meeting of its shareholders and board of directors, the New Restructuring Framework Agreement shall become effective and enforceable.

THE INCREASE IN THE AUTHORISED SHARE CAPITAL

The Company proposes to implement the Increase in the Authorised Share Capital, whereby, subject to the approval by the Shareholders, the authorised share capital of the Company is proposed to be increased from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares.

THE SUBSCRIPTIONS

On 8 December 2023 (after trading hours of the Stock Exchange), the Company entered into the Investor 1 Subscription Agreement with Investor 1 and the Investor 2 Subscription Agreement with Investor 2 in respect of the subscriptions of the Cash CB.

Pursuant to the Investor 1 Subscription Agreement, subject to the fulfilment and/or waiver of the conditions thereunder, Investor 1 has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Cash CB in the principal amount of HK\$794,040,000 in the name of Investor 1 for cash at the subscription price of HK\$83,580,000 at the initial conversion price of HK\$0.1 per Cash CB Conversion Share (subject to adjustments).

Pursuant to the Investor 2 Subscription Agreement, subject to the fulfilment and/or waiver of the conditions thereunder, Investor 2 has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Cash CB in the principal amount of HK\$529,360,000 in the name of Investor 2 for cash at the subscription price of HK\$55,720,000 at the initial conversion price of HK\$0.1 per Cash CB Conversion Share (subject to adjustments).

As part of the structure of the Restructuring Transactions, the Company shall issue the Cash CB in the principal amount of HK\$1,323,400,000 to the Investors for a total subscription price of HK\$139,300,000. Taking into account that:

- (a) Crescent Spring agrees to extend the maturity date given that the Cash CB is issued and the subscription price of the Subscriptions is used as the Scheme Consideration to repay the Scheme Creditors (including Crescent Spring). Upon Completion, the maturity date of the Crescent Spring Bonds with the principal amount of US\$130,000,000 (equivalent to approximately HK\$1,014,000,000) would be extended pursuant to the Second Deed of Amendment, and the extended Crescent Spring Bonds would either be converted upon Completion, continued to be held by Crescent Spring, or acquired by the JV Company under the CB Transfer Agreement;
- (b) the investment of the Investors and agreement of Crescent Spring to extend the maturity of the Crescent Spring Bonds represent the only feasible and viable option to settle the Claims, especially in view of the pressing time constraints presented by the petition against the Company and the difficulty of the Company in obtaining alternative funding; and

(c) the obligations of the Company in relation to the debts under other corporate bonds held by the Scheme Creditors of the Company (other than Crescent Spring) in the amount of HK\$556,300,000 as at 31 December 2022 will be discharged pursuant to the Creditors' Scheme and the terms of the Creditors' Scheme having been approved by the Scheme Creditors at the Scheme Meeting held on 8 December 2023,

and by considering the Restructuring Transactions holistically,

- (i) the overall debt level of the Company will have decreased substantially by approximately HK\$1,151,915,000 (upon the discharge of the Scheme Creditors' debts pursuant to the Creditors' Scheme and the conversion of certain Cash CB and Crescent Spring Bonds upon Completion); and
- (ii) the extended maturity of the Acquired Crescent Spring Bonds and the Cash CB will allow longer period of the time for the Company to redeem the convertible bonds of the Company, if necessary.

The terms of the Subscriptions (including the subscription price of the Cash CB) were determined after the arm's length negotiation among the Company, the Investors and Crescent Spring. Taking into account of the above, the Directors are of the view that the Subscriptions (including the subscription price of the Cash CB) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As the Investors shall only pay a total subscription price of HK\$139,300,000 for the Cash CB in the principal amount of HK\$1,323,400,000 and the number of Cash CB Conversion shares to be allotted and issued upon the exercise of the conversion rights attached to the Cash CB shall be 13,234,000,000 Shares, the effective conversion price of the Cash CB (with reference to the total subscription price to be paid by the Investors) shall be approximately HK\$0.011.

The 13,234,000,000 Cash CB Conversion Shares represent approximately 395.58% of the existing issued Shares at the date of this announcement and approximately 79.82% of the issued Shares as enlarged by the allotment and issue of the Cash CB Conversion Shares.

The Subscriptions are subject to, among other things, the approval of the Independent Shareholders. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Cash CB Conversion Share.

The gross proceeds from the Subscriptions will be HK\$139,300,000 and will be paid to the Creditors' Scheme as the Scheme Consideration to settle the debts and liabilities to the Scheme Creditors.

The exercise of conversion rights by the Investors

At Completion, Investor 1 and Investor 2 shall exercise the conversion rights of a principal amount of HK\$155,000,000 and HK\$525,000,000 Cash CB, respectively, the allotment and issue of such 1,550,000,000 and 5,250,000,000 Cash CB Conversion Shares, being the Investor 1 Completion Conversion Shares and the Investor 2 Completion Conversion Shares.

The notice of conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares and the Investor 2 Completion Conversion Shares shall be provided to the Company by the Investors, respectively, contemporaneous with the provision of notice of conversion of the relevant Crescent Spring Bonds into the Crescent Spring Completion Conversion Shares, the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, and the taking effect of the Creditors' Scheme and the Amendment of the Crescent Spring Bonds. The notice of conversion shall state that it shall be effective subject to the respective Investors becoming a bondholder of the Company.

The conditions to the subscription of the Cash CB by Investor 1

According to the Investor 1 Subscription Agreement, completion of the subscription of the Cash CB in the principal amount of HK\$794,040,000 by Investor 1 will be subject to the fulfilment and/or waiver (where applicable) of the following conditions on or before the Long Stop Date:

- (a) all the conditions of the acquisition of the First Batch of the Acquired Crescent Spring Bonds (except the conditions precedent in relation to the subscription of the Cash CB by Investor 1 having been fulfilled) having been fulfilled;
- (b) all the conditions of the subscription of the Cash CB by Investor 2 (except the conditions precedent in relation to the subscription of the Cash CB by Investor 1 having been fulfilled) having been fulfilled;
- (c) all the conditions of the Creditors' Scheme (except the conditions precedent in relation to the subscription of the Cash CB by Investor 1 having been fulfilled) having been fulfilled;
- (d) all the conditions of the Placing Agreement (except the conditions precedent in relation to the subscription of the Cash CB by Investor 1 having been fulfilled) having been fulfilled;
- (e) all the conditions of the Amendment of the Crescent Spring Bonds (except the conditions precedent in relation to the subscription of the Cash CB by Investor 1 having been fulfilled) having been fulfilled;

- (f) the Increase in the Authorised Share Capital having become effective;
- (g) all the conditions of the grant of the Call Option and the Put Option (except the conditions precedent in relation to the subscription of the Cash CB by Investor 1 having been fulfilled) having been fulfilled;
- (h) more than 50% of the Shareholders passing the necessary resolution(s) at the SGM to approve the transactions contemplated under the Creditors' Scheme (including the grant of the Specific Mandate) and more than 50% of the Independent Shareholders passing the necessary resolution(s) at the SGM to approve the Special Deal;
- (i) more than 50% of the Independent Shareholders passing the necessary resolutions at the SGM to approve the issue of the Cash CB, the Amendment of the Crescent Spring Bonds and the Connected Transactions;
- (j) resolutions in relation to the approval of the Whitewash Waiver having been duly passed by more than 75% of the Independent Shareholders in general meeting;
- (k) the Hong Kong Court sanctions the Creditors' Scheme and an office copy of the order of the Hong Kong Court is delivered and registered by the Registrar of Companies in Hong Kong;
- (l) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Cash CB Conversion Shares;
- (m) the consent of the Special Deal having been obtained from the Executive and such consent not having been subsequently revoked or withdrawn;
- (n) the Whitewash Waiver having been granted by the Executive and the conditions (if any) attached thereto having been satisfied in full, and the Whitewash Waiver not having been subsequently revoked or withdrawn;
- (o) having obtained the necessary orders from the Hong Kong Court to withdraw and/or dismiss all the winding-up petitions of the Company;
- (p) the listing status of the Company has not been withdrawn and the Shares continue to be listed on the Stock Exchange;
- (q) the Company having obtained all necessary approvals, consents and permits regarding the Restructuring Transactions and such approvals, consents and permits remain fully effective (no such approval has been identified as at the date of this announcement);

- (r) Investor 1 having obtained all necessary board and shareholders' approvals regarding the subscription of the Cash CB in the principal amount of HK\$794,040,000 and such approvals remain fully effective (as at the date of this announcement, the necessary board approval of Investor 1 has been obtained);
- (s) Crescent Spring having obtained all necessary board and shareholders' approvals regarding the grant of the Call Option and the Put Option, the Amendment of the Crescent Spring Bonds, the acquisition of the Acquired Crescent Spring Bonds, the Creditors' Scheme and the conversion of the relevant Crescent Spring Bonds into Crescent Spring Completion Conversion Shares and such approvals remain fully effective (as at the date of this announcement, the necessary board and shareholders' approval of Crescent Spring have been obtained);
- (t) the Holdco having obtained all necessary approvals, consents and permits regarding the subscription of the relevant Cash CB by Investor 1, the grant of the Call Option and the Put Option, the acquisition of the Acquired Crescent Spring Bonds and the conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares and such approvals, consents and permits remain fully effective (including the overseas investment project filing certificate issued by the Beijing Municipal Development and Reform Commission, the enterprise overseas investment certificate issued by the Beijing Municipal Bureau of Commerce, the foreign exchange registration and filing requirements at the relevant foreign exchange bank and declaration and permission for operator concentration with the State Administration for Market Regulation, approval from the China Securities Regulatory Commission and the Shenzhen Stock Exchange in the event that they issue a letter of inquiry and any other approvals, consents and permits according to the applicable laws at the time of Completion) (as at the date of this announcement, the aforesaid approvals, consents and permits have not been obtained);
- (u) the Holdco having passed all necessary resolutions at the shareholders' meeting and/or board meeting to approve the subscription of the Cash CB in the principal amount of HK\$794,040,000;
- (v) the requisite agreements and/or deeds in relation to the share charges on 100% of the shareholding of Orion Energy, Power Great, SOG Capital and Soperton in favour of Investor 1 and the JV Company having been duly executed by Power Great, the Company, Soperton and the Company respectively and all the necessary documents and information for the registration of these charges having been prepared and the Company having provided a legal opinion that up to the Completion Date, besides Crescent Spring, there are no other third parties with rights in priority or equivalent to Investor 1 and the JV Company;

- (w) Investor 1 having entered into an account custody agreement with Crescent Spring and the relevant members of the Group and having achieved effective co-management of Investor 1 on the bank accounts of the relevant members of the Group with Crescent Spring;
- (x) China National Petroleum Corporation (being a business partner of the Group and a state owned enterprise) (or a designated entity approved by the JV Company) having confirmed in form reasonably satisfactory to the JV Company that the change in actual control of the Company pursuant to the Restructuring Transactions will not cause any adverse effect to the normal operations of the Sanjiao CBM Project;
- (y) the Company having coordinated the legal opinions to be issued by Bermuda, BVI and Cayman Islands counsel and the original of such legal opinions having been delivered to Investor 1, the contents of which shall include the due incorporation, shareholding structure, rights, encumbrance or disputes on assets, winding-up and liquidation, litigation and arbitration, compliance and credit record and the results of such legal opinion is to the reasonable satisfactory of Investor 1;
- (z) there are no laws, regulations, judgments, rulings, adjudications, or injunctions of the court or relevant government authority that restrict, prohibit or cancel the Restructuring Transactions, and there are no major adverse effects on the Restructuring Transactions and no pending or potential lawsuits, arbitrations, judgments, rulings, arbitrations or injunctions or any situation that has a material adverse impact on the companies of the Group or the ability to carry out the obligations of the Company and/or Investor 1; and
- (aa) the Restructuring Documents having become effective and not terminated; and
- (bb) the representations, warranties and undertakings of the Company and Investor 1 in the relevant Restructuring Documents having been true, accurate, not misleading and not in breach in all material respects.

Save and except for the conditions (a) to (u) above, which are not waivable by either party, Investor 1 may waive the fulfilment of the remaining conditions above in writing.

The Investor 1 Subscription Agreement is a formal agreement for the subscription of the relevant Cash CB by Investor 1 and has been agreed and executed by Investor 1. As the Holdco is a company listed on the Shenzhen Stock Exchange, in accordance with Articles 7.1.3 and 7.1.14 of the “Shenzhen Stock Exchange GEM Listing Rules”, the Investor 1 Subscription Agreement shall take effect after the Holdco having passed the necessary resolutions at the meeting of its shareholders and board of directors to approve the transactions contemplated thereunder. Since the Holdco is the holding company of Investor 1 and shareholder’s approval is required for Investor 1 to enter into any agreements, the Holdco’s approval is required for Investor 1 to enter into the Investor 1 Subscription Agreement. Moreover, Investor 1 shall comply with the requirements of the “Shenzhen Stock Exchange GEM Listing Rules” in respect of its entering into of the Investor 1 Subscription Agreement.

The conditions to the subscription of the Cash CB by Investor 2

According to the Investor 2 Subscription Agreement, completion of the subscription of the Cash CB in the principal amount of HK\$529,360,000 by Investor 2 will be subject to the fulfilment and/or waiver (where applicable) of the following conditions on or before the Long Stop Date:

- (a) all the conditions of the acquisition of the First Batch of the Acquired Crescent Spring Bonds (except the conditions precedent in relation to the subscription of the Cash CB by Investor 2 having been fulfilled) having been fulfilled;
- (b) all the conditions of the subscription of the Cash CB by Investor 1 (except the conditions precedent in relation to the subscription of the Cash CB by Investor 2 having been fulfilled) having been fulfilled;
- (c) all the conditions of the Creditors’ Scheme (except the conditions precedent in relation to the subscription of the Cash CB by Investor 2 having been fulfilled) having been fulfilled;
- (d) all the conditions of the Placing Agreement (except the conditions precedent in relation to the subscription of the Cash CB by Investor 2 having been fulfilled) having been fulfilled;
- (e) all the conditions of the Amendment of the Crescent Spring Bonds (except the conditions precedent in relation to the subscription of the Cash CB by Investor 2 having been fulfilled) having been fulfilled;
- (f) the Increase in the Authorised Share Capital having become effective;
- (g) all the conditions of the grant of the Call Option and the Put Option (except the conditions precedent in relation to the subscription of the Cash CB by Investor 2 having been fulfilled) having been fulfilled;

- (h) more than 50% of the Shareholders passing the necessary resolution(s) at the SGM to approve the transactions contemplated under the Creditors' Scheme (including the grant of the Specific Mandate) and more than 50% of the Independent Shareholders passing the necessary resolution(s) at the SGM to approve the Special Deal;
- (i) more than 50% of the Independent Shareholders passing the necessary resolutions at the SGM to approve the issue of the Cash CB, the Amendment of the Crescent Spring Bonds and the Connected Transactions;
- (j) resolutions in relation to the approval of the Whitewash Waiver having been duly passed by more than 75% of the Independent Shareholders in general meeting;
- (k) the Hong Kong Court sanctions the Creditors' Scheme and an office copy of the order of the Hong Kong Court is delivered and registered by the Registrar of Companies in Hong Kong;
- (l) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Cash CB Conversion Shares;
- (m) the consent of the Special Deal having been obtained from the Executive and such consent not having been subsequently revoked or withdrawn;
- (n) the Whitewash Waiver having been granted by the Executive and the conditions (if any) attached thereto having been satisfied in full, and the Whitewash Waiver not having been subsequently revoked or withdrawn;
- (o) having obtained the necessary orders from the Hong Kong Court to withdraw and/or dismiss all the winding-up petitions of the Company;
- (p) the listing status of the Company has not been withdrawn and the Shares continue to be listed on the Stock Exchange;
- (q) the Company having obtained all necessary approvals, consents and permits regarding the Restructuring Transactions and such approvals, consents and permits remain fully effective (no such approval has been identified as at the date of this announcement);
- (r) Investor 2 having obtained all necessary board and shareholders' approvals regarding the subscription of the Cash CB in the principal amount of HK\$529,360,000 and such approvals remain fully effective (as at the date of this announcement, the necessary board and shareholders' approval of Investor 2 have been obtained);

- (s) Crescent Spring having obtained all necessary board and shareholders' approvals regarding the grant of the Call Option and the Put Option, the Amendment of the Crescent Spring Bonds, the acquisition of the Acquired Crescent Spring Bonds, the Creditors' Scheme and the conversion of the relevant Crescent Spring Bonds into Crescent Spring Completion Conversion Shares and such approvals remain fully effective (as at the date of this announcement, the necessary board and shareholders' approval of Crescent Spring have been obtained);
- (t) the Holdco having obtained all necessary approvals, consents and permits regarding the subscription of the relevant Cash CB by Investor 1, the grant of the Call Option and the Put Option, the acquisition of the Acquired Crescent Spring Bonds and the conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares and such approvals, consents and permits remain fully effective (including the overseas investment project filing certificate issued by the Beijing Municipal Development and Reform Commission, the enterprise overseas investment certificate issued by the Beijing Municipal Bureau of Commerce, the foreign exchange registration and filing requirements at the relevant foreign exchange bank and declaration and permission for operator concentration with the State Administration for Market Regulation, approval from the China Securities Regulatory Commission and the Shenzhen Stock Exchange in the event that they issue a letter of inquiry and any other approvals, consents and permits according to the applicable laws at the time of Completion) (as at the date of this announcement, the aforesaid approvals, consents and permits have not been obtained);
- (u) the requisite agreements and/or deeds in relation to the share charges on 100% of the shareholding of Orion Energy, Power Great, SOG Capital and Soperton in favour of Investor 1 and the JV Company having been duly executed by Power Great, the Company, Soperton and the Company respectively and all the necessary documents and information for the registration of these charges having been prepared and the Company having provided a legal opinion that up to the Completion Date, besides Crescent Spring, there are no other third parties with rights in priority or equivalent to Investor 1 and the JV Company;
- (v) Investor 1 having entered into an account custody agreement with Crescent Spring and the relevant members of the Group and having achieved effective co-management of Investor 1 on the bank accounts of the relevant members of the Group with Crescent Spring;
- (w) China National Petroleum Corporation (being a business partner of the Group and a state owned enterprise) (or a designated entity approved by the JV Company) having confirmed in form reasonably satisfactory to the JV Company that the change in actual control of the Company pursuant to the Restructuring Transactions will not cause any adverse effect to the normal operations of the Sanjiao CBM Project;

- (x) the Company having coordinated the legal opinions to be issued by Bermuda, BVI and Cayman Islands counsel and the original of such legal opinions having been delivered to Investor 1, the contents of which shall include the due incorporation, shareholding structure, rights, encumbrance or disputes on assets, winding-up and liquidation, litigation and arbitration, compliance and credit record and the results of such legal opinion is to the reasonable satisfactory of Investor 1;
- (y) there are no laws, regulations, judgments, rulings, adjudications, or injunctions of the court or relevant government authority that restrict, prohibit or cancel the Restructuring Transactions, and there are no major adverse effects on the Restructuring Transactions and no pending or potential lawsuits, arbitrations, judgments, rulings, arbitrations or injunctions or any situation that has a material adverse impact on the companies of the Group or the ability to carry out the obligations of the Company and/or Investor 2; and
- (z) the Restructuring Documents having become effective and not terminated; and
- (aa) the representations, warranties and undertakings of the Company and Investor 2 in the relevant Restructuring Documents having been true, accurate, not misleading and not in breach in all material respects.

Save and except for the conditions (a) to (t) above, which are not waivable by either party, Investor 2 may waive the fulfilment of the remaining conditions above in writing.

The completion of the Subscriptions shall take place contemporaneously with the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company, the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors' Scheme.

Principal terms of the Cash CB

Issuer	: The Company
Bondholder	: Investor 1 and Investor 2
Principal amount	: For Investor 1: HK\$794,040,000 For Investor 2: HK\$529,360,000
Subscription price	: For Investor 1: HK\$83,580,000 For Investor 2: HK\$55,720,000

- Maturity date : The 7th anniversary of the effective date of the Creditors' Scheme but prior to the expiration of such date, the bondholder has the right to extend the maturity date by writing to the Company to the 10th anniversary of the effective date of the Creditors' Scheme.
- Interest : The convertible bonds shall bear interest from and including the issue date to the maturity date at a rate of 8% per annum payable annually or at any other such date or interval before the maturity date as agreed by the parties in writing.
- Security
1. Fixed second legal charge over 100% of the shares in Orion Energy to be granted by Power Great;
 2. Fixed second legal charge over 100% of the shares in Power Great to be granted by the Company;
 3. Fixed second legal charge over 100% of the shares in Soperton to be granted by the Company; and
 4. Fixed second legal charge over 100% of the shares in SOG Capital to be granted by Soperton.
- Conversion period : The conversion period will commence from and include the issue date up to the last trading day before the maturity date.
- Conversion restriction : The holder of the convertible bonds shall be entitled to exercise the conversion rights attached in whole or in part.
- The Company shall not allot and issue conversion shares to the bondholder nor shall the bondholder be permitted to convert the convertible bonds (or parts thereof) if upon such allotment and issue or conversion (as the case may be), the Company shall fail to maintain a 25% public float.
- Conversion price : The initial conversion price is HK\$0.1 per conversion share subject to the adjustment in the manner provided in the bond instrument.
- The initial conversion price represents:
- (a) a discount of approximately 18.03% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 15.25% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days including and up to the Last Trading Day;
- (c) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including and up to the Last Trading Day;
- (d) a discount of approximately 13.04% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days including and up to the Last Trading Day;
- (e) a discount of approximately 82.61% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,924,207,000, which represents approximately HK\$0.575 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021;
- (f) a discount of approximately 67.32% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,023,701,000, which represents approximately HK\$0.306 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022;
- (g) a discount of approximately 58.85% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$812,363,000, which represents approximately HK\$0.243 per Share (based on the total number of issued Shares as at the date of this announcement) as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023; and
- (h) the par value of the Shares.

The effective initial conversion price of the Cash CB (calculated by dividing the total subscription price to be paid by the Investors by the number of Cash CB Conversion Share) shall be approximately HK\$0.011.

The initial conversion price was arrived at after arm's length negotiations between the Company and the Investors with reference to (a) the par value of the Shares, as the Company cannot allot and issue shares at a discount to the par value of the Shares under its bye-laws and the Companies Ordinance and therefore HK\$0.10 constitutes the lowest price level to set the initial conversion price of the Cash CB; (b) the financial position and the historical financial performance of the Company; (c) the fact that there is a pending winding-up petition against the Company and the Restructuring Transactions being a series of the rescue operations; and (d) the closing prices as shown above.

- Adjustment to the conversion price : The conversion price shall from time to time be subject to adjustment upon occurrence of certain events:
- (a) an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
 - (b) issue of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves or share premium account issued and which would not have constituted a capital distribution;
 - (c) paying or making any capital distribution to the Shareholders;
 - (d) issue of any Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than the average of the closing price per Share for the 20 consecutive trading days ending on the trading day immediately preceding such date per Share on the date of the announcement of the terms of the issue or grant;

- (e) issue of any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (f) issue (otherwise than as mentioned in (d) above) of any Shares (other than Shares issued on the exercise of conversion rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant (otherwise than as mentioned in (d) above) of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than the conversion price;
- (g) issue of any securities arising from a conversion or exchange of other securities which is less than the conversion price;
- (h) any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in paragraph (g) above (other than in accordance with the terms applicable to such securities) so that the subscription price per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the conversion price per Share on the date of announcement of the proposals for such modification; or
- (i) issue, selling or distribution of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

- Transferability : The convertible bonds are transferable.
- Number of conversion shares : Upon the exercise of the conversion rights attached to the convertible bonds in full, the maximum number of conversion shares to be allotted and issued in aggregate shall be 13,234,000,000 Shares (as to 7,940,400,000 Shares (representing 237.35% and 52.19% to the existing shares as at the date of this announcement and immediately after Completion as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing, respectively) and 5,293,600,000 Shares (representing 158.23% and 34.79% to the existing shares as at the date of this announcement and immediately after Completion as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing, respectively) to each of Investor 1 and Investor 2 respectively).
- Ranking of the conversion shares : The conversion shares will be credited as fully paid and rank pari passu in all respects with, and within the same class as the Shares in issue as at the date of allotment and issue of such conversion shares.
- Redemption on maturity date : Unless previously redeemed, converted, purchased or cancelled, the Company will redeem all of the convertible bonds on the maturity date at such amount that would make up an aggregate internal return rate of 12% per annum on the convertible bonds calculated from the issue date to (and including) the actual date of payment and the maturity date, whichever the later.

The total amount comprises of the annual interest and the final repayment of the principal amount that the Investors will receive pursuant to the Cash CB in the event of redemption on maturity date (assuming the maturity date on the 7th anniversary of the effective date of the Creditors' Scheme and is not extended) is HK\$1,175,833,600 and HK\$8,022,400 for Investor 1 and Investor 2, respectively.

As the Company and the Investors intend that the terms of the Cash CB to match with those that of the Crescent Spring Bonds, the internal return rate of 12% is equivalent to the interest rate of 8% per annum under the bonds plus an additional rate of 4% per annum, which was arrived at after arm's length negotiations between the Company and the Investors as the additional rate of return for the Investors in the event that the conversion bonds have not been converted at maturity with reference to terms of the Crescent Spring Bonds, which was also set at 12%. The aggregate return shall take into account all interest accrued and paid on the principal amount of the bonds.

- Events of default : If, among other things, any of the following events occurs, the bondholder shall be entitled to require the Company to redeem the aggregate sum of (i) the entire principal amount of the unconverted convertible bonds; and (ii) an amount that would make up an aggregate internal return rate of 12% per annum on the convertible bonds:
- (a) the Company or any security providers for the convertible bonds fails to pay the amount due and payable pursuant to a Restructuring Document;
 - (b) the Company fails to pay any interest due and payable pursuant to a Restructuring Document;
 - (c) if the Company or any security providers fails to perform or observe any of its other obligations under the bond instrument, the relevant subscription agreement and any other Restructuring Document to which it is a party;
 - (d) a representation, statement or warranty made or deemed to be made or repeated by the Company or any security providers in any Restructuring Document or other related transaction documents is or proves to have been incorrect or misleading;

- (e) the Shares cease to be listed or admitted to, or are suspended for a period of more than ten (10) consecutive Business Days (save for any suspension of trading caused by clearance of an announcement or a circular pursuant to Chapters 14 and/or 14A of the Listing Rules) and/or the Shareholders pass a shareholder resolution to delist its shares from the Stock Exchange;
- (f) an event of cross default occurs under the provisions of the bond instrument;
- (g) if the Company or any member of the Group is involved in any insolvency event;
- (h) if the Company or any security providers repudiates or purports to repudiate a Restructuring Document to which it is a party;
- (i) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings, requisitions or disputes are commenced or threatened in relation to the Restructuring Document or other related transaction documents or against the Company or member of the Group or in relation to its assets;
- (j) any governmental agency seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or member of the Group or makes an order therefore;
- (k) an issue of unlawfulness arises under any of the Restructuring Document;
- (l) if any of the security created fails to have second ranking priority or, save and except for the first ranking priority in favour of Crescent Spring, is subject to any prior ranking or pari passu ranking security interest;
- (m) the occurrence of any event, condition, regulatory action, sanction or fine that in the reasonable opinion of the bondholder has results in or causes or would have a material adverse effect on the value of any asset charged or mortgaged under the security documents;

- (n) any event or circumstance occurs including a decrease in the total asset value or the net asset value of the Company which in the opinion of the bondholder has or may have a material adverse effect;
- (o) if the Company or member of the Group ceases or threatens to cease to carry on the whole or a substantial part of its business or changes or threatens to change the nature or scope of its ordinary and usual business as at the issue date or the Company changes or attempts to change its jurisdiction of incorporation to a jurisdiction outside of Bermuda; or
- (p) the collateral ratio is more than 1:2 and the Company fails to, within five (5) Business Days, provide the Bondholder with additional security by way of transferring or procuring the transfer to the Bondholder such assets and/or cash to the sole satisfaction of the bondholder.

Voting rights : The convertible bonds do not confer right to attend and vote at any meeting of the Company

Listing : No application will be made for the listing of the convertible bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the conversion shares.

THE AMENDMENT OF THE CRESCENT SPRING BONDS

On 8 December 2023 (after trading hours of the Stock Exchange), the Company, Power Great, Soperton, SOG Capital and Crescent Spring entered into the Second Deed of Amendment in respect of the Amendment of the Crescent Spring Bonds.

Pursuant to the Second Deed of Amendment, subject to the fulfilment of the conditions thereunder, the Company has conditionally agreed to amend, among others, the maturity date and conversion price of the Crescent Spring Bonds.

Pursuant to the Amendment of the Crescent Spring Bonds, the following terms shall be amended:

- (a) the maturity date would be extended to a date falling on the fifth anniversary of the effective date of the Amendment of the Crescent Spring Bonds, and to be further extended for an additional period of two years if either condition in the CB Transfer Agreement regarding the extension of the period for the payment of the consideration for the acquisition of the Acquired Crescent Spring Bonds for 24 months is fulfilled, or if approved by the relevant bondholder;
- (b) the initial conversion price of the Crescent Spring Bonds would be amended from HK\$0.168 per conversion share to HK\$0.1 per conversion share (subject to adjustments);
- (c) the Deeds of Loan Assignment be added as securities under the Crescent Spring Bonds;
- (d) the Company, Orion Energy, Power Great, SOG Capital or Soperton failing to perform or observe any of its obligations under the bond or any other Restructuring Documents be added as one of the events of default of the Crescent Spring Bonds;
- (e) the conversion period shall commence at any time from and including the issue date up to the close of business on the maturity date. In the event that at the time of allotment and issue of the conversion shares or conversion of the convertible bonds (as the case may be), the bondholder and parties acting in concert with it (if any) which when aggregated together with the existing Shares held, the Company cannot maintain a 25% public float, then the Company shall not issue and allot such conversion shares, and the bondholder shall not exercise its conversion rights in relation to such convertible bonds (or parts thereof); and
- (f) the convertible bonds shall be transferable, including to connected persons (as defined in the Listing Rules) of the Company.

Save as disclosed above, all the other terms of the Crescent Spring Bonds remain unchanged.

Number of conversion Shares

Subject to the taking effect of the Amendment of the Crescent Spring Bonds, the 10,140,000,000 conversion Shares represent approximately 303.10% of the existing issued Shares at the date of this announcement and approximately 75.19% of the issued Shares as enlarged by the allotment and issue of the conversion Shares.

Conversion price

Subject to the taking effect of the Amendment of the Crescent Spring Bonds, the initial conversion price of HK0.1 represents:

- (a) a discount of approximately 18.03% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 15.25% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days including and up to the Last Trading Day;
- (c) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including and up to the Last Trading Day;
- (d) a discount of approximately 13.04% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days including and up to the Last Trading Day;
- (e) a discount of approximately 82.61% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,924,207,000, which represents approximately HK\$0.575 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021;
- (f) a discount of approximately 67.32% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,023,701,000, which represents approximately HK\$0.306 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022;
- (g) a discount of approximately 58.85% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$812,363,000, which represents approximately HK\$0.243 per Share (based on the total number of issued Shares as at the date of this announcement) as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023;

- (h) the par value of the Shares; and
- (i) the conversion price of the Cash CB.

Conversion restriction

The holder of the Crescent Spring Bonds shall be entitled to exercise the conversion rights attached in whole or in part.

The Company shall not allot and issue conversion shares to the bondholder nor shall the bondholder be permitted to convert the convertible bonds (or parts thereof) if upon such allotment and issue or conversion (as the case may be), the Company shall fail to maintain a 25% public float.

The conditions to the Amendment of the Crescent Spring Bonds

Pursuant to the Second Deed of Amendment, the Amendment of the Crescent Spring Bonds will be subject to the fulfilment of the following conditions on or before the Long Stop Date:

- (a) the Company Deed of Loan Assignment having been duly executed by the Company as the assignor in favour of Crescent Spring as the assignee;
- (b) the Power Great Deed of Loan Assignment having been duly executed by Power Great as the assignor in favour of Crescent Spring as the assignee;
- (c) the memorandum and articles of association of each of SOG Capital and Soperton having been amended such that they shall only carry out the following activities with the prior consent of the director of SOG Capital and Soperton (as the case may be) nominated by Crescent Spring, including (i) amending its memorandum and articles of association, (ii) changing its authorised share capital, (iii) conducting investment, (iv) incurring financial indebtedness including providing indemnity and guarantee, (v) opening accounts, (vi) making any payment, on an individual basis, exceeding HK\$10,000,000, and (vii) entering into any types of contracts exceeding the amount of HK\$30,000,000 and such amended memorandums and articles of association having been duly adopted and filed with the Hong Kong Companies Registry (in the case of SOG Capital) and the Registrar of Companies of the Cayman Islands (in the case of Soperton);
- (d) all the conditions of the grant of the Call Option and the Put Option (except the conditions precedent in relation to the Amendment of the Crescent Spring Bonds) having been fulfilled;
- (e) all the condition of the acquisition of the First Batch of the Acquired Crescent Spring Bonds from Crescent Spring (except the conditions precedent in relation to the Amendment of the Crescent Spring Bonds) having been fulfilled;

- (f) all the conditions of the Creditors' Scheme (except the conditions precedent in relation to the Amendment of the Crescent Spring Bonds) having been fulfilled;
- (g) all the conditions of the subscriptions of the Cash CB (except the conditions precedent in relation to the Amendment of the Crescent Spring Bonds) having been fulfilled;
- (h) more than 50% of the Shareholders passing the necessary resolution(s) at the SGM to approve the transactions contemplated under the Creditors' Scheme (including the grant of the Specific Mandate) and more than 50% of the Independent Shareholders passing the necessary resolution(s) at the SGM to approve the Special Deal;
- (i) more than 50% of the Independent Shareholders passing the necessary resolutions at the SGM to approve the Amendment of the Crescent Spring Bonds;
- (j) resolutions in relation to the approval of the Whitewash Waiver having been duly passed by more than 75% of the Independent Shareholders in general meeting;
- (k) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds);
- (l) the Whitewash Waiver having been granted by the Executive and the conditions (if any) attached thereto having been satisfied in full, and the Whitewash Waiver not having been subsequently revoked or withdrawn;
- (m) the consent of the Special Deal having been obtained from the Executive and such consent not having been subsequently revoked or withdrawn;
- (n) having obtained the necessary orders from the Hong Kong Court to withdraw and/or dismiss all the winding-up petitions of the Company;
- (o) the Increase in Authorised Share Capital having become effective;
- (p) all the conditions of the Placing Agreement (except the conditions precedent in relation to the Amendment of the Crescent Spring Bonds) having been fulfilled;
- (q) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Amendment of the Crescent Spring Bonds having been obtained and remain in full force and effect (no such consent, licence and approval has been identified as at the date of this announcement); and

- (r) all necessary board and shareholders' approvals required to be obtained on the part of Crescent Spring in respect of the Amendment of the Crescent Spring Bonds having been obtained and remain in full force and effect (as at the date of this announcement, the necessary board and shareholders' approval of Crescent Spring have been obtained).

The taking effect of the Amendment of the Crescent Spring Bonds shall be contemporaneous with the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing and the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company and the taking effect of the Creditors' Scheme.

All the conditions to the Amendment of the Crescent Spring Bonds are not waivable by any parties to the Second Deed of Amendment.

THE ACQUISITION OF THE ACQUIRED CRESCENT SPRING BONDS

On 8 December 2023 (after trading hours of the Stock Exchange), Crescent Spring as the transferor and the JV Company as the transferee entered into the CB Transfer Agreement in respect of the transfer of the Acquired Crescent Spring Bonds.

Pursuant to the CB Transfer Agreement, subject to the fulfilment of the conditions to the acquisition of the Acquired Crescent Spring Bonds, the JV Company shall acquire the Acquired Crescent Spring Bonds in the principal amount of US\$79,060,000 (equivalent to approximately HK\$616,668,000), being approximately 60.82% of the total Crescent Spring Bonds by instalments for a consideration of US\$79,060,000 (equivalent to approximately HK\$616,668,000). At Completion, the JV Company shall acquire the first batch of the Acquired Crescent Spring Bonds in the principal amount of US\$9,830,000 (equivalent to approximately HK\$76,674,000). The Remaining Acquired Crescent Spring Bonds in the principal amount of US\$69,230,000 (equivalent to approximately HK\$539,994,000) shall be acquired by the JV Company in tranches over a term of five years as follows:

Instalment	Acquisition date	Amount of Acquired Crescent Spring Bonds to be acquired (US\$)	Consideration (US\$)
1	Completion Date	9,830,000 (equivalent to approximately HK\$76,674,000)	9,830,000 (equivalent to approximately HK\$76,674,000)
2	Within three Business Day from the date falling 12 months after the Completion Date	7,690,000 (equivalent to approximately HK\$59,982,000)	7,690,000 (equivalent to approximately HK\$59,982,000)
3	Within three Business Day from the date falling 24 months after the Completion Date	7,690,000 (equivalent to approximately HK\$59,982,000)	7,690,000 (equivalent to approximately HK\$59,982,000)
4	Within three Business Day from the date falling 36 months after the Completion Date	7,690,000 (equivalent to approximately HK\$59,982,000)	7,690,000 (equivalent to approximately HK\$59,982,000)
5	Within three Business Day from the date falling 48 months after the Completion Date	11,540,000 (equivalent to approximately HK\$90,012,000)	11,540,000 (equivalent to approximately HK\$90,012,000)
6	Within three Business Day from the date falling 60 months after the Completion Date	34,620,000 (equivalent to approximately HK\$270,036,000)	34,620,000 (equivalent to approximately HK\$270,036,000)
	Total	79,060,000 (equivalent to approximately HK\$616,668,000)	79,060,000 (equivalent to approximately HK\$616,668,000)

The acquisition instalment timetable for the 6th instalment of the Remaining Acquired Crescent Spring Bonds is extendable by 24 months within 48 months from the Completion Date subject to the fulfilment of either one of the following conditions:

- (a) within 48 months from the Completion Date, Orion Energy having achieved an annual production capacity of 500 million cubic metres for the Sanjiao CBM Project, being the Extension Situation 1; or

- (b) Crescent Spring having decided to exercise its conversion right in relation to the Crescent Spring Bonds in the aggregate principal amount of US\$3,856,200 (equivalent to approximately HK\$30,078,000, which would convert into 300,780,000 conversion shares assuming they are exercised at the initial conversion price of HK\$0.1 per conversion share) over the course of three years, being the Extension Situation 2¹.

In the event of the fulfilment of the Extension Situation 1, the acquisition instalment timetable for the original 6th instalment shall be extended as follows:

Instalment	Acquisition date	Amount of Acquired Crescent Spring Bonds to be acquired (US\$)	Consideration (US\$)
6	Within three Business Day from the date falling 60 months after the Completion Date	11,540,000 (equivalent to approximately HK\$90,012,000)	11,540,000 (equivalent to approximately HK\$90,012,000)
7	Within three Business Day from the date falling 72 months after the Completion Date	11,540,000 (equivalent to approximately HK\$90,012,000)	11,540,000 (equivalent to approximately HK\$90,012,000)
8	Within three Business Day from the date falling 84 months after the Completion Date	11,540,000 (equivalent to approximately HK\$90,012,000)	11,540,000 (equivalent to approximately HK\$90,012,000)
	Total	34,620,000 (equivalent to approximately HK\$270,036,000)	34,620,000 (equivalent to approximately HK\$270,036,000)

¹ In the event of fulfilment of the Extension Situation 2, Crescent Spring would have exercised its conversion right in relation to the Crescent Spring Bonds in the principal amount of US\$3,856,200. As such, the amount of the Acquired Crescent Spring Bonds would accordingly be reduced by US\$3,856,200 as it has been converted and can no longer be available for acquisition by the JV Company. Therefore, in the Extension Situation 2, the amount of the Acquired Crescent Spring Bonds to be acquired in the original 6th instalment of US\$34,620,000 shall be reduced by the converted amount of US\$3,856,200 to an aggregate of US\$30,763,800 over the extended period from the 6th instalment to the 8th instalment.

In the event of the fulfilment of the Extension Situation 2, the acquisition instalment timetable for the original 6th instalment shall be extended as follows:

Instalment	Acquisition date	Amount of Acquired Crescent Spring Bonds to be acquired (US\$)	Consideration (US\$)
6	Within three Business Day from the date falling 60 months after the Completion Date	10,254,600 (equivalent to approximately HK\$79,986,000)	10,254,600 (equivalent to approximately HK\$79,986,000)
7	Within three Business Day from the date falling 72 months after the Completion Date	10,254,600 (equivalent to approximately HK\$79,986,000)	10,254,600 (equivalent to approximately HK\$79,986,000)
8	Within three Business Day from the date falling 84 months after the Completion Date	10,254,600 (equivalent to approximately HK\$79,986,000)	10,254,600 (equivalent to approximately HK\$79,986,000)
	Total	30,763,800 (equivalent to approximately HK\$239,958,000)	30,763,800 (equivalent to approximately HK\$239,958,000)

The payment of the consideration for the acquisition of the Acquired Crescent Spring Bonds by the JV Company will be financed by Investor 1 and Investor 2 in form of a shareholder's loan to the JV Company as to 60% and 40%, respectively, which is equivalent to the respective interest of the Investors in the Restructuring Transactions and the resulting shareholding.

The conditions to the acquisition of the First Batch of the Acquired Crescent Spring Bonds

According to the CB Transfer Agreement, the acquisition of the First Batch of the Acquired Crescent Spring Bonds in the principal amount of US\$9,830,000 (equivalent to approximately HK\$76,674,000) will be subject to the fulfilment of the following conditions:

- (a) all the conditions of the subscription of the Cash CB by Investor 1 (except the conditions precedent in relation to the acquisition of the First Batch of the Acquired Crescent Spring Bonds having been fulfilled) having been fulfilled;

- (b) all the conditions of the subscription of the Cash CB by Investor 2 (except the conditions precedent in relation to the acquisition of the First Batch of the Acquired Crescent Spring Bonds having been fulfilled) having been fulfilled;
- (c) all the conditions of the Creditors' Scheme (except the conditions precedent in relation to the acquisition of the First Batch of the Acquired Crescent Spring Bonds having been fulfilled) having been fulfilled;
- (d) all the conditions of the Placing Agreement (except the conditions precedent in relation to the acquisition of the First Batch of the Acquired Crescent Spring Bonds having been fulfilled) having been fulfilled;
- (e) all the conditions of the Amendment of the Crescent Spring Bonds (except the conditions precedent in relation to the acquisition of the First Batch of the Acquired Crescent Spring Bonds) having been fulfilled;
- (f) the Increase in Authorised Share Capital having become effective;
- (g) all the conditions of the grant of the Put Option and the Call Option (except the conditions precedent in relation to the acquisition of the First Batch of the Acquired Crescent Spring Bonds having been fulfilled) having been fulfilled;
- (h) more than 50% of the Shareholders passing the necessary resolutions at the SGM to approve the transactions contemplated under the Creditors' Scheme (including the grant of the Specific Mandate) and more than 50% of the Independent Shareholders passing the necessary resolution(s) at the SGM to approve the Special Deal;
- (i) more than 50% of the Independent Shareholders passing the necessary resolutions at the SGM to approve the issue of the Cash CB, the Amendment of the Crescent Spring Bonds and the Connected Transactions;
- (j) resolutions in relation to the approval of the Whitewash Waiver having been duly passed by more than 75% of the Independent Shareholders in general meeting;
- (k) the Hong Kong Court sanctions the Creditors' Scheme and an office copy of the order of the Hong Kong Court is delivered and registered by the Registrar of Companies in Hong Kong;
- (l) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Cash CB Conversion Share;
- (m) the Whitewash Waiver having been granted by the Executive and the conditions (if any) attached thereto having been satisfied in full, and the Whitewash Waiver not having been subsequently revoked or withdrawn;

- (n) having obtained the necessary orders from the Hong Kong Court to withdraw and/or dismiss all the winding-up petitions of the Company;
- (o) the listing status of the Company has not been withdrawn and the Shares continue to be listed on the Stock Exchange;
- (p) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Restructuring Transactions having been obtained and remain in full force and effect (no such consents, licences and approval has been identified as at the date of this announcement);
- (q) all necessary board and shareholders' approvals required to be obtained on the part of the JV Company in respect of the grant of the Call Option and the Put Option and the acquisition of the Acquired Crescent Spring Bonds having been obtained and remain in full force and effect (as at the date of this announcement, the necessary board and shareholders' approval of the JV Company have been obtained);
- (r) all necessary board and shareholders' approvals required to be obtained on the part of Crescent Spring in respect of the grant of the Call Option and the Put Option, the Amendment of the Crescent Spring Bonds, the acquisition of the Acquired Crescent Spring Bonds, the Creditors' Scheme and the conversion of the relevant Crescent Spring Bonds into Crescent Spring Completion Conversion Shares having been obtained and remain in full force and effect (as at the date of this announcement, the necessary board and shareholders' approval of Crescent Spring have been obtained);
- (s) all necessary consents, licences and approvals required to be obtained on the part of the Holdco in respect of the subscription of the relevant Cash CB by Investor 1, the grant of the Call Option and the Put Option, the acquisition of the Acquired Crescent Spring Bonds and the conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares having been obtained and remain in full force and effect (including the overseas investment project filing certificate issued by the Beijing Municipal Development and Reform Commission, the enterprise overseas investment certificate issued by the Beijing Municipal Bureau of Commerce, the foreign exchange registration and filing requirements at the relevant foreign exchange bank and declaration and permission for operator concentration with the State Administration for Market Regulation, approval from the China Securities Regulatory Commission and the Shenzhen Stock Exchange in the event that they issue a letter of inquiry and any other approvals, consents and permits according to the applicable laws at the time of Completion) (as at the date of this announcement, the aforesaid approvals, consents and permits have not been obtained);

- (t) the shareholders and directors of Crescent Spring passing the necessary resolutions at the relevant meeting of the shareholders or the board of directors to approve the acquisition of the Acquired Crescent Spring Bonds by the JV Company;
- (u) the 100% of the shareholding of Orion Energy, Power Great, SOG Capital and Soperton having been charged in favour of Investor 1 and the registration procedures in respect of the share charges having been completed. Save and except for Crescent Spring, there is no third party encumbrance ranking equally or prior to Investor 1;
- (v) Investor 1 having entered into an account custody agreement with Crescent Spring and the relevant members of the Group and having achieved effective co-management of Investor 1 on the bank accounts of the relevant members of the Group with Crescent Spring;
- (w) China National Petroleum Corporation (being a business partner of the Group and a state owned enterprise) (or a designated entity approved by the JV Company) having confirmed in form reasonably satisfactory to the JV Company that the change in actual control of the Company pursuant to the Restructuring Transactions will not cause any adverse effect to the normal operations of the Sanjiao CBM Project;
- (x) there are no laws, regulations, judgments, rulings, adjudications, or injunctions of the court or relevant government authority that restrict, prohibit or cancel the Restructuring Transactions, and there are no major adverse effects on the Restructuring Transactions and no pending or potential lawsuits, arbitrations, judgments, rulings, arbitrations or injunctions or any situation that has a material adverse impact on the companies of the Group or the ability to carry out the obligations of the JV Company and/or Crescent Spring;
- (y) the Restructuring Documents having become effective and not terminated; and
- (z) the representations, warranties and undertakings of the JV Company and Crescent Spring in the relevant Restructuring Documents having been true, accurate, not misleading and not in breach in all material respects.

The completion of the acquisition of the First Batch of the Acquired Crescent Spring Bonds shall be contemporaneous with the completion of the Subscriptions, the grant of the Call Option and the Put Option, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company, the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors' Scheme.

The acquisition of the Remaining Acquired Crescent Spring Bonds will be subject to Crescent Spring not having breached any terms and conditions of the CB Transfer Agreement. The acquisition of the Remaining Acquired Crescent Spring Bonds will not be subject to any additional condition precedent.

The CB Transfer Agreement is a formal agreement executed between Crescent Spring and the JV Company. As the JV Company is owned as to 60% by Investor 1 and the Holdco is the holding company of Investor 1, and shareholders' approval is required for Investor 1 to approve the entering into any agreements by the JV Company, the Holdco's approval is required for the JV Company to enter into the CB Transfer Agreement. As such, the CB Transfer Agreement shall take effect after the Holdco having passed the necessary resolutions at the meeting of its shareholders and board of directors to approve the transactions contemplated thereunder.

The Acquisition Indemnity

Pursuant to the CB Transfer Agreement, the Holdco shall provide an indemnity to Crescent Spring for the performance of the JV Company's obligations in relation to the acquisition of the entire Remaining Acquired Crescent Spring Bonds, being the Acquisition Indemnity.

The exercise of conversion rights by Crescent Spring

Pursuant to the CB Transfer Agreement, Crescent Spring shall exercise the conversion rights of a principal amount of US\$50,940,000 (equivalent to approximately HK\$397,332,000) Crescent Spring Bonds at the conversion price of HK\$0.1. The allotment and issue of such 3,973,000,000 conversion shares, being the Crescent Spring Completion Conversion Shares, representing approximately 26.82% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing).

The notice of conversion of the relevant Crescent Spring Bonds into the Crescent Spring Completion Conversion Shares shall be provided to the Company by Crescent Spring, and shall be contemporaneous with the provision of notice of conversion of the relevant Cash CB into the Investor 1 Completion Conversion Shares and the Investor 2 Completion Conversion Shares by the Investors to the Company, the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the Placing, and the taking effect of the Creditors' Scheme and the Amendment of the Crescent Spring Bonds.

THE CALL OPTION AND THE PUT OPTION

On 8 December 2023 (after trading hours of the Stock Exchange), Crescent Spring and the JV Company entered into the Option Deed with respect of the grant of the Call Option and the Put Option.

Pursuant to the Option Deed, Crescent Spring shall conditionally grant the Call Option to the JV Company, pursuant to which the JV Company is entitled to purchase 2,000,000,000 Shares held by Crescent Spring in the Company in tranches at its discretion from the Completion Date for a term of sixty months after the Completion Date at the option exercise price of HK\$0.1 per share.

Further, pursuant to the Option Deed, the JV Company shall conditionally grant the Put Option to Crescent Spring, pursuant to which Crescent Spring is entitled to sell 2,000,000,000 Shares held by Crescent Spring in the Company in tranches at its discretion from the end date of the exercise period of the Call Option for a term of twenty-four months after such end date at the option exercise price of HK\$0.1 per share.

Pursuant to the Option Deed, the grant of the Call Option and the Put Option will be subject to the fulfilment of the following conditions:

- (a) Crescent Spring having exercised its conversion rights pursuant to the Crescent Spring Bonds in the principal amount of US\$50,940,000 (equivalent to approximately HK\$397,332,000) and having become the legal and beneficial owner of 3,973,000,000 Shares;
- (b) all the condition of the acquisition of the First Batch of the Acquired Crescent Spring Bonds from Crescent Spring having been fulfilled and/or waived (where applicable);
- (c) all the conditions of the Creditors' Scheme having been fulfilled and/or waived (where applicable);
- (d) the JV Company and Crescent Spring having completed all the filing, registration, approval, waiver application in connection with the transactions contemplated under the Option Deed and such filing, registration, approval and waiver application not having been subsequently revoked or withdrawn and the Investors having transferred all the relevant payments for the exercise of the relevant option to bank account of the JV Company (no such filing, registration, approval or waiver application has been identified as at the date of this announcement);
- (e) there having been no circumstances occurring that warrant the termination of the Option Deed pursuant to the terms therein; and
- (f) there being no statute or order, and no pending or potential litigation, arbitration, decision, judgment or order that has or will cause a material adverse effect to the transactions contemplated under the Option Deed.

The grant of the Call Option and the Put Option shall be contemporaneous with the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the Placing, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company and the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors' Scheme.

The Option Deed is a formal deed executed between Crescent Spring and the JV Company. As the JV Company is owned as to 60% by Investor 1 and the Holdco is the holding company of Investor 1, and shareholders' approval is required for Investor 1 to approve the entering into any agreements by the JV Company, the Holdco's approval is required for the JV Company to enter into the Option Deed. As such, the Option Deed shall take effect after the Holdco having passed the necessary resolutions at the meeting of its shareholders and board of directors to approve the transactions contemplated thereunder.

The Option Indemnity

Pursuant to the Option Deed, the Holdco shall provide an indemnity to Crescent Spring for the performance of the JV Company's obligations in relation to the payment of the option price in the event of the exercise of the Call Option or the Put Option, being the Option Indemnity.

THE COUNTER-INDEMNITY

On 8 December 2023 (after the trading hours of the Stock Exchange), Investor 2 has executed the Deed of Counter-indemnity in favour of the Holdco pursuant to which Investor 2 shall indemnify the Holdco in the event that the Acquisition Indemnity and/or the Option Indemnity is enforced by Crescent Spring. In the event that Crescent Spring's enforcement of the Acquisition Indemnity and/or the Option Indemnity is due to the failure of Investor 1 to contribute its share of payment to the JV Company, the part of the liability settled by the Holdco shall not form part of the guaranteed liability under the Deed of Counter-indemnity. Any claim or the exercise of any rights pursuant to the Deed of Counter-indemnity by the Holdco against Investor 2 shall be conditional on the Completion having taken place.

Further, on 8 December 2023 (after trading hours of the Stock Exchange), Investor 2 has executed in favour of the Holdco (a) the JV Company Share Charge and the Acquisition Listco Share Charge as security for Investor 2's obligations under the Deed of Counter-Indemnity for the Acquisition Indemnity; and (b) the Option Listco Share Charge as security for Investor 2's obligations under the Deed of Counter-Indemnity for the Option Indemnity. Any claim or the exercise of any rights pursuant to the JV Company Share Charge, the Acquisition Listco Share Charge and the Option Listco Share Charge by the Holdco against Investor 2 shall be conditional on the Completion having taken place.

The securities charged under the JV Company Share Charge are the 40% equity interests held by Investor 2 in the JV Company. The securities charged under the Acquisition Listco Share Charge are the 2.16 billion conversion Shares pursuant to the conversion of the Cash CB to be subscribed by Investor 2 and Investor 2's rights and interests under the Investor 2 Subscription Agreement. The securities charged under the Option Listco Share Charge are the 800 million conversion Shares pursuant to the conversion of the Cash CB to be subscribed by Investor 2 and Investor 2's rights and interests under the Investor 2 Subscription Agreement.

THE PLACING

The Company shall enter into the Placing Agreement with placing agent, pursuant to which the placing agent shall conditionally agree to procure, on a fully underwritten basis, not less than six placees who and whose beneficial owners shall be Independent Third Parties and not acting in concert with the Investors and their respective concert parties, to subscribe for (or failing which, to purchase themselves as principal) 400 million new Shares at a placing price of HK\$0.1 per Share. The Shares pursuant to the Placing shall be issued under the Specific Mandate.

The placing agent and its respective ultimate beneficial owners shall be Independent Third Parties and not acting in concert with the Investors and their respective concert parties.

Number of Shares pursuant to the Placing

The 400,000,000 Shares to be placed represent approximately 11.96% of the existing issued Shares at the date of this announcement, approximately 10.68% of the issued Shares as enlarged by the allotment and issue of the Shares pursuant to the Placing and approximately 2.63% of the issued Shares immediately after Completion and the allotment and the issue of the Completion Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing).

Placing price of the Shares pursuant to the Placing

The placing price per Share to be placed of HK\$0.1 represents:

- (a) a discount of approximately 18.03% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 15.25% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days including and up to the Last Trading Day;
- (c) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including and up to the Last Trading Day;

- (d) a discount of approximately 13.04% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days including and up to the Last Trading Day;
- (e) a discount of approximately 82.61% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,924,207,000, which represents approximately HK\$0.575 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021;
- (f) a discount of approximately 67.32% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,023,701,000, which represents approximately HK\$0.306 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022;
- (g) a discount of approximately 58.85% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$812,363,000, which represents approximately HK\$0.243 per Share (based on the total number of issued Shares as at the date of this announcement) as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023; and
- (h) the par value of the Shares.

The placing price of the Shares pursuant to the Placing was determined with reference to the par value of the Shares and the closing prices as shown above.

Conditions of the Placing

Completion of the Placing shall be conditional upon the fulfilment of all the following:

- (a) the Listing Committee agreeing to grant a listing of and permission to deal in the Shares pursuant to the Placing;
- (b) the Company having delivered a notification to the placing agent and the placing agent having agreed to the placing price and the completion date specified on such notification;
- (c) the listing status of the Company has not been withdrawn and the Shares continue to be listed on the Stock Exchange;
- (d) having obtained the necessary orders from the Hong Kong Court to withdraw and/or dismiss all the winding-up petitions of the Company; and

- (e) the Company having obtained all necessary board and shareholders' approvals, regarding the issue and allotment of the Shares pursuant to the Placing (including the Specific Mandate) and such approvals remain fully effective.

If any of the conditions are not fulfilled by the Long Stop Date, all rights, obligations and liabilities of the Company and the placing agent shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing.

Ranking of the shares pursuant to the Placing

The shares for the Placing, when issued and fully paid, shall rank pari passu in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Shares for the Placing.

Application for listing

The Company shall apply to the Listing Committee for the listing of, and permission to deal in, the shares for the Placing.

Completion

The completion of the Placing shall be contemporaneous with the completion of the Subscriptions, the acquisition of the First Batch of the Acquired Crescent Spring Bonds, the grant of the Call Option and the Put Option, the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company and the taking effect of the Amendment of the Crescent Spring Bonds and the Creditors' Scheme.

Termination

Notwithstanding anything contained in the Placing Agreement, the placing agent shall have the right to terminate the Placing Agreement by notice in writing to the Company at any time prior to 10 a.m. on the Completion Date if any of the following occurs:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any of the following events:
 - (i) any development or change in the political, military, industrial, financial, economic, fiscal, regulatory or other nature resulting in a material adverse change in the conditions in the PRC (including Hong Kong) and which in the reasonable opinion of the placing agent would materially prejudice the success of the Placing or trading of the Shares in the market;
 - (ii) any new law or regulation or any change in the existing laws, rules or regulations which in the reasonable opinion of the placing agent is or may be materially adverse to the Group or the Placing;

- (iii) any event or development in local, national, international, political, military, financial, economic, market or trading conditions which in the reasonable opinion of the placing agent is or may be materially adverse to the business or financial position or prospects of the Group or the Placing;
- (iv) a change or development involving a prospective change of taxation or exchange control in Hong Kong or the PRC which will materially and adversely affect the business or the financial or trading position of the Group or would in the reasonable opinion of the placing agent, materially prejudice the success of the Placing; or
- (v) the instigation of any litigation or claim of material importance by any third party against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the reasonable opinion of the placing agent would materially prejudice the success of the Placing.

In the event that the placing agent terminates the Placing Agreement, all obligations of each of the parties shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach.

THE CREDITORS' SCHEME

Under the Creditors' Scheme and subject to the terms thereof, the Scheme Consideration in the amount of HK\$139,300,000, which is equivalent to the expected proceeds from the Subscriptions, and the 696,500,000 Scheme Shares at the issue price of HK\$0.1 will be distributed to the Scheme Creditors with Admitted Claims on a pro-rata basis for their respective Admitted Claims, whereby each Creditor with Admitted Claims would be entitled to (a) a receipt of a one-off distribution of the Scheme Consideration with the other Creditors at approximately 10% of the Admitted Claims of the individual Creditor; and (b) approximately 5% of the Admitted Claims of the individual Creditor by way of allotment and issue of the Scheme Shares at HK\$0.1 per Scheme Share. As at 31 December 2022, the monetary amount of the Admitted Claims amounts to HK\$1,398,015,000.

A company will be established as a scheme company for the purpose of administering the Creditors' Scheme and shall be wholly owned by the Scheme Administrators on behalf of the Scheme Creditors. The gross proceeds from the subscription of the Cash CB will be transferred to the account of such scheme company and the distribution of the Scheme Consideration and the Scheme Shares will be conducted in accordance with the terms of the Creditors' Scheme. Upon the Creditors' Scheme having become effective, all the debts and liabilities of the Company to the Scheme Creditors will be discharged and released in full.

Up to 31 December 2022 (being the date of which the amount of Claims was accounted for pursuant to the Creditors' Scheme), based on the available books and records of the Company, the estimated total amount of Claims against the Company is approximately HK\$1,398,015,000, representing the Estimated Total Claims, comprising (a) unsecured accrued interest payments on the Crescent Spring Bonds in the amount of approximately HK\$833,863,000, (b) unsecured corporate bonds in the amount of approximately HK\$556,300,000, and (c) amounts due to shareholders and miscellaneous debts in the amount of approximately HK\$7,852,000 belonging to the Creditor Shareholders. This figure is indicative only and will be subject to final determination by the Scheme Administrators and (if applicable) adjudication under the Creditors' Scheme. None of the Company's corporate and personal bondholders is a Shareholder.

An originating summons has been filed with the Hong Kong Court for application to convene the Scheme Meeting and an order was made by the Hong Kong Court for the Company to convene the Scheme Meeting on 8 December 2023. The Creditors' Scheme was approved by the requisite statutory majorities of the Creditors.

Reference is made to the announcement of the Company dated 6 March 2024, whereby it is disclosed that at the sanction hearing of the Creditors' Scheme on 29 February 2024, the Hong Kong Court had raised some concerns with the terms of the Creditors' Scheme and the Company should within 14 days from the date of the sanction hearing write to the Hong Kong Court to indicate whether or not it would pursue the proceedings. The Company is intended to indicate to the Hong Kong Court that it would pursue the proceedings. The Company is also obtaining advice to address the Hong Kong Court's concerns and may consider changing the terms of the Creditors' Scheme if necessary. As at the date of this announcement, the Hong Kong Court has yet to hand down its decision. Upon handing down of the decision and in the event that the decision is not in favour of the Company, the Company may consider appealing against the Hong Kong Court's decision.

If the terms of the Creditor's Scheme are to be changed, the terms of the Restructuring Transactions as set out in the Restructuring Documents and this announcement may also need be changed.

If the Company is to appeal against the Hong Kong Court's decision, subject to the court's approval that the matter is urgent, the Company will consider to apply to the court to shorten the period for the appeal hearing to be held in around two months. In the event that the appeal is turned down, the Company will negotiate with the relevant parties and may consider changing the terms of the Restructuring Transactions. The Subscriptions, the grant of the Call Option and the Put Option and the Amendment of the Crescent Spring Bonds are conditional on the conditions of the Creditors' Scheme being fulfilled.

Further announcement(s) will be made by the Company in this regard as and when necessary.

Number of Scheme Shares

The 696,500,000 Scheme Shares represent approximately 20.82% of the existing issued Shares at the date of this announcement and approximately 17.23% of the issued Shares as enlarged by the allotment and issue of the Scheme Shares.

Issue price of the Scheme Shares

The issue price per Scheme Share of HK\$0.1 represents:

- (a) a discount of approximately 18.03% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 15.25% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days including and up to the Last Trading Day;
- (c) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including and up to the Last Trading Day;
- (d) a discount of approximately 13.04% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days including and up to the Last Trading Day;
- (e) a discount of approximately 82.61% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,924,207,000, which represents approximately HK\$0.575 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021;
- (f) a discount of approximately 67.32% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,023,701,000, which represents approximately HK\$0.306 per Share (based on the total number of issued Shares as at the date of this announcement) as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022;
- (g) a discount of approximately 58.85% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$812,363,000, which represents approximately HK\$0.243 per Share (based on the total number of issued Shares as at the date of this announcement) as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023; and
- (h) the par value of the Shares.

The issue price of the Scheme Shares was determined with reference to the par value of the Shares and the closing prices as shown above.

The conditions to the Creditors' Scheme

The Creditors' Scheme will be subject to the fulfilment of the following conditions:

- (a) the approval of the Creditors' Scheme by a majority in number of the Creditors present and voting at a meeting of the Creditors convened with the leave of the Hong Kong Court representing not less than 75% in value of the Creditors present and voting at such meeting of the Creditors either in person or by proxy;
- (b) the Hong Kong Court sanctions the Creditors' Scheme and an office copy of the order of the Hong Kong Court is delivered and registered by the Registrar of Companies in Hong Kong;
- (c) the signing of all the Restructuring Documents by all parties thereunder;
- (d) all the conditions in relation to the Subscriptions, the Creditors' Scheme, the Placing, the Amendment of the Crescent Spring Bonds and the acquisition of the First Batch of the Acquired Crescent Spring Bonds (except the conditions precedent in relation to the taking effect of the Creditors' Scheme having been fulfilled) having been fulfilled and/or waived (where applicable);
- (e) the necessary orders of the Hong Kong Court sanctioning the withdrawal and/or dismissal of all the winding-up petitions presented against the Company having been obtained;
- (f) more than 50% of the Shareholders (including the Independent Shareholders) passing of the necessary resolutions at the SGM to approve the transaction contemplated under the Creditors' Scheme (including the grant of the Specific Mandate), the agreements for the Subscriptions, the agreements and/or deeds for the Amendment of the Crescent Spring Bonds and the transactions contemplated thereunder respectively (including the granting of the Specific Mandate, the consent to the Special Deal and the granting of the Whitewash Waiver) and not having been revoked or vitiated;
- (g) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scheme Shares and the Cash CB Conversion Shares;
- (h) the Whitewash Waiver having been granted by the Executive and the conditions (if any) attached thereto having been satisfied in full, and the Whitewash Waiver not having been subsequently revoked or withdrawn;

- (i) the consent of the Special Deal having been obtained from the Executive and such consent not having been subsequently revoked or withdrawn;
- (j) the Increase in Authorised Share Capital having become effective; and
- (k) all necessary governmental, regulatory and corporate authorisations, approvals, consents and/or waivers for the entering into of the Restructuring Documents and the performance of obligations thereunder having been obtained and effective (no other authorisations, approvals, consents and/or waivers than the approvals required under the other conditions to the Creditors' Scheme as listed above has been identified as at the date of this announcement).

Pursuant to the Company's announcement dated 8 December 2023, at the Scheme Meeting held on 8 December 2023, the Creditors' Scheme was approved by the requisite statutory majorities of the Creditors. Therefore, as at the date of the announcement, condition (a) above has been fulfilled.

REASONS FOR THE RESTRUCTURING TRANSACTIONS AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in (i) exploration, development and production of coalbed methane; (ii) raw coal washing and sale of raw and cleaned coal; (iii) exploitation and sale of crude oil and natural gas; and (iv) provision for financial services in the PRC.

The Group has faced severe liquidity challenges, especially in view of the outstanding indebtedness due to Crescent Spring and the Scheme Creditors. The Group has been actively seeking to restructure its business and improve its financial position by procuring subscribers for its Shares or convertible bonds as evidenced from the Company's announcements since 9 February 2022. The Directors are of the view that despite the various economic and COVID-19 related headwinds, the Restructuring Transactions, including the investment of new money under the Subscriptions, will (i) provide the Group with the necessary funding to repay its outstanding debts; (ii) extend the maturity of the debts owing by the Company and allow more time for the Company to repay the debts as they fall due; (iii) lower the debt level of the Company as Crescent Spring and the Investors will exercise the conversion rights of some of the convertible bonds of the Company upon Completion; and (iv) presents an opportunity to restore the Group's business. As at 30 June 2023, the Company's total liabilities amount to HK\$3,632,021,000.

Moreover, Investor 1 is a well-established company in the PRC that is principally engaged in the investment, construction and operation of natural gas long-distance pipelines and industrial gas supply. The Directors believe that the participation of Investor 1 in its restructuring exercise and the talents and experience that Investor 1 will bring to the management of the Company will enable the Group to complement and leverage the existing services of the Group and enhance the capacity in serving current clients and attracting new business opportunities and new clients for the Group. It is believed that this will create synergistic benefits for the existing business of the Group.

The gross proceeds from the Subscriptions will be HK\$139,300,000, and will be paid to the Creditors' Scheme as the Scheme Consideration to settle the debts and liabilities to the Scheme Creditors under the Creditors' Scheme. The net proceeds from the Placing are expected to be HK\$38,800,000 and approximately HK\$8,800,000 will be used to settle professional fee and as to HK\$30,000,000 will be used as general working capital of the Group.

In view of the above, the Directors (excluding the non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser to be appointed) consider that the Restructuring Transactions were entered into upon normal commercial terms following arm's length negotiations between the Company, Crescent Spring, the JV Company and the Investors and that the terms of the Restructuring Documents (including the conversion price of the Cash CB and the Crescent Spring Bonds pursuant to the Amendment of the Crescent Spring Bonds) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE INVESTORS

Investor 1, being TRCE Investment (Hong Kong) Limited (天壕投資(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability and is a wholly owned subsidiary of the Holdco, being Top Resource Energy Co. Ltd. (天壕能源股份有限公司), which is a company established in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 300332.SHE) and a PRC-based company principally engaged in the investment, construction, and operation of natural gas long-distance pipelines, industrial gas supply, urban gas transmission and distribution, and related services and is in partnership with China National Offshore Oil Corporation to build and operate the longest unconventional natural gas long-distance pipeline in the PRC, which transports natural gas resources from the Shanxi and Shaanxi regions to various parts of the country. The Holdco and its subsidiaries also operate multiple urban gas terminal companies in the Shanxi, Hebei, Shandong, Fujian and Guangdong regions. The single largest controlling shareholder of the Holdco is Mr. Chen Zuotao as to approximately 19.88%. (1) the Holdco and its ultimate beneficial owners (including Mr. Chen Zuotao); and (2) Investor 1, are Independent Third Parties.

Investor 2, being China LiDai International Asset Investment Limited (中國注禮國際產業投資有限公司), is a company incorporated in the BVI with limited liability and is an investment holding company. The sole shareholder and director of Investor 2 is Dr. Dai.

Save as to the Term Sheet and the Restructuring Documents, there is no other agreement or arrangement between (1) the Investors; and (2) the Company and the connected person of the Company, Crescent Spring or other creditors.

INVESTOR 2'S INTENTION IN RELATION TO THE GROUP

If the Subscriptions materialise and Investor 2 becomes the controlling shareholder of the Company upon Completion, Investor 2 intends to continue the employment of the existing directors, management and employees of the Group and the principal business of the Group.

FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of consolidated financial information of the Group for the year ended 31 December 2020, 2021 and 2022 as extracted from the annual report of the Company for the year ended 31 December 2021 and 2022 and for the six months ended 30 June 2023 as extracted from the interim report of the Company for the six months ended 30 June 2023:

	For the six months ended 30 June		For the year ended 31 December	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (audited)	2021 <i>HK\$'000</i> (audited)	2020 <i>HK\$'000</i> (audited)
Revenue	158,069	543,080	394,236	325,371
Loss before taxation	(86,256)	(506,473)	(786,941)	(181,070)
Loss for the period/ year	(83,835)	(533,180)	(786,225)	(182,879)
	As at 30 June		As at 31 December	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (audited)	2021 <i>HK\$'000</i> (audited)	2020 <i>HK\$'000</i> (audited)
Total assets	4,444,384	4,641,040	5,171,760	5,631,128
Total liabilities	3,632,021	3,617,339	3,247,553	2,945,702
Net assets	812,363	1,023,701	1,924,207	2,685,426
Net current liabilities	2,749,685	2,639,970	2,276,475	1,331,554

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE GROUP

The table below illustrates the shareholding structure of the Company based on the shareholding:

- (i) as at the date of this announcement;
- (ii) immediately after Completion and the allotment and issue of the Scheme Shares and the Shares pursuant to the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the allotment and issue of the Scheme Shares and the Shares pursuant to the Placing);
- (iii) immediately after Completion and the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing); and
- (iv) immediately after Completion and the allotment and issue of the Completion Conversion Shares, the Scheme Shares, the Shares pursuant to the Placing and the full conversion shares upon exercise of the conversion rights under the Cash CB and the Acquired Crescent Spring Bonds (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing and all of the Cash CB and the Acquired Crescent Spring Bonds are fully converted) and the JV Company and Crescent Spring have not exercised the Call Option and the Put Option, respectively:

Shareholders	As at the date of this announcement		Immediately after Completion and the allotment and issue of the Completion Conversion Shares, the Scheme Shares, the Shares pursuant to the Placing and the full conversion shares upon exercise of the conversion rights under the Cash CB and the Acquired Crescent Spring Bonds (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing and all of the Cash CB and the Acquired Crescent Spring Bonds are fully converted) and the JV Company and Crescent Spring have not exercised the Call Option and the Put Option, respectively (Note 6)		Approximate %
	Number of existing shares	Approximate %	Number of existing shares	Approximate %	
Dr. Dai (Note 1)	73,384,500	2.19	74,161,309	0.49	0.27
SOGRI	85,119,500	2.54	85,119,500	0.56	0.31
Investor 2	-	-	-	-	-
Subtotal	158,504,000	4.74	159,280,809	3.59	19.03
Investor 1	-	-	5,409,280,809	35.55	19.60
Crescent Spring	-	-	1,550,000,000	10.19	28.54
JV Company	-	-	4,388,435,914 (Note 3)	28.84	15.78
Investors, Crescent Spring and their concert parties	-	-	-	-	22.17
Public shareholders (upon Completion)	-	-	11,347,716,723	74.58	86.10
Bright Achieve (Note 2)	719,763,500	21.51	722,514,009	4.75	2.60
Zhang Victor Ri Chun	398,000,000	11.90	398,000,000	2.62	1.43
Lai Chun Lam	398,000,000	11.90	398,000,000	2.62	1.43
Other Scheme Creditors	-	-	277,536,769 (Note 4)	1.82	1.00
The places	-	-	400,000,000	2.63	1.44
Other public Shareholders	1,671,171,569	49.95	1,671,171,569	10.98	6.01
Total	3,345,439,069	100.00	4,441,939,070	100.00	100.00
Total public float	-	49.95	-	87.07	13.91

Notes:

1. As at the date of this announcement Dr. Dai beneficially owns 73,384,500 Shares. 776,809 Scheme Shares are to be distributed to Dr. Dai pursuant to the Creditors' Scheme. Accordingly, Dr. Dai will beneficially own 74,161,309 Shares immediately after Completion.
2. Bright Achieve is wholly and beneficially owned by Mr. Chen Jiajun. In addition, Bright Achieve beneficially owns 719,763,500 Shares as at the date of this announcement and 2,750,509 Scheme Shares immediately after Completion. Accordingly, Bright Achieve will beneficially own 722,514,009 Shares immediately after Completion.
3. The 415,435,914 Shares represent the Scheme Shares to be issued and allotted to Crescent Spring pursuant to the Creditors' Scheme.
4. The 277,536,769 Shares represent the Scheme Shares to be issued and allotted for the benefit of the Scheme Creditors other than Crescent Spring, Bright Achieve and Dr. Dai.
5. The 4,388,435,914 Shares comprise (a) the 415,435,914 Shares to be issued and allotted to Crescent Spring pursuant to the Creditors' Scheme; and (b) the 3,973,000,000 Shares to be issued and allotted to Crescent Spring, being the Crescent Spring Completion Conversion Shares.
6. The above scenario is for illustrative purpose only and will not occur. The conversion rights under the Cash CB and the Acquired Crescent Spring Bonds shall only be exercised provided that the public float requirements as enlarged by the issue of the Cash CB Conversion Shares and/or the conversion shares under the Acquired Crescent Spring Bonds under Rule 8.08 of the Listing Rules is satisfied.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Investors, the JV Company, Crescent Spring and their respective controlling shareholders and any person acting in concert with any of them have confirmed that none of the Investors, the JV Company, Crescent Spring and their respective controlling shareholders nor any person acting in concert with any one of them:

- (a) save as the 158,504,000 Shares owned by Dr. Dai, owns or has control or direction over any voting right in or rights over any Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (b) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolutions approving the Restructuring Transactions and the Whitewash Waiver;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of the Investors which might be material to the Restructuring Transactions and the Whitewash Waiver;
- (d) save for the Restructuring Documents and the Deeds of Loan Assignment, has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Restructuring Transactions and the Whitewash Waiver; and
- (e) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

The Investors, the JV Company, Crescent Spring and their respective controlling shareholders have confirmed that none of the Investors, the JV Company, Crescent Spring, their respective controlling shareholders nor any person acting in concert with any one of them has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of, voting rights in the Company in the six months prior to the date of the announcement of the Company dated 9 February 2022.

The Investors, the JV Company, Crescent Spring and their respective controlling shareholders have indicated to the Company that save for the transactions contemplated under the Option Deed, none of the Investors, the JV Company, Crescent Spring, their respective controlling shareholders nor any person acting in concert with any of them has made or will make any acquisitions or disposals of voting rights in the Company.

In addition, the Company, the Investors, the JV Company and Crescent Spring confirm that as at the date of this announcement:

- (i) apart from the subscription price to subscribe for the Cash CB and the exercise price of the conversion rights under the Cash CB and the Acquired Crescent Spring Bonds, there is no other consideration, compensation or benefit in whatever form that has been or will be paid by the Investors, the JV Company, Crescent Spring, their respective controlling shareholders or parties in acting in concert with any of them to the Company in connection with the Restructuring Transactions and the Whitewash Waiver;

- (ii) apart from the New Restructuring Framework Agreement, the Subscription Agreements, the Second Deed of Amendment and the Deeds of Loan Assignment, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Investors, the JV Company, Crescent Spring, their respective controlling shareholders or any party acting in concert with any of them on the one hand, and the Company on the other hand; and
- (iii) other than the Special Deal, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Investors, the JV Company, Crescent Spring, their respective controlling shareholders or parties acting in concert with any of them; or (b) the Company, its subsidiaries or associated companies.

IMPLICATIONS UNDER THE LISTING RULES

The Specific Mandate

The Cash CB Conversion Shares, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Scheme Shares and the shares pursuant to the Placing will be allotted and issued pursuant to the Specific Mandate to be obtained upon approval by the Independent Shareholders at the SGM.

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more (on its own or when aggregated within a 12-month period), unless the Stock Exchange is satisfied that there are exceptional circumstances. The allotment and issue of the Cash CB Conversion Shares, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Scheme Shares and the shares pursuant to the Placing will result in a theoretical dilution effect of approximately 50.76%, which is over the 25% threshold as specified under Rule 7.27B of the Listing Rules.

The theoretical dilution effect is obtained by comparing the benchmarked price of the Shares to the theoretical diluted price of the Shares. The benchmarked price of the Shares is higher of the closing price of the Shares on 8 December 2023, being HK\$0.122, or the average closing price in the 5 trading days immediately prior to 8 December 2023, being HK\$0.1166. The theoretical diluted price of the Shares is the sum of (a) the Company's total market capitalisation by reference to the benchmarked price and the (b) the total amount of fund raised from the issue of the Cash CB and the Placing, divided by the total number of Shares as enlarged.

The Company, however, considers there are exceptional circumstances for the Company, details of which will be contained in the circular. Pursuant to Note 2 to Rule 7.27B of the Listing Rules, the Company will consult the Stock Exchange regarding the allotment and issue of the Cash CB Conversion Shares, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Scheme Shares and the shares pursuant to the Placing. Please refer to the warning statement in this announcement.

The Connected Transactions

As (a) Dr. Dai is an executive Director; and (b) Bright Achieve is a substantial Shareholder, Dr. Dai and Bright Achieve therefore are connected persons of the Company, pursuant to Rule 14A.07 of the Listing Rules. As such, (i) the Subscriptions; (ii) the grant of the Call Option and the Put Option; (iii) the Amendment of the Crescent Spring Bonds; (iv) the acquisition of the Acquired Crescent Spring Bonds; (v) the Placing; (vi) the Creditors' Scheme; and (vii) the conversion of the relevant Bonds into the Completion Conversion Shares to the Company by Crescent Spring and the Investors constitute the connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to the announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

The SGM will be convened and held to consider, and if thought fit, to approve, among other things, the Connected Transactions.

To the best of the Directors' knowledge, information and belief, save for Dr. Dai, Bright Achieve and their respective associates, no other Shareholder is required to abstain from voting at the SGM on the resolutions to approve, among other things, the Connected Transactions.

The LR IBC comprising the independent non-executive Directors, Dr. Wang Yanbin, Dr. Dang Weihua and Mr. Wan Man Wah, has been formed to advise the Independent Shareholders on the Connected Transactions, taking into account the recommendations of the Independent Financial Adviser.

WARNING

Completion of the Restructuring Transactions are subject to various conditions precedent, including the Hong Kong Court sanctions the Creditors' Scheme. Reference is made to the announcement of the Company dated 6 March 2024, whereby it is disclosed that at the sanction hearing of the Creditors' Scheme on 29 February 2024, the Hong Kong Court had raised some concerns with the terms of the Creditors' Scheme and the Company should within 14 days from the date of sanction hearing write to the Hong Kong Court to indicate whether or not it would pursue the proceedings. The Company is intended to indicate to the Hong Kong Court that it would pursue the proceedings. The Company is also obtaining advice to address the Hong Kong Court's concerns and may consider changing the terms of the Creditors' Scheme if necessary. As at the date of this announcement, the Hong Kong Court has yet to hand down its decision. Upon handing down of the decision and in the event that the decision is not in favour of the Company, the Company may consider appealing against the Hong Kong Court's decision. If the terms of the Creditor's Scheme are to be changed, the terms of the Restructuring Transactions as set out in the Restructuring Documents and this announcement may also need be changed. If the Company is to appeal against the Hong Kong Court's decision, subject to the court's approval that the matter is urgent, the Company will consider to apply to the court to shorten the period for the appeal hearing to be held in around two months. In the event that the appeal is turned down, the Company will negotiate with the relevant parties and may consider changing the terms of the Restructuring Transactions. The Subscriptions, the grant of the Call Option and the Put Option and the Amendment of the Crescent Spring Bonds are conditional on the conditions of the Creditors' Scheme being fulfilled. Further announcement(s) will be made by the Company in this regard as and when necessary.

The Stock Exchange would not grant the listing of, and permission to deal in, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing, where the issue of such new Shares would cause or facilitate a breach of the requirement(s) under the Listing Rules. In the event that the allotment and issue of the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing will result in the public float of the Shares being below the minimum public float requirement, the grant of the listing of, and permission to deal in, the new Shares is subject to the Company to be able to meet the minimum public float requirements under Rule 8.08(1) of the Listing Rules at all times before and after such allotment and issue.

Completion of the Restructuring Transactions is subject to the fulfilment of various conditions precedents of the Restructuring Transactions as set out in this announcement, including (i) the Whitewash Waiver having been granted by the Executive; and (ii) the listing of, and permission to deal in the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing having been granted by the Stock Exchange. In the event that the listing of, and permission to deal in the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing is not granted, the Restructuring Transactions will not become unconditional and will not proceed.

The consent from the Stock Exchange under Rule 7.27B of the Listing Rules may or may not be obtained by the Company, and if obtained, might be subject to other conditions or change in structure. In the event that the consent from the Stock Exchange under Rule 7.27B of the Listing Rules is not obtained or requires material changes to the current structure of the Restructuring Transactions, each of the Investors has indicated that it may not proceed with the Restructuring Transactions, and therefore the Restructuring Transactions may not proceed.

If the Restructuring Transactions cannot proceed due to any of the above circumstances, the Company may face immediate financial difficulties and may be required to be liquidated in the near future in the absence of alternative fundraising activities.

Accordingly, the Restructuring Transactions may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for the Whitewash Waiver

As at the date of this announcement, save and except for Dr. Dai who directly and indirectly owns as to approximately 4.74% of the entire issued share capital of the Company, the Investors, the JV Company, their respective ultimate controlling shareholder, Crescent Spring, its ultimate controlling shareholder and parties acting in concert with any of them are not interested in any Share.

Immediately after Completion and upon issue and allotment of the Completion Conversion Shares, (i) Investor 1; (ii) Investor 2, Dr. Dai and SOGRI and (iii) Crescent Spring will be interested in 1,550,000,000, 5,409,280,809 and 4,388,435,914 Shares, respectively, representing approximately 10.19%, 35.55% and 28.84%, respectively, of the entire issued share capital of the Company as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the shares pursuant to the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to immediately after Completion other than as a result of the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the shares pursuant to the Placing).

As such, immediately after Completion and upon issue and allotment of the Completion Conversion Shares, the Investors would be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Investors and parties acting in concert with each of them under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

An application will be made by the Investors to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the SGM by way of poll and the issue of the Cash CB, the Amendment of the Crescent Spring Bonds and the Connected Transactions would be subject to the approval by more than 50% of the Independent Shareholders at the SGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to Completion that the Whitewash Waiver is granted by the Executive, the Restructuring Transactions will not proceed if the Whitewash Waiver is not granted by the Executive and approved by the Independent Shareholders at the SGM.

Consent for the Special Deal

Among the Shareholders, Bright Achieve and Dr. Dai are Creditor Shareholders under the Creditors' Scheme.

As at the date of this announcement, Bright Achieve is interested in 719,763,500 Shares, representing approximately 21.51% of the Shares and Dr. Dai is interested in 158,504,000 Shares, representing approximately 4.74% of the Shares, together the Creditor Shareholders are interested in an aggregate of 878,267,500 Shares, representing approximately 26.25% of the Shares and have claims of approximately HK\$7,080,032 in aggregate against the Company. The Creditor Shareholders will receive payments under the Creditors' Scheme if they become effective and such payments are not extended to other Shareholders.

As Dr. Dai is a party acting in concert with the Investors, who will be making an application for the Whitewash Waiver application to the Executive, the payments to be received by Dr. Dai under the Creditors' Scheme will not constitute a special deal under the Takeovers Code. However, the payments to be received by Bright Achieve pursuant to the Creditors' Scheme constitute a special deal under Note 5 to Rule 25 of the Takeovers Code, and requires the consent of the Executive, provided that the Independent Financial Adviser considers that the terms of the transactions contemplated thereunder are fair and reasonable and the transactions are approved by the Independent Shareholders at the SGM. The Company will apply to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Special Deal.

The Creditor Shareholders (including Bright Achieve and Dr. Dai) will be required to abstain from voting on the relevant resolutions relating to the Creditors' Scheme, the Subscriptions, the Specific Mandate, the Special Deal and the Whitewash Waiver to be proposed at the SGM.

Formation of the TC IBC

The TC IBC, comprising all the non-executive Directors (save and except for Ms. Wong Kai Ling, who is currently an associate director of China Huarong International Holdings Limited, the holding company of Crescent Spring and therefore accustomed to act in accordance with its interest), being Mr. King Hap Lee, Mr. Huang Shaowu, Mr. Tsang Hing Bun, Dr. Wang Yanbin, Dr. Dang Weihua and Mr. Wan Man Wah, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the terms of the Restructuring Transactions and the Whitewash Waiver are fair and reasonable and in the interests of the Independent Shareholders only and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Capital 9 Limited has been appointed as the Independent Financial Adviser with the approval of the LR IBC and the TC IBC to (a) advise the LR IBC in accordance with the requirements under the Listing Rules as to whether the terms of the Connected Transactions are fair and reasonable and whether the Connected Transactions are in the interest of the Company and its Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote; and (b) advise the TC IBC in accordance with the requirements under the Takeovers Code as to whether the terms of the Restructuring Transactions and the Whitewash Waiver are fair and reasonable and in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote.

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among others, the Increase in the Authorised Share Capital, the Subscriptions, the Amendment of the Crescent Spring Bonds, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme. Any Shareholder (or its associate and concert parties) who was involved in or interested in the Subscriptions, the Amendment of the Crescent Spring Bonds, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme are required to abstain from voting at the SGM. As other than the Creditor Shareholders (including Bright Achieve and Dr. Dai), none of the Shareholders or their associates are involved in or interested in the issue of the Cash CB, the Amendment of the Crescent Spring Bonds, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme, no Shareholder (other than the Creditor Shareholders) is required to abstain from voting at the SGM in respect of the resolution(s) relating to the issue of the Cash CB, the Amendment of the Crescent Spring Bonds, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors' Scheme.

A circular including, among other things, further details of (i) the Increase in the Authorised Share Capital; (ii) the Subscriptions; (iii) the Amendment of the Crescent Spring Bonds; (iv) the Specific Mandate; (v) the Creditors' Scheme; (vi) the Whitewash Waiver and the Special Deal; (vii) the Connected Transactions; (viii) the recommendation of the LR IBC to the Independent Shareholders in relation to the Connected Transactions; (ix) the recommendation of the TC IBC to the Independent Shareholders in relation to the Restructuring Transactions and the Whitewash Waiver; (x) a letter of advice from the Independent Financial Adviser to the LR IBC in relation to the Connected Transactions and to the TC IBC in relation to the Restructuring Transactions and the Whitewash Waiver; and (xi) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules and the Takeovers Code. It is expected that the circular will be despatched to the Shareholders on or before 4 April 2024.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 11 December 2023 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 March 2024 following the publication of this announcement.

WARNING

Completion of the Restructuring Transactions are subject to various conditions precedent, including the Hong Kong Court sanctions the Creditors' Scheme. Reference is made to the announcement of the Company dated 6 March 2024, whereby it is disclosed that at the sanction hearing of the Creditors' Scheme on 29 February 2024, the Hong Kong Court had raised some concerns with the terms of the Creditors' Scheme and the Company should within 14 days from the date of the sanction hearing write to the Hong Kong Court to indicate whether or not it would pursue the proceedings. The Company is intended to indicate to the Hong Kong Court that it would pursue the proceedings. The Company is also obtaining advice to address the Hong Kong Court's concerns and may consider changing the terms of the Creditors' Scheme if necessary. As at the date of this announcement, the Hong Kong Court has yet to hand down its decision. Upon handing down of the decision and in the event that the decision is not in favour of the Company, the Company may consider appealing against the Hong Kong Court's decision. If the terms of the Creditor's Scheme are to be changed, the terms of the Restructuring Transactions as set out in the Restructuring Documents and this announcement may also need be changed. If the Company is to appeal against the Hong Kong Court's decision, subject to the court's approval that the matter is urgent, the Company will consider to apply to the court to shorten the period for the appeal hearing to be held in around two months. In the event that the appeal is turned down, the Company will negotiate with the relevant parties and may consider changing the terms of the Restructuring Transactions. The Subscriptions, the grant of the Call Option and the Put Option and the Amendment of the Crescent Spring Bonds are conditional on the conditions of the Creditors' Scheme being fulfilled. Further announcement(s) will be made by the Company in this regard as and when necessary.

The Stock Exchange would not grant the listing of, and permission to deal in, the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing, where the issue of such new Shares would cause or facilitate a breach of the requirement(s) under the Listing Rules. In the event that the allotment and issue of the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing will result in the public float of the Shares being below the minimum public float requirement, the grant of the listing of, and permission to deal in, the new Shares is subject to the Company to be able to meet the minimum public float requirements under Rule 8.08(1) of the Listing Rules at all times before and after such allotment and issue.

Completion of the Restructuring Transactions is subject to the fulfilment of various conditions precedents of the Restructuring Transactions as set out in this announcement, including (i) the Whitewash Waiver having been granted by the Executive; and (ii) the listing of, and permission to deal in the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing having been granted by the Stock Exchange. In the event that the listing of, and permission to deal in the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing is not granted, the Restructuring Transactions will not become unconditional and will not proceed.

The consent from the Stock Exchange under Rule 7.27B of the Listing Rules may or may not be obtained by the Company, and if obtained, might be subject to other conditions or change in structure. In the event that the consent from the Stock Exchange under Rule 7.27B of the Listing Rules is not obtained or requires material changes to the current structure of the Restructuring Transactions, each of the Investors has indicated that it may not proceed with the Restructuring Transactions, and therefore the Restructuring Transactions may not proceed.

If the Restructuring Transactions cannot proceed due to any of the above circumstances, the Company may face immediate financial difficulties and may be required to be liquidated in the near future in the absence of alternative fundraising activities.

Accordingly, the Restructuring Transactions may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“acting in concert”	having the meaning as ascribed thereto under the Takeovers Code
“Acquired Crescent Spring Bonds”	the Crescent Spring Bonds in the principal amount of US\$79,060,000 (equivalent to approximately HK\$616,668,000) to be acquired by the JV Company from Crescent Spring pursuant to the CB Transfer Agreement. Immediately upon completion of such acquisition, the obligations owed by the Company to Crescent Spring pursuant to the Acquired Crescent Spring Bonds will be owed by the Company to the JV Company instead
“Acquisition Indemnity”	the indemnity provided by the Holdco to Crescent Spring for the performance of the JV Company’s obligations in relation to the acquisition of the entire Remaining Acquired Crescent Spring Bonds pursuant to the terms and conditions of the CB Transfer Agreement
“Acquisition Listco Share Charge”	the share charge dated 8 December 2023 provided by Investor 2 to the Holdco in respect of 2.16 billion conversion Shares pursuant to the conversion of the Cash CB to be subscribed by Investor 2 and Investor 2’s rights and interests under the Investor 2 Subscription Agreement to guarantee the obligations of Investor 2 under the Deed of Counter-indemnity in relation to the Acquisition Indemnity
“Admitted Claim(s)”	a Claim which is admitted by the Scheme Administrator in accordance with the Creditors’ Scheme
“Amendment of the Crescent Spring Bonds”	the amendment of the Crescent Spring Bonds pursuant to the terms and conditions of the Second Deed of Amendment
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonds”	collectively, the Cash CB and the Crescent Spring Bonds
“Bright Achieve”	Bright Achieve Investments Limited, a substantial shareholder of the Company, and is a company wholly and beneficially owned by Mr. Chen Jiajun

“BVI”	the British Virgin Islands
“Call Option”	the option granted by Crescent Spring to the JV Company, pursuant to which the JV Company is entitled to purchase 2,000,000,000 Shares held by Crescent Spring in the Company
“Cash CB”	the convertible bonds in the total principal amount of HK\$1,323,400,000 to be issued by the Company to the Investors for a total subscription price of HK\$139,300,000 payable by the Investors in cash and will be utilised as the Scheme Consideration
“Cash CB Conversion Share(s)”	the 13,234,000,000 new Share(s) to be allotted and issued by the Company to the holder of the Cash CB upon exercise of the conversion rights attached to the Cash CB at an initial conversion price of HK\$0.1 (subject to adjustments)
“CB Transfer Agreement”	the transfer agreement dated 8 December 2023 and entered into between the JV Company as the transferee and Crescent Spring as the transferor in relation to the transfer of the Acquired Crescent Spring Bonds for the consideration of US\$79,060,000 (equivalent to approximately HK\$616,668,000)
“Claim(s)”	any debt, liability or obligation of the Company, whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated and which includes without limitation a debt or liability to pay money or money’s worth, any liability under any statute or enactment, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution which would be admissible to proof in a compulsory winding-up of the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or, if required, the Companies Act
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Company”	Sino Oil and Gas Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 702)
“Company Deed of Loan Assignment”	a deed of loan assignment executed by the Company as the assignor in favour of Crescent Spring as the assignee dated 8 December 2023 to assign all its rights, title, benefits and interests in connection to the loan agreement dated 30 November 2023 signed between the Company as the lender and Power Great as the borrower for an interest-free loan in the principal amount of HK\$1,000,000,000 as security for the Crescent Spring Bonds
“Completion”	where following shall occur: (i) the completion of the Subscriptions; (ii) the completion of the acquisition of the First Batch of the Acquired Crescent Spring Bonds; (iii) the taking effect of the Amendment of the Crescent Spring Bonds; (iv) the grant of the Call Option and the Put Option; (v) the completion of the Placing; (vi) the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares by Crescent Spring and the Investors to the Company; and (vii) the taking effect of the Creditors’ Scheme
“Completion Conversion Share(s)”	collectively, the Investor 1 Completion Conversion Shares, the Investor 2 Completion Conversion Shares and the Crescent Spring Completion Conversion Shares
“Completion Date”	the date of Completion
“Connected Transactions”	collectively, (i) the Subscriptions; (ii) the grant of the Call Option and the Put Option; (iii) the Amendment of the Crescent Spring Bonds; (iv) the acquisition of the Acquired Crescent Spring Bonds; (v) the Placing; (vi) the Creditors’ Scheme; and (vii) the conversion of the relevant Bonds into the Completion Conversion Shares to the Company by Crescent Spring and the Investors, which constitute the connected transactions of the Company under Chapter 14A of the Listing Rules
“Creditor(s)”	any person to whom or which the Company owes a Claim

- “Creditor Shareholder(s)” the Shareholder(s) and person(s) who is/are interested in the Shares who is/are also Creditor(s), being Bright Achieve and Dr. Dai
- “Creditors’ Scheme” the proposed scheme of arrangement proposed by the Company to its Creditors pursuant to the Companies Ordinance and, if required, the Companies Act on the terms that the Creditors accept in full discharge of their Claims at a rateable distribution from the Scheme Consideration with, or subject to, any modification, addition or conditions approved or imposed by the Hong Kong Court and/or the Supreme Court of Bermuda
- “Crescent Spring” Crescent Spring Investment Holdings Limited, a company incorporated in the BVI with limited liability, being the legal and beneficial owner of the Crescent Spring Bonds as at the date of this announcement. Crescent Spring is an indirect wholly owned subsidiary of Huarong Overseas Chinese Asset Management Co., Ltd., which in turn is owned as to 91% by Huarong Zhiyuan Investment Management Co., Ltd., a wholly owned subsidiary of China Huarong Asset Management Co., Ltd., the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2799). Crescent Spring, its holding company and parties acting in concert with any of them is not an existing Shareholder
- “Crescent Spring Completion Conversion Share(s)” the 3,973,000,000 new Share(s) to be allotted and issued by the Company to Crescent Spring upon exercise of the conversion rights attached to the Crescent Spring Bonds at Completion, representing approximately 26.11% of the entire issued share capital of the Company immediately after Completion as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing

“Crescent Spring Bonds”	the secured convertible bonds issued by the Company to Crescent Spring with the principal amount of US\$130,000,000 (equivalent to approximately HK\$1,014,000,000) pursuant to the subscription agreement dated 31 May 2016 entered into between the Company as the issuer and Crescent Spring as the bondholder with maturity date on 29 September 2020. For further details, please see the announcements of the Company dated 31 May 2016, 30 September 2016, 22 March 2018, 13 July 2018, 15 August 2018, 2 November 2018, 23 March 2020 and 11 June 2020 and the circular of the Company dated 6 May 2020
“Deed of Counter-Indemnity”	the deed of counter-indemnity dated 8 December 2023 executed by Investor 2 in favour of the Holdco pursuant to which Investor 2 shall indemnify the Holdco in the event that the Acquisition Indemnity and/or the Option Indemnity is exercised by Crescent Spring
“Deeds of Loan Assignment”	collectively, the Company Deed of Loan Assignment and the Power Great Deed of Loan Assignment
“Director(s)”	the director(s) of the Company
“Dr. Dai”	Dr. Dai Xiaobing, an executive Director and the sole shareholder and director of Investor 2
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Estimated Total Claims”	the amount of approximately HK\$1,398,015,000, being the estimated total amount of the Claims against the Company up to 31 December 2022
“Extension Situation 1”	one of the situations whereby the acquisition instalment timetable for the 6th instalment of the Remaining Acquired Crescent Spring Bonds is extendable by 24 months, being that within 48 months from the Completion Date, Orion Energy having achieved an annual production capacity of 500 million cubic metres for the Sanjiao CBM Project

“Extension Situation 2”	one of the situations whereby the acquisition instalment timetable for the 6th instalment of the Remaining Acquired Crescent Spring Bonds is extendable by 24 months, being that Crescent Spring having decided to exercise its conversion right in relation to the Crescent Spring Bonds in the aggregate principal amount of US\$3,856,200 (equivalent to approximately HK\$30,078,000, which would convert into 300,780,000 conversion shares assuming they are exercised at the initial conversion price of HK\$0.1 per conversion share) over the course of three years
“First Batch of the Acquired Crescent Spring Bonds”	part of the Acquired Crescent Spring Bonds in the principal amount of US\$9,830,000 (equivalent to approximately HK\$76,674,000), which shall be acquired by the JV Company from Crescent Spring at Completion
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Holdco”	Top Resource Energy Co. Ltd. (天壕能源股份有限公司) (previously known as Top Resource Conservation & Environment Corp. (天壕環境股份有限公司)), which is a company established in the PRC with limited liability, the shares of the which are listed on the Shenzhen Stock Exchange (stock code: 300332), the single largest controlling shareholder of which is Mr. Chen Zuotao as to approximately 19.88%
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“Increase in Authorised Share Capital”	the increase of the authorised share capital of the Company to HK\$3,000,000,000 by the creation of such number of additional Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$3,000,000,000 divided into 30,000,000,000 Shares of HK\$0.1 each
“Independent Financial Adviser”	Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Independent Shareholder(s)”	Shareholder(s) other than: (i) the Creditor Shareholders (including Bright Achieve and Dr. Dai); (ii) the Shareholders (including Bright Achieve and Dr. Dai) who are involved in or interested in the Restructuring Transactions, the Whitewash Waiver, the Special Deal and the Connected Transactions; and (iii) those (including Bright Achieve and Dr. Dai) who are required to abstain from voting at the SGM to consider and approve, among others, the Restructuring Transactions, the Whitewash Waiver, the Special Deal and the Connected Transactions under the Takeovers Code and the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Investor 1”	TRCE Investment (Hong Kong) Limited (天壕投資(香港)有限公司), a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Holdco
“Investor 1 Completion Conversion Share(s)”	the 1,550,000,000 new Share(s) to be allotted and issued by the Company to Investor 1 upon exercise of the conversion rights attached to the Cash CB at Completion, representing approximately 10.19% of the entire issued share capital of the Company immediately after Completion as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing
“Investor 1 Subscription Agreement”	the subscription agreement dated 8 December 2023 entered into between the Company as the issuer and Investor 1 as the subscriber in relation to the subscription of the Cash CB in the principal amount of HK\$794,040,000 at the subscription price of HK\$83,580,000
“Investor 2”	China LiDai International Asset Investment Limited (中國禮國際產業投資有限公司), a company incorporated in the BVI with limited liability and is legally and beneficially wholly owned by Dr. Dai

“Investor 2 Completion Conversion Share(s)”	the 5,250,000,000 new Share(s) to be allotted and issued by the Company to Investor 2 upon exercise of the conversion rights attached to the Cash CB at Completion, representing approximately 34.50% of the entire issued share capital of the Company immediately after Completion as enlarged by the allotment and issue of the Completion Conversion Shares, the Scheme Shares and the Shares pursuant to the Placing
“Investor 2 Subscription Agreement”	the subscription agreement dated 8 December 2023 entered into between the Company as the issuer and Investor 2 as the subscriber in relation to the subscription of the Cash CB in the principal amount of HK\$529,360,000 at the subscription price of HK\$55,720,000
“Investors”	collectively, Investor 1 and Investor 2
“JV Company”	Top Resource & LiDai Investment Limited, a company incorporated in Hong Kong with limited liability and owned as to 60% by Investor 1 and 40% by Investor 2
“JV Company Share Charge”	the share charge dated 8 December 2023 provided by Investor 2 to the Holdco in respect of Investor 2’s 40% equity interests in the JV Company to guarantee the obligations of Investor 2 under the Deed of Counter-indemnity in relation to the Acquisition Indemnity
“Last Trading Day”	8 December 2023, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the grant of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2024 or such other date as agreed among the parties to the relevant agreement or deed (as the case may be)

“LR IBC”	an independent board committee of the Company, comprising all the independent non-executive Directors, which has been established by the Board pursuant to the Listing Rules for the purpose of advising the Independent Shareholders on the Connected Transactions
“New Restructuring Framework Agreement”	the restructuring framework agreement dated 8 December 2023 entered into among the Company, the JV Company and the Investors in respect of the Restructuring Transactions
“Option Deed”	the option deed dated 8 December 2023 entered into among Crescent Spring and the JV Company pursuant to which the Call Option is granted by Crescent Spring to the JV Company and the Put Option is granted by the JV Company to Crescent Spring
“Option Indemnity”	the indemnity provided by the Holdco to Crescent Spring for the performance of the JV Company’s obligations in relation to the payment of the option price in the event of the exercise of the Call Option or the Put Option
“Option Listco Share Charge”	the share charge dated 8 December 2023 provided by Investor 2 to the Holdco in respect of 800 million conversion Shares pursuant to the conversion of the Cash CB to be subscribed by Investor 2 and Investor 2’s rights and interests under the Investor 2 Subscription Agreement to guarantee the obligations of Investor 2 under the Deed of Counter-indemnity in relation to the Acquisition Indemnity
“Orion Energy”	Orion Energy International Inc., a company incorporated in the Cayman Islands with limited liability, is a direct wholly owned subsidiary of Power Great and an indirect wholly owned subsidiary of the Company
“Placing”	the placing of 400,000,000 Shares pursuant to the terms and conditions of the Placing Agreement
“Placing Agreement”	the conditional placing agreement to be entered into between the Company and placing agent pursuant to which the Independent Third Parties will be procured to subscribe for, contemporaneously at Completion, 400,000,000 Shares for the purpose of ensuring continuous compliance by the Company with the requirement under Rule 8.08(1) of the Listing Rules immediately before and after Completion

“Power Great”	Power Great Limited, a company incorporated in the Cayman Islands with limited liability and a direct wholly owned subsidiary of the Company
“Power Great Deed of Loan Assignment”	a deed of loan assignment executed by Power Great as the assignor in favour of Crescent Spring as the assignee dated 8 December 2023 to assign all its rights, title, benefits and interests in connection to the loan agreement dated 30 November 2023 signed between Power Great as the lender and Orion Energy as the borrower for an interest-free loan in the principal amount of HK\$1,000,000,000 as security for the Crescent Spring Bonds
“PRC”	the People’s Republic of China which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Put Option”	the option granted by the JV Company to Crescent Spring, pursuant to which Crescent Spring is entitled to sell 2,000,000,000 Shares held by Crescent Spring in the Company
“Remaining Acquired Crescent Spring Bonds”	the amount of the Acquired Crescent Spring Bonds less the amount of the First Batch of the Acquired Crescent Spring Bonds, being the Acquired Crescent Spring Bonds with the principal amount of US\$69,230,000 (equivalent to approximately HK\$539,994,000)
“Restructuring Documents”	the New Restructuring Framework Agreement, the Subscription Agreements, the Second Deed of Amendment, the CB Transfer Agreement, the Option Deed, the Placing Agreement and all other documents necessary to document and implement the transactions contemplated under the Creditors’ Scheme
“Restructuring Transactions”	collectively, (i) the Increase in the Authorised Share Capital; (ii) the Subscriptions; (iii) the grant of the Call Option and the Put Option; (iv) the Amendment of the Crescent Spring Bonds; (v) the acquisition of the Acquired Crescent Spring Bonds; (vi) the Placing; (vii) the Creditors’ Scheme; and (viii) the provision of the notice of conversion of the relevant Bonds into the Completion Conversion Shares to the Company by Crescent Spring and the Investors, which are the transactions contemplated under the Restructuring Documents

“Sanjiao CBM Project”	the coalbed methane resource development project in Sanjiao, China, which is currently jointly explored, developed, produced and operated and managed by Orion Energy and China National Petroleum Corporation
“Scheme Administrators”	Deloitte Touche Tohmatsu, being the persons appointed by the Company under the Creditors’ Scheme as the scheme administrators
“Scheme Consideration”	the payment of cash in the amount equivalent to the proceeds from the subscription of the Cash CB, being HK\$139,300,000
“Scheme Creditors”	any person having an Admitted Claim
“Scheme Meeting”	the meeting(s) of the Scheme Creditors convened on 8 December 2023 at the direction of the Hong Kong Court for the purpose of considering and, if thought fit, approving the Creditors’ Scheme by the Scheme Creditors
“Scheme Share(s)”	696,500,000 new Shares to be allotted and issued by the Company to the Scheme Creditors pursuant to the terms of the Creditors’ Scheme
“Second Deed of Amendment”	the second deed of amendment dated 8 December 2023 and entered into among the Company, Power Great, Soperton, SOG Capital and Crescent Spring in relation to the Amendment of the Crescent Spring Bonds
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among others, the Increase in the Authorised Share Capital, the issue of the Cash CB, the Amendment of the Crescent Spring Bonds, the Specific Mandate, the Whitewash Waiver, the Special Deal, the Connected Transactions and the Creditors’ Scheme
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)

“SOG Capital”	SOG Capital Limited, a company incorporated in Hong Kong with limited liability, is a direct wholly owned subsidiary of Soperton and an indirect wholly owned subsidiary of the Company
“SOGRI”	Sino Oil and Gas Resources Investments Limited, a company beneficially wholly-owned by Dr. Dai
“Soperton”	Soperton Limited, a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Company
“Special Deal”	the proposed settlement under the Creditors’ Scheme of the indebtedness due to Bright Achieve, which constitutes special deal under Rule 25 of the Takeovers Code
“Specific Mandate”	a specific mandate to be sought from the Independent Shareholders at the SGM to authorise the Directors to allot and issue the conversion shares pursuant to the Crescent Spring Bonds (as amended by the Amendment of the Crescent Spring Bonds), the Cash CB Conversion Shares, the Scheme Shares and the shares pursuant to the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	collectively, the Investor 1 Subscription Agreement and the Investor 2 Subscription Agreement
“Subscriptions”	the subscriptions of the Cash CB by the Investors pursuant to the Subscription Agreements
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TC IBC”	an independent board committee of the Company, comprising all the non-executive Directors (save and except for Ms. Wong Kai Ling), which has been established by the Board pursuant to the Takeovers Code for the purpose of advising the Independent Shareholders on the fairness and reasonableness of the terms of the Restructuring Transactions and the Whitewash Waiver and as to voting

“Term Sheet”	the conditional legal binding term sheet dated 24 March 2023 entered into between the Company and the Holdco in respect of, among others, the allotment and issue of convertible bonds and shares of the Company (as amended and supplemented by the supplemental term sheet dated 4 May 2023)
“US\$”	United States Dollars, the lawful currency of the United States of America
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Investors to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Investors and any parties acting in concert with them which would otherwise arise as a result of the allotment and issue of the conversion shares pursuant to the Acquired Crescent Spring Bonds, the Cash CB Conversion Shares and the Scheme Shares
“%”	per cent.

By Order of the Board
Sino Oil and Gas Holdings Limited
Dai Xiaobing
Chairman

Hong Kong, 13 March 2024

For the purpose of this announcement, the exchange rate of US\$1 to HK\$7.8 have been used for currency translation, where applicable. Such exchange rate is for illustrative purposes only and does not constitute representations that any amount in HK\$ or US\$ has been, could have been or may be converted at such rate.

As at the date of this announcement, the Board comprises two Executive Directors, namely, Dr. Dai Xiaobing and Mr. Wan Tze Fan Terence; four Non-executive Directors, namely, Mr. King Hap Lee, Mr. Huang Shaowu, Mr. Tsang Hing Bun and Ms. Wong Kai Ling; and three Independent Non-executive Directors, namely, Dr. Wang Yanbin, Dr. Dang Weihua and Mr. Wan Man Wah.

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