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# THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Energy Development Holdings Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

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**ALPHA EAGLE LIMITED**  
**佳鷹有限公司**

*(Incorporated in the Cayman Islands with limited liability)*



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 228)**

## **COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY CINDA INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF ALPHA EAGLE LIMITED TO ACQUIRE ALL THE ISSUED SHARES AND OUTSTANDING CONVERTIBLE BONDS OF CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY ALPHA EAGLE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**Joint Financial Advisers to the Offeror**



**CINDA INTERNATIONAL CAPITAL LIMITED**



**RAINBOW CAPITAL (HK) LIMITED**  
瑞博資本有限公司

**RAINBOW CAPITAL (HK) LIMITED**

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



**DONVEX CAPITAL LIMITED**

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Capitalised terms used in this cover page have the same meanings as those defined in this Composite Document.

A letter from Cinda containing, among other things, the details of the terms and conditions of the Offers are set out on pages 7–18 of this Composite Document. A letter from the Board is set out on pages 19–25 of this Composite Document. A letter from the Independent Board Committee containing its recommendations in respect of the Offers to the Independent Shareholders and the Convertible Bondholders is set out on pages 26–28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 29–49 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out on pages I-1–I-14 in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offers must be received by the Registrar, (in respect of the Offers) as soon as possible and in any event no later than 4:00 p.m. on Tuesday, 3 February 2026 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Any persons including, without limitation, custodian, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the section headed “Overseas Shareholders and Overseas Convertible Bondholders” in the “Letter from Cinda” and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders and Overseas Convertible Bondholders wishing to accept the Share Offer or the Convertible Bonds Offer (as the case may be) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders and Overseas Convertible Bondholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.cnenergy.com.hk>) as long as the Offers remain open.

\* For identification purposes only

13 January 2026

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.*

**2026**

Despatch date of this Composite Document  
and the Forms of Acceptance and  
commencement date of the Offers (*Note 1*) . . . . . Tuesday, 13 January

Latest time and date for acceptance of the Offers  
(*Notes 2, 3 and 5*) . . . . . 4:00 p.m. on  
Tuesday, 3 February

Closing Date (*Notes 3 and 5*) . . . . . Tuesday, 3 February

Announcement of the results of the Offers (*Notes 3 and 5*) . . . . . no later than 7:00 p.m. on  
Tuesday, 3 February

Latest date for posting of remittances in respect of  
valid acceptances received under the Offers (*Notes 4 and 5*). . . . . Thursday, 12 February

*Notes:*

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of HKSCC and HKSCC Operational Procedures.
3. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers are 4:00 p.m. on Tuesday, 3 February 2026 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Offeror and the Company on the website of the Stock Exchange by 7:00 p.m. on Tuesday, 3 February 2026, stating whether the Offers have been extended, revised or expired. In the event that the Offeror decides to extend the Offers and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders and the Convertible Bondholders who have not accepted the Offers.
4. Remittances in respect of the cash consideration payable for the Offer Shares or the Convertible Bonds tendered under the Offers will be despatched to the accepting Shareholder(s) or the accepting Convertible Bondholder(s) by ordinary post at their own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

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## EXPECTED TIMETABLE

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5. If there is a tropical cyclone warning signal number 8 or above, or “Extreme Condition” or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day and the date of posting of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

All references to date and time contained in this Composite Document and the Forms of Acceptance refer to Hong Kong date and time.

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## DEFINITIONS

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*In this Composite Document, unless the context otherwise requires, the following terms shall have the following meanings:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“ <b>BLUE</b> Form of Convertible Bonds Offer Acceptance”	the blue form of acceptance and transfer of Convertible Bonds in respect of the Convertible Bonds Offer
“Board”	the board of Directors
“Business Day”	a business day is a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Internet System”	the internet system established by CCASS and operated by HKSCC
“CCASS Phone System”	the phone system established by CCASS and operated by HKSCC
“Cinda”	Cinda International Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror and the sole agent making the Offers for and on behalf of the Offeror
“Closing Date”	Tuesday, 3 February 2026, the closing date of the Offers, which is 21 days after the date of which this Composite Document is posted, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror and the Company with the consent of the Executive in accordance with the Takeovers Code
“Concert Parties”	parties acting in concert with the Offeror (including Cypress Dragons Limited)

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## DEFINITIONS

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“Convertible Bonds”	Convertible bonds in the principal amount of HK\$232,790,000 which carry rights to convert into 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share
“Convertible Bondholder(s)”	the holder of the Convertible Bond(s) from time to time
“Convertible Bonds Offer”	the offer being made by Cinda on behalf of the Offeror to acquire the Convertible Bonds in accordance with the terms described in this Composite Document
“Convertible Bonds Offer Price”	HK\$233,630.95 for every HK\$1,000,000 face value of the Convertible Bonds payable by the Offeror to a Convertible Bondholder accepting the Convertible Bonds Offer
“Company”	China Energy Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange with stock code: 228
“Composite Document”	this composite offer and response document issued jointly by the Offeror and the Company to all the Independent Shareholders and the Convertible Bondholders in accordance with the Takeovers Code containing, among other things, the detailed terms of the Offers
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Encumbrance(s)”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extreme Condition(s)”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong

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## DEFINITIONS

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“Final Allocation”	the allocation of Rights Shares allotted to HKSCC Nominees Limited by HKSCC among CCASS participants that have validly applied for excess Rights Shares
“Form(s) of Acceptance”	the <b>WHITE</b> Form of Share Offer Acceptance and the <b>BLUE</b> Form of Convertible Bonds Offer Acceptance (as the context may require) in respect of the Offers which accompany(ies) this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, namely Ms. Chin Ying Ying, Mr. Lee Man Tai and Mr. Zhang Zhenming, established for the purpose of making a recommendation to the Independent Shareholders and the Convertible Bondholders as to whether the Offers are fair and reasonable and whether to accept the Offers
“Independent Financial Adviser” or “Donvex”	Donvex Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee in respect of the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and its Concert Parties
“Joint Announcement”	the announcement dated 23 December 2025 jointly issued by the Offeror and the Company in relation to, among other things, the Offers
“Last Trading Day”	16 December 2025, being the last trading day of the Shares on the Stock Exchange before the publication of the Joint Announcement
“Latest Practicable Date”	9 January 2026, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offers”	the Share Offer and the Convertible Bonds Offer
“Offer Period”	the period commencing from 23 December 2025, being the date of the Joint Announcement and ending on the date of the close of the Offers
“Offer Share(s)”	all issued Share(s) (other than those already owned or agreed to be acquired by Offeror and its Concert Parties)
“Offeror”	Alpha Eagle Limited, a company incorporated in the Cayman Islands with limited liability
“Overseas Convertible Bondholders”	Convertible Bondholder(s) whose address(es), as shown on the register of Convertible Bondholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	the Shareholder(s) whose names appear on the register of members of the Company with registered address(es) outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rainbow”	Rainbow Capital (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror
“Registrar”	the Company’s branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing from 23 June 2025, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date



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## DEFINITIONS

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“Rights Issue”	the issue of Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) Shares held on the record date (i.e. 1 December 2025) payable in full on acceptance
“Rights Share(s)”	152,066,800 Shares issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with par value of HK\$0.05 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer being made by Cinda, on behalf of the Offeror, to acquire all the issued Shares (other than those already owned or agreed to be acquired by Offeror and its Concert Parties)
“Share Offer Price”	HK\$1.57 per Offer Share payable by the Offeror to an Independent Shareholder accepting the Share Offer
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.57 per Rights Share
“subsidiary(ies)”	has the same meaning as in Rule 1.01 of the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC and as amended from time to time
“ <b>WHITE</b> Form of Share Offer Acceptance”	the white form of acceptance and transfer of Shares in respect of the Share Offer
“XTRQ”	新疆鑫泰天然氣股份有限公司 (Xinjiang Xintai Natural Gas Co., Ltd.*), a company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 603393)

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## DEFINITIONS

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“XJMX” 新疆明鑫聚合油氣勘探開發有限公司 (Xinjiang Mingxin Oil and Gas Exploration and Development Company Limited\*), a company incorporated in the PRC

“%” per cent

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## LETTER FROM CINDA

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Suites 5801–04&08, 58/F, Central Plaza,  
18 Harbour Road, Wanchai,  
Hong Kong

13 January 2026

*To the Independent Shareholders and the Convertible Bondholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CINDA INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF ALPHA EAGLE LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES AND  
OUTSTANDING CONVERTIBLE BONDS OF  
CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY ALPHA EAGLE LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

Reference is made to the Joint Announcement.

Immediately before the completion of the Rights Issue, the Offeror and its Concert Parties owned 90,750,000 Shares, representing approximately 29.84% of the total issued share capital of the Company prior to the issue of 152,066,800 Rights Shares under the Rights Issue.

The Offeror and its Concert Parties made an application to subscribe for a total of 152,066,763 Rights Shares at the Subscription Price under the Rights Issue, comprising (i) 45,375,000 Rights Shares by provisional allotments; (ii) 106,691,763 Rights Shares by excess application. Pursuant to the results of the Rights Issue, on 24 December 2025, a total of 150,884,939 Rights Shares (after the Final Allocation) were issued to the Offeror and its Concert Parties, comprising (i) 45,375,000 Rights Shares from provisional allotments; (ii) 105,509,939 Rights Shares (after the Final Allocation) from excess application.

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## LETTER FROM CINDA

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Immediately following the completion of the Rights Issue (after the Final Allocation) and as at the Latest Practicable Date, the Offeror and its Concert Parties are interested in an aggregate of 241,634,939 Shares (comprising 90,750,000 Shares held by the Offeror and its Concert Parties and 150,884,939 Rights Shares (after the Final Allocation) issued to the Offeror and its Concert Parties upon completion of the Rights Issue), representing approximately 52.97% of the total issued shares capital of the Company as enlarged by the issue of 152,066,800 Rights Shares. Accordingly, the Offeror is required to make mandatory unconditional cash offers for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and its Concert Parties) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

Cinda is, on behalf of the Offeror, making the Offers in compliance with the Takeovers Code on the terms set out in this Composite Document.

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offers, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offers are set out in Appendix I to this Composite Document, and in the accompanying Forms of Acceptance.

The Independent Shareholders and the Convertible Bondholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, the accompanying Forms of Acceptance and the appendices which form part of this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

### THE OFFERS

Cinda and Rainbow have been appointed as the Joint Financial Advisers to the Offeror in respect of the Offers. Cinda is, for and on behalf of the Offeror, making the Offers on the basis set out below:

#### The Share Offer

**For every Offer Share . . . . . HK\$1.57 in cash**

The Share Offer Price of HK\$1.57 per Offer Share is equivalent to Subscription Price of HK\$1.57 per Rights Share paid by the Offeror under the Rights Issue.

#### The Convertible Bonds Offer

**For every HK\$1,000,000 face value of  
the Convertible Bonds . . . . . HK\$233,630.95 in cash**

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## LETTER FROM CINDA

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The Convertible Bonds Offer will not apply to any Convertible Bonds which are or have been converted into Shares prior to the close of the Convertible Bonds Offer.

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which carry rights to convert into 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share, and none of the Offeror and its Concert Parties has any interest in the Convertible Bonds.

The Convertible Bonds Offer Price is HK\$233,630.95 for every HK\$1,000,000 face value of the Convertible Bonds, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of new Shares which the Convertible Bonds could be convertible into (i.e. approximately 34,641,369 new Shares) multiplied by the Share Offer Price of HK\$1.57 per Offer Share, valuing the total Convertible Bonds Offer at approximately HK\$54,386,949.40.

Save for the Convertible Bonds, the Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

**The Offeror confirms that the Share Offer Price and the Convertible Bonds Offer Price are final and will not be increased.**

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Convertible Bonds.

As at the Latest Practicable Date, the Company (i) has no dividend or other distributions declared but not paid; and (ii) will not declare and pay any dividend or other distributions before the close or lapse of the Offers.

### **Comparison of the Share Offer Price**

The Share Offer Price of HK\$1.57 represents:

- (a) a premium of approximately 1.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 9.03% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 9.03% to the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM CINDA

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- (d) a premium of approximately 9.03% to the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 13.69% to the average closing price of HK\$1.38 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 14.81% to the average closing price of HK\$1.37 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a discount of approximately 73.34% to the audited consolidated net asset value per Share as at 31 December 2024 of approximately HK\$5.89 (based on the audited consolidated net asset value as at 31 December 2024 of approximately HK\$1,790.4 million and the total number of Shares); and
- (h) a discount of approximately 74.22% to the unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$6.09 (based on the unaudited consolidated net asset value as at 30 June 2025 of approximately HK\$1,851.7 million and the total number of Shares).

### **Highest and lowest Share prices**

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$2.52 per Share on 23 June 2025 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.24 per Share on 27 and 29 August 2025.

### **Value of the Offers**

Immediately following completion of the Rights Issue, the Company is expected to have 456,200,400 Shares in issue and outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which carry rights to convert into approximately 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share immediately upon the completion of the Rights Issue.

Assuming the Offers are accepted in full on the basis that (i) none of the conversion rights attaching to the Convertible Bonds were exercised prior to the close of the Offers; and (ii) there were no change in the total number of issued Shares of the Company from the Latest Practicable Date up to the close of the Offers, a total of 214,565,461 issued Shares (representing the Shares not already owned or agreed to be acquired by the Offeror and its Concert Parties) would be subject to the Share Offer. The cash consideration payable by the Offeror under the Share Offer would be approximately HK\$336,867,773.77, whereas the cash consideration payable by the Offeror under the Convertible Bonds Offer would be HK\$54,386,949.40, aggregating to HK\$391,254,723.17.

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## LETTER FROM CINDA

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Assuming that (i) all the conversion rights attaching to the Convertible Bonds were exercised in full prior to the close of the Offers and there would be no outstanding Convertible Bonds remaining for acceptance under the Convertible Bonds Offer; and (ii) there were no other change in the total number of issued Shares of the Company from the Latest Practicable Date up to the close of the Offers, a total of 249,206,830 Shares (representing the Shares not already owned or agreed to be acquired by the Offeror and its Concert Parties, including 34,641,369 new Shares to be issued pursuant to the exercise in full of the conversion rights attaching to the Convertible Bonds) would be subject to the Share Offer. Therefore, the maximum cash consideration payable by the Offeror under the Share Offer would be HK\$391,254,723.10.

### **Confirmation of financial resources available for the Offers**

The Offeror shall finance and satisfy the consideration payable under the Offers in full by way of its internal resources.

Cinda and Rainbow, as the joint financial advisers to the Offeror in respect of the Offers, are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offers upon full acceptance of the Share Offer in respect of 214,565,461 Offer Shares (representing the Shares not already owned or agreed to be acquired by the Offeror and its Concert Parties) and the Convertible Bonds Offer.

### **Effect of accepting the Offers**

Acceptance of the Share Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Share Offer is made.

As at the Latest Practicable Date, the Company (i) has no dividend or other distributions declared but not paid; and (ii) will not declare and pay any dividend or other distributions before the close or lapse of the Offers.

Acceptance of the Convertible Bonds Offer by any Convertible Bondholders will be deemed to constitute a warranty by such person that all Convertible Bonds sold by such person under the Convertible Bonds Offer are free from all Encumbrances whatsoever.

Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

**The Independent Shareholders and the Convertible Bondholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offers which are included in the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as contained in this Composite Document.**

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## LETTER FROM CINDA

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### **Taxation advice**

The Independent Shareholders and the Convertible Bondholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, its Concert Parties, the Company, the Joint Financial Advisers, the Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Independent Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office of Hong Kong. The Offeror will bear buyer's ad valorem stamp duty.

The seller's Hong Kong ad valorem stamp duty (if any) in connection with acceptance of the Convertible Bonds Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Convertible Bondholders, or (if higher) the value of the Convertible Bonds as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Convertible Bondholders who accept the Convertible Bonds Offer. The Offeror will then pay the stamp duty (if any) so deducted to the Stamp Office of Hong Kong. The Offeror will bear buyer's ad valorem stamp duty (if any).

### **Payment**

Payment in cash in respect of acceptances of the Offers (after deducting the stamp duty) will be made as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete and valid pursuant to the Takeovers Code.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder or Convertible Bondholder who accepts the Share Offer or Convertible Bonds Offer (as the case may be) will be rounded up to the nearest cent.



## LETTER FROM CINDA

### Overseas Shareholders and Overseas Convertible Bondholders

As at the Latest Practicable Date, the Company had four Overseas Shareholders with registered addresses situated in the PRC, the Cayman Islands and the British Virgin Islands with the following shareholding structure:

<b>Jurisdiction</b>	<b>Number of Overseas Shareholder(s)</b>	<b>Aggregated number of Shares held by Overseas Shareholder(s) in the jurisdiction</b>	<b>Approximate % of the issued share capital of the Company</b>
British Virgin Islands	2 <i>(Note 1)</i>	82,875,000	18.17%
Cayman Islands	1 <i>(Note 2)</i>	205,259,939	45.00%
PRC	1	2,099,700	0.46%
<b>Total</b>	<b>4</b>	<b>290,234,639</b>	<b>63.63%</b>

*Notes:*

1. The two Overseas Shareholders in the British Virgin Islands are Cypress Dragons Limited and U.K. Prolific Petroleum Group Company Limited.
2. The Overseas Shareholder in the Cayman Islands is the Offeror.

As at the Latest Practicable Date, the Company had one overseas Convertible Bondholder with registered address in the British Virgin Islands who holds Convertible Bonds in the principal amount of HK\$232,790,000 which are convertible into a maximum of 34,641,369 Shares upon full conversion of the Convertible Bonds based on the conversion price of HK\$6.72 per Share.

The Offeror intends to make the Offers available to all the Independent Shareholders and all the Convertible Bondholders, including the Overseas Shareholders and the Overseas Convertible Bondholders.

The Offeror has obtained advice from law firms qualified to advise on the laws of the PRC and the British Virgin Islands, each of them opined that there is no requirement for any of the Offeror, Cinda or the Company to obtain any prior approval, consent or registration with any governmental, regulatory or such other authority in the PRC or the British Virgin Islands (as the case may be) in relation to the extension of the Offers, and the despatch of this Composite Document to the Overseas Shareholders and Overseas Convertible Bondholders with registered addresses in the PRC or the British Virgin Islands (as the case may be).

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## LETTER FROM CINDA

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As the Offers to persons who are not residents in Hong Kong may be affected by the laws of the relevant jurisdiction in which they reside, the Overseas Shareholders and the Overseas Convertible Bondholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders and the Overseas Convertible Bondholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such accepting Overseas Shareholders or Overseas Convertible Bondholders in respect of such jurisdictions).

**Any acceptance of the Offers by any Overseas Shareholder or Overseas Convertible Bondholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Convertible Bondholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Convertible Bondholders should consult their professional advisers if in doubt.**

### INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in exploration, production and distribution of natural gas in the PRC. Further information on the Group is set out in the paragraph headed “Information of the Group” in the “Letter from the Board” as contained in this Composite Document. Financial Information on the Group is set out in Appendix II to this Composite Document.

### INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in Cayman Islands with limited liability and is legally and beneficially wholly-owned by XJMX, which in turn is held by (i) XTRQ as to 65.0%; and (ii) Karamay Fucheng Energy Group Co., Ltd.\* (克拉瑪依市富城能源集團有限公司) (“**Karamay Fucheng**”) as to 35% of its total issued share capital.

Cypress Dragons Limited is a company incorporated in the British Virgin Islands with limited liability and is legally and beneficially wholly-owned by the Offeror and is principally engaged in investment holding.

Karamay Fucheng is legally and beneficially wholly-owned by Karamay City Construction Investment Development Co., Ltd.\* (克拉瑪依市城市建設投資發展有限責任公司), which is legally and beneficially wholly-owned by Karamay Xitan Relocation Project Management Co., Ltd.\* (克拉瑪依市投資控股有限責任公司), which is legally and beneficially wholly-owned by Karamay State-owned Assets Supervision and Administration Commission\* (克拉瑪依市國有資產監督管理委員會).

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## LETTER FROM CINDA

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As at the Latest Practicable Date, as the Offeror holds 205,259,939 Shares and Cypress Dragons Limited holds 36,375,000 Shares, Mr. Ming Zaiyuan (“**Mr. Ming**”) is interested in 241,634,939 Shares of the Company through his holding of 41.07% of the total issued share capital of XTRQ.

The Offeror is principally engaged in investment holding. XTRQ is principally engaged in the distribution and sales of natural gas. XTRQ provides natural gas sales services, including natural gas sales for civilian use and commercial use, natural gas installation services, as well as compressed natural gas transportation services. XTRQ is a company incorporated under the laws of the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 603393). The controlling shareholder of XTRQ is Mr. Ming, holding approximately 41.07% of the total issued shares of XTRQ as at the Latest Practicable Date. According to publicly available information, the shareholding structure of the remaining approximately 58.93% of the total issued shares of XTRQ is relatively scattered and is owned by the directors and/or senior management of XTRQ and various investment funds and public shareholders as at the Latest Practicable Date.

Mr. Ming has been the chairman of the board of XTRQ since January 2013. Mr. Ming graduated from the correspondence college of Party College of Sichuan Province Committee of the Communist Party of China (中共四川省委黨校函授學院) in 1987, majoring in law.

### THE OFFEROR’S INTENTION ON THE GROUP

It is the intention of the Offeror to continue the existing business of the Company and has no intention to put forward any major changes to the business of the Company after the close of the Offers. The Offeror will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business.

As at the Latest Practicable Date, the Offeror has no intention to, and has not entered into, any negotiation, agreement, arrangement and understanding on (i) the disposal, restructuring or downsizing of the Company’s existing assets and/or business; and (ii) injecting any new business and/or assets into the Group.

Nevertheless, following the close of the Offers, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

The Offeror has no intention to discontinue any employment of the employees of the Company or to dispose of or re-allocate the Company’s assets which are not in the ordinary and usual course of business of the Company.

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## LETTER FROM CINDA

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### PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Liu Wenxuan and Mr. Liu Dong as executive Directors; Mr. Yan Danhua and Mr. Chen Jianxin as non-executive Directors; and Mr. Zhang Zhenming, Mr. Lee Man Tai and Ms. Chin Ying Ying as independent non-executive Directors.

It is intended that none of the existing Directors will resign from the Board with effect prior to the close of the Offers or the earliest time permitted under the Takeovers Code and the Listing Rules.

The Offeror does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror in the future wishes to nominate new Directors to the Board it shall be with effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the Listing Rules as and when there are changes in the composition of the Board.

### MAINTAINING THE LISTING STATUS OF AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that;

(a) if, at the close of the Offers, the Stock Exchange believes that:

- a. a false market exists or may exist in the trading of the Shares; or
- b. an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the Shares; and

(b) if, at the close of the Offers, the Company has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then:

- a. the Stock Exchange will add a designated marker to the stock name of the Shares; and
- b. the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken and new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

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## LETTER FROM CINDA

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The Offeror considers that the appropriate actions to be taken after the close of the Offers shall include placing down of sufficient number of accepted Offer Shares by the Offeror where appropriate. The Offeror and the Company will issue a further announcement as and when necessary in this regard.

### ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offers, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

### COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it in respect of the compulsory acquisition of any outstanding Shares or Convertible Bonds that are not tendered for acceptance under the Offers.

### GENERAL

To ensure equality of treatment of all the Independent Shareholders and all the Convertible Bondholders, those Independent Shareholders and/or Convertible Bondholders who hold Shares and/or Convertible Bonds as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares and/or Convertible Bonds whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

Attention of the Overseas Shareholders and Overseas Convertible Bondholders is drawn to the paragraph headed “8. Overseas Shareholders and Overseas Convertible Bondholders” in Appendix I to this Composite Document. All communications, notices, Forms of Acceptance, share certificate(s), certificate(s) of the Convertible Bonds, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or Convertible Bondholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Company, the Offeror, its Concert Parties, the Independent Financial Adviser, the Joint Financial Advisers, the Registrar or any of their respective directors or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.

Further details have been set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

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## LETTER FROM CINDA

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offers as set out in the “Letter from the Independent Financial Adviser” as contained in this Composite Document before deciding whether or not to accept the Offers.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,  
For and On behalf of  
**Cinda International Capital Limited**  
**Pun Hung Ming**  
*Executive Director*

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## LETTER FROM THE BOARD

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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 228)**

*Executive Directors:*

*Mr. Liu Wenxuan*

*Mr. Liu Dong*

*Non-executive Directors:*

*Mr. Yan Danhua*

*Mr. Chen Jianxin*

*Independent non-executive Directors:*

*Ms. Chin Ying Ying*

*Mr. Lee Man Tai*

*Mr. Zhang Zhenming*

*Registered Office:*

Cricket Square,

Hutchins Drive,

P.O. Box 2681,

Grand Cayman,

KY1-1111,

Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*

Office J, 29/F, Plaza 88,

No. 88 Yeung Uk Road,

Tsuen Wan,

New Territories,

Hong Kong

13 January 2026

*To Independent Shareholders and Convertible Bondholders,*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CINDA INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF ALPHA EAGLE LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES AND  
OUTSTANDING CONVERTIBLE BONDS OF  
CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY ALPHA EAGLE LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

Reference is made to the Joint Announcement.

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## LETTER FROM THE BOARD

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Immediately before the completion of the Rights Issue, the Offeror and its Concert Parties owned 90,750,000 Shares, representing approximately 29.84% of the total issued share capital of the Company prior to the issue of 152,066,800 Rights Shares under the Rights Issue.

The Offeror and its Concert Parties made an application to subscribe for a total of 152,066,763 Rights Shares at the Subscription Price under the Rights Issue, comprising (i) 45,375,000 Rights Shares by provisional allotments; (ii) 106,691,763 Rights Shares by excess application. Pursuant to the results of the Rights Issue, on 24 December 2025, a total of 150,884,939 Rights Shares (after the Final Allocation) were issued to the Offeror and its Concert Parties, comprising (i) 45,375,000 Rights Shares from provisional allotments; (ii) 105,509,939 Rights Shares (after the Final Allocation) from excess application.

Immediately following the completion of the Rights Issue (after the Final Allocation) and as at the Latest Practicable Date, the Offeror and its Concert Parties are interested in an aggregate of 241,634,939 Shares (comprising 90,750,000 Shares held by the Offeror and its Concert Parties and 150,884,939 Rights Shares (after the Final Allocation) issued to the Offeror and its Concert Parties upon completion of the Rights Issue), representing approximately 52.97% of the total issued shares capital of the Company as enlarged by the issue of 152,066,800 Rights Shares. Accordingly, the Offeror is required to make mandatory unconditional cash offers for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and its Concert Parties) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

This letter forms part of this Composite Document which provides you with, among other things, (i) details of the Offers; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders and the Convertible Bondholders in relation to the Offers; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers; and (iv) information relating to the Company and the Offeror, together with the Forms of Acceptance. Unless the context otherwise requires, terms used in these letters shall have the same meanings as those defined in this Composite Document.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Chin Ying Ying, Mr. Lee Man Tai and Mr. Zhang Zhenming, has been established to advise the Independent Shareholders and the Convertible Bondholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive and independent non-executive directors. Since (i) Mr. Yan Danhua, being a non-executive Director of the Company, is a director of XTRQ, which indirect wholly owns the Offeror; and (ii) Mr. Chen Jianxin, being a non-executive Director of the Company, is the deputy general manager of XTRQ, such Directors are not independent for the purpose of giving advice or recommendations to the Independent Shareholders and will not be part of the Independent Board Committee.



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## LETTER FROM THE BOARD

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Donvex has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable as to the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders, the “Letter from the Independent Financial Adviser”, the “Letter from Cinda” and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offers.

### THE OFFERS

The terms of the Offers set out in the “Letter from Cinda” contained in this Composite Document are extracted below. You are recommended to refer to the “Letter from Cinda” and the Forms of Acceptance for further details.

Cinda and Rainbow have been appointed as the Joint Financial Advisers to the Offeror in respect of the Offers. Cinda is, for and on behalf of the Offeror, making the Offers on the basis set out below:

#### The Share Offer

**For every Offer Share . . . . . HK\$1.57 in cash**

The Share Offer Price of HK\$1.57 per Offer Share is equivalent to Subscription Price of HK\$1.57 per Rights Share paid by the Offeror under the Rights Issue.

#### The Convertible Bonds Offer

**For every HK\$1,000,000 face value of  
the Convertible Bonds . . . . . HK\$233,630.95 in cash**

The Convertible Bonds Offer will not apply to any Convertible Bonds which are or have been converted into Shares prior to the close of the Convertible Bonds Offer.

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which carry rights to convert into 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share, and none of the Offeror and its Concert Parties has any interest in the Convertible Bonds.

The Convertible Bonds Offer Price is HK\$233,630.95 for every HK\$1,000,000 face value of the Convertible Bonds, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of new Shares which the Convertible Bonds could be convertible into (i.e. approximately 34,641,369 new Shares) multiplied by the Share Offer Price of HK\$1.57 per Offer Share, valuing the total Convertible Bonds Offer at approximately HK\$54,386,949.40.

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## LETTER FROM THE BOARD

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Save for the Convertible Bonds, the Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

**The Offeror confirms that the Share Offer Price and the Convertible Bonds Offer Price are final and will not be increased.**

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Convertible Bonds.

As at the Latest Practicable Date, the Company (i) has no dividend or other distributions declared but not paid; and (ii) will not declare and pay any dividend or other distributions before the close or lapse of the Offers.

Further details regarding the Offers, including the terms and procedures for acceptance of the Offers are set out in the “Letter from Cinda” and Appendix I to this Composite Document and the accompanying Forms of Acceptance.

### INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in exploration, production and distribution of natural gas in the PRC.

Set out below is a summary of the audited consolidated results of the Group for the two financial years ended 31 December 2023 and 2024 as extracted from the annual report of the Company for the year ended 31 December 2024, and the unaudited consolidated results of the Group for the six months ended 30 June 2024 and 2025 as extracted from the interim reports of the Company for the six months ended 30 June 2024 and 2025.

	<b>For the six months ended 30 June 2025 HK\$'000 (Unaudited)</b>	<b>For the six months ended 30 June 2024 HK\$'000 (Unaudited)</b>	<b>For the year ended 31 December 2024 HK\$'000 (Audited)</b>	<b>For the year ended 31 December 2023 HK\$'000 (Audited)</b>
<b>Revenue</b>	118,833	165,807	300,101	332,034
<b>Profit before income tax</b>	16,909	41,933	56,399	90,765
<b>Profit for the year/period</b>	9,792	32,911	26,710	68,880

## LETTER FROM THE BOARD

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
<b>Net assets</b>	1,851,714	1,813,820	1,790,383	1,731,856

Your attention is drawn to the further details of the information of the Group as set out in Appendices II and IV to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before completion of the Rights Issue; and (ii) immediately after completion of the Rights Issue:

Name of Shareholder	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue and as at the Latest Practicable Date	
	<i>Number of</i>	<i>Approximately</i>	<i>Number of</i>	<i>Approximately</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The Offeror ( <i>Note 1</i> )	66,500,000	21.87	205,259,939	45.00
Cypress Dragons Limited ( <i>Note 1</i> )	24,250,000	7.97	36,375,000	7.97
<b>Subtotal: The Offeror and its Concert Parties</b>	<b>90,750,000</b>	<b>29.84</b>	<b>241,634,939</b>	<b>52.97</b>
U.K. Prolific Petroleum Group Company Ltd. ( <i>Note 2</i> )	46,500,000	15.29	46,500,000	10.19
Public Shareholders	166,883,600	54.87	168,065,461	36.84
<b>Total</b>	<b>304,133,600</b>	<b>100</b>	<b>456,200,400</b>	<b>100</b>

*Notes:*

- As at the Latest Practicable Date, Cypress Dragons Limited is legally and beneficially wholly-owned by the Offeror, whereas the Offeror is legally and beneficially wholly-owned by XJMX, which in turn is held by XTRQ as to 65.0% of its total issued share capital. Mr. Ming Zaiyuan is interested in 241,634,939 Shares through his holding of 41.07% of the total issued share capital of XTRQ.
- As at the Latest Practicable Date, U.K. Prolific Petroleum Group Company Limited is interested in 46,500,000 Shares and the Convertible Bonds. Based on the disclosure of interest filings, U.K. Prolific Petroleum Group Company Limited is entirely controlled by Mr. Wang Guoju.
- None of the Directors hold any Shares as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from Cinda” as set out in this Composite Document.

### INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Cinda” as set out in this Composite Document. The Board is pleased to note that the Offeror intends to continue the existing business of the Group. The Offeror has no intention to discontinue any employment of the employees of the Group or to dispose of or re-allocate the Group’s assets which are not in the ordinary and usual course of business of the Group.

The Board is aware of the Offeror’s intention in relation to the Group and is willing to render co-operation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole. As at the Latest Practicable Date, the Offeror has no intention to, and has not entered into, any negotiation, agreement, arrangement and understanding on (i) the disposal, restructuring or downsizing of the Company’s existing assets and/or business; and (ii) injecting any new business and/or assets into the Group.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

### MAINTAINING THE LISTING STATUS OF AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that:

(a) if, at the close of the Offers, the Stock Exchange believes that:

- a. a false market exists or may exist in the trading of the Shares; or
- b. an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the Shares; and

(b) if, at the close of the Offers, the Company has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then:

- a. the Stock Exchange will add a designated marker to the stock name of the Shares; and

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## LETTER FROM THE BOARD

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- b. the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken and new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

The Offeror considers that the appropriate actions to be taken after the close of the Offers shall include placing down of sufficient number of accepted Offer Shares by the Offeror where appropriate. The Offeror and the Company will issue a further announcement as and when necessary in this regard.

### RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" set out on pages 26–28 of this Composite Document and the "Letter from the Independent Financial Adviser" set out on pages 29–49 of this Composite Document, which contain, among other things, their advices in relation to the Offers and the principal factors considered by them in arriving at their recommendations.

Independent Shareholders and Convertible Bondholders are urged to read those letters carefully before taking any action in respect of the Offers.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for the acceptance of the Offers.

By Order of the Board  
**China Energy Development Holdings Limited**  
**Liu Wenxuan**  
*Chairman and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers.*



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 228)**

13 January 2026

*To the Independent Shareholders and the Convertible Bondholders,*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CINDA INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF ALPHA EAGLE LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES AND  
OUTSTANDING CONVERTIBLE BONDS OF  
CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY ALPHA EAGLE LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 13 January 2026 jointly issued by the Offeror and the Company of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the Offers are fair and reasonable so far as the Independent Shareholders and the Convertible Bondholders are concerned and as to the acceptance of the Offers. We have declared that we are independent and have no direct or indirect interest in the Offers, and are able to consider the terms of the Offers and to make recommendations to the Independent Shareholders and the Convertible Bondholders.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Donvex has been appointed, with our approval, as the independent financial adviser to advise us in respect of the Offers and their terms and conditions. Details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offers are set out in the “Letter from the Independent Financial Adviser” on pages 29–49 of this Composite Document.

We also wish to draw your attention to the “Letter from Cinda” set out on pages 7–18 of this Composite Document which contains, among other things, information about the Offers, the “Letter from the Board” set out on pages 19–25 of this Composite Document which contains information about the Company, the additional information set out in the appendices to this Composite Document, and the accompanying Forms of Acceptance in respect of the terms of the Offers and acceptance and settlement procedures for the Offers.

### RECOMMENDATIONS

#### The Share Offer

Taking into account the terms of the Share Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the Share Offer is fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Share Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the Offer Period. Should the market price of the Shares exceed the Share Offer Price during the Offer Period, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Share Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Share Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Share Offer are recommended to read carefully the procedures for accepting the Share Offer as details in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### **The Convertible Bonds Offer**

Taking into account the terms of the Convertible Bonds Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the Convertible Bonds Offer is not fair and reasonable as far as the Convertible Bondholders are concerned and the Convertible Bondholders are recommended not to accept the Convertible Bonds Offer accordingly.

Yours faithfully,

For and on behalf of the  
**Independent Board Committee**

**Ms. Chin Ying Ying**  
*Independent non-executive  
Director*

**Mr. Lee Man Tai**  
*Independent non-executive  
Director*

**Mr. Zhang Zhenming**  
*Independent non-executive  
Director*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Composite Document.*



Unit 2502, 25/F  
Carpo Commercial Building  
18–20 Lyndhurst Terrace  
Central  
Hong Kong

13 January 2026

*The Independent Board Committee of China Energy Development Holdings Limited*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CINDA INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF ALPHA EAGLE LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES AND  
OUTSTANDING CONVERTIBLE BONDS OF  
CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY ALPHA EAGLE LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offers, details of which are set out in the composite document dated 13 January 2026 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless otherwise stated.

Reference is made to the Joint Announcement in relation to, among other things, the Offers.

Immediately before the completion of the Rights Issue, the Offeror and its Concert Parties owned 90,750,000 Shares, representing approximately 29.84% of the total issued share capital of the Company prior to the issue of 152,066,800 Rights Shares under the Rights Issue.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Offeror and its Concert Parties made an application to subscribe for a total of 152,066,763 Rights Shares at the Subscription Price under the Rights Issue, comprising (i) 45,375,000 Rights Shares by provisional allotments; (ii) 106,691,763 Rights Shares by excess application. Pursuant to the results of the Rights Issue, on 24 December 2025, a total of 150,884,939 Rights Shares (after the Final Allocation) were issued to the Offeror and its Concert Parties, comprising (i) 45,375,000 Rights Shares from provisional allotments; and (ii) 105,509,939 Rights Shares (after the Final Allocation) from excess application.

Immediately following the completion of the Rights Issue (after the Final Allocation) and as at the Latest Practicable Date, the Offeror and its Concert Parties are interested in an aggregate of 241,634,939 Shares (comprising 90,750,000 Shares held by the Offeror and 150,884,939 Rights Shares (after the Final Allocation) issued to the Offeror upon completion of the Rights Issue), representing approximately 52.97% of the total issued shares capital of the Company as enlarged by the issue of 152,066,800 Rights Shares.

Accordingly, the Offeror is required to make mandatory unconditional cash offers for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and its Concert Parties) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Chin Ying Ying, Mr. Lee Man Tai and Mr. Zhang Zhenming, has been established to advise the Independent Shareholders and the Convertible Bondholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive and independent non-executive directors. Since (i) Mr. Yan Danhua, being a non-executive Director of the Company, is a director of XTRQ, which indirect wholly owns the Offeror; and (ii) Mr. Chen Jianxin, being a non-executive Director of the Company, is the deputy general manager of XTRQ, such Directors are not independent for the purpose of giving advice or recommendations to the Independent Shareholders and would not be part of the Independent Board Committee.

Our appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Offeror or any of their respective substantial shareholders (as applicable), directors or chief executives (as applicable), or any of their respective associates and we were not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror and the Group, we do not and did not have, a significant connection, financial or otherwise with either the Offeror or the Group, or the controlling shareholder(s) of either of them (as applicable), of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer in compliance with Rule 2.6 of the Takeovers Code.

In the last two years, save for this appointment as the Independent Financial Adviser in respect of the Offers, we have not acted as any financial adviser role to the Company and the Offeror.

Apart from the normal professional fees paid to us in relation to the current appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, the Offeror or other parties that could reasonably be regarded as relevant to our independence. The aggregate professional fees paid to/to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Offers.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the Latest Practicable Date.

The Directors jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror) and have confirmed that, having made all reasonable enquiries, to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions, or representations given or made by or on behalf of the Company or the Offeror, nor conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offers. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter).

We have assumed that the Offers will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that no delay, limitation, condition or restriction will be imposed in connection with the Offers that would have a material adverse effect on the contemplated benefits expected to be derived from the Offers. Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Shareholders will be notified of any material changes (including changes to our opinions, advices and recommendations) as soon as possible in accordance with Rule 9.1 of the Takeovers Code up to the ending date of the Offer Period.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Offers, we have taken into account the following principal factor and reasons.

#### A. Information of the Group

The Group is principally engaged in exploration, production and distribution of natural gas in the PRC.

The table below sets forth a summary of the consolidated financial information of the Group for the two years ended 31 December 2023 and 2024 (“FY2023” and “FY2024”, respectively), the six months ended 30 June 2024 (“1H2024”) and the six months ended 30 June 2025 (“1H2025”):

	<b>FY2023</b>	<b>FY2024</b>	<b>1H2024</b>	<b>1H2025</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	332,034	300,101	165,807	118,833
Direct cost	(48,367)	(51,631)	(29,766)	(25,503)
Profit for the year/period	68,880	26,710	32,911	9,792

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	<b>31 December</b>	<b>As at 31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)
Cash and cash equivalents	45,203	34,346	57,272
Total assets	2,366,420	2,270,535	2,345,585
Total liabilities	634,564	480,512	493,871
Net assets	1,731,856	1,790,383	1,851,714

### ***Revenue***

The revenue of the Group decreased from approximately HK\$332.0 million for FY2023 to approximately HK\$300.1 million for FY2024, as the Group produced approximately 431.0 million cubic meters of natural gas, representing a decrease of approximately 9.8% compared with FY2023, due to technical problems incurred in certain gas fields such as water and slurry blockage during FY2024.

The revenue of the Group decreased from approximately HK\$165.8 million for 1H2024 to approximately HK\$118.8 million for 1H2025, which was mainly due to problems incurred in certain gas fields such as flooding for one of the projects of the Group in Xinjiang during 1H2025.

### ***Profit for the year/period***

Profit for the year of the Group decreased from approximately HK\$68.9 million for FY2023 to approximately HK\$26.7 million for FY2024, which was mainly due to (i) the decrease in revenue of the Group from approximately HK\$332.0 million for FY2023 to approximately HK\$300.1 million for FY2024; (ii) increase in provision for impairment of property, plant and equipment from approximately HK\$1.8 million for FY2023 to approximately HK\$9.1 million for FY2024; and (iii) increase in direct cost from approximately HK\$48.4 million for FY2023 to approximately HK\$51.6 million for FY2024.

Profit for the period of the Group decreased from approximately HK\$32.9 million in 1H2024 to approximately HK\$9.8 million for 1H2025, which was mainly due to the decrease in revenue of the Group from approximately HK\$165.8 million for 1H2024 to approximately HK\$118.8 million for 1H2025, netting off (i) decrease in direct cost from approximately HK\$29.8 million for 1H2024 to approximately HK\$25.5 million for 1H2025; and (ii) decrease in finance cost from approximately HK\$20.1 million for 1H2024 to approximately HK\$11.4 million for 1H2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Total assets*

The total assets of the Group decreased from approximately HK\$2,366.4 million as at 31 December 2023 to approximately HK\$2,270.5 million as at 31 December 2024, which was mainly due to the increase in impairment of property, plant and equipment and intangible assets as a result of the decrease in the recoverable amount of one of the Group's projects in Xinjiang.

The total assets of the Group increased from approximately HK\$2,270.5 million as at 31 December 2024 to approximately HK\$2,345.6 million as at 30 June 2025, which was mainly due to (i) increase in cash and bank balances from approximately HK\$34.3 million as at 31 December 2024 to approximately HK\$57.3 million as at 30 June 2025; and (ii) increase in account receivables from approximately HK\$116.2 million as at 31 December 2024 to approximately HK\$146.5 million as at 30 June 2025.

### *Total liabilities*

The total liabilities of the Group decreased from approximately HK\$634.6 million as at 31 December 2023 to approximately HK\$480.5 million as at 31 December 2024, which was mainly due to the decrease in other borrowings and conversion of convertible notes during FY2024.

The total liabilities of the Group increased from approximately HK\$480.5 million as at 31 December 2024 to approximately HK\$493.9 million as at 30 June 2025, which was mainly due to the increase in other payables and accruals.

### *Net assets*

In view of the above factors and in particular the net profit recorded by the Group, the net assets of the Group increased from approximately HK\$1,731.9 million as at 31 December 2023 to approximately HK\$1,790.4 million as at 31 December 2024, and further increased to approximately HK\$1,851.7 million as at 30 June 2025.

### *Net proceeds from the Rights Issue*

As disclosed in the prospectus of the Company dated 2 December 2025 in relation to the Rights Issue, the net proceeds of the Rights Issue of approximately HK\$236.7 million is intended to be applied as to (i) approximately HK\$100.6 million for production costs, pipeline transport fees at the gas fields located in the Kashi project at Akemomu, North Kashi Block, Tarim Basin, China (the “**Akemomu Gas Field**”) in 2026; (ii) approximately HK\$48.2 million for the operating expenses of certain existing stimulation wells and surface engineering in 2026 for the Akemomu Gas Field; and (iii) approximately HK\$87.9 million for partially funding the construction of 3 new production wells in or around May 2026 at the Akemomu Gas Field.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In the event the use of proceeds are applied as intended, the production capacity of natural gas from the Akemomu Gas Field may improve in the future after the relevant constructions are completed.

### *Future prospects of the Group*

Based on the report titled “Gas 2025” published in October 2025 by the International Energy Agency, an intergovernmental organisation in the global energy sector, the demand of natural gas declined in the first half of 2025 by about 1% on an annual basis in the PRC. Nevertheless, it is expected that the demand for natural gas will experience a rebound in 2026 in the PRC.

As disclosed above, the revenue of the Group decreased from approximately HK\$165.8 million for 1H2024 to approximately HK\$118.8 million for 1H2025, which was mainly due to problems incurred in certain gas fields such as flooding for one of the projects of the Group in Xinjiang during 1H2025.

As further disclosed in the prospectus of the Company dated 2 December 2025 in relation to the Rights Issue, in response to the challenging and volatile market conditions in natural gas pipeline transportation and sales, it was the intention of the Group to raise additional capital reserve through the Rights Issue to apply for the development of Akemomu Gas Field as detailed above.

Accordingly, despite the demand for natural gas may experience a rebound in 2026 in the PRC, we are of the view that the future business prospect of the Group is uncertain, as it will very much depend on the Group’s ability to successfully develop its gas fields such as the Akemomu Gas Field and resolve the flooding in certain gas field of the Group in Xinjiang in a timely manner to improve its production capacity and revenue stream.

## **B. Information of the Offeror**

### *1. Background information of the Offeror*

The Offeror is a company incorporated in Cayman Islands with limited liability and is legally and beneficially wholly-owned by XJMX, which in turn is held by (i) XTRQ as to 65.0%; and (ii) Karamay Fucheng as to 35% of its total issued share capital.

Cypress Dragons Limited is a company incorporated in the British Virgin Islands with limited liability and is legally and beneficially wholly-owned by the Offeror and is principally engaged in investment holding.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Karamay Fucheng is legally and beneficially wholly-owned by Karamay City Construction Investment Development Co., Ltd.\* (克拉瑪依市城市建設投資發展有限責任公司), which is legally and beneficially wholly-owned by Karamay Xitan Relocation Project Management Co., Ltd.\* (克拉瑪依市投資控股有限責任公司), which is legally and beneficially wholly-owned by Karamay State-owned Assets Supervision and Administration Commission\* (克拉瑪依市國有資產監督管理委員會).

As at the Latest Practicable Date, as the Offeror holds 205,259,939 Shares and Cypress Dragons Limited holds 36,375,000 Shares, Mr. Ming is interested in 241,634,939 Shares of the Company through his holding of 41.07% of the total issued share capital of XTRQ.

The Offeror is principally engaged in investment holding. XTRQ is principally engaged in the distribution and sales of natural gas. XTRQ provides natural gas sales services, including natural gas sales for civilian use and commercial use, natural gas installation services, as well as compressed natural gas transportation services. XTRQ is a company incorporated under the laws of the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 603393). The controlling shareholder of XTRQ is Mr. Ming, holding approximately 41.07% of the total issued shares of XTRQ as at the Latest Practicable Date.

Mr. Ming has been the chairman of the board of XTRQ since January 2013. Mr. Ming graduated from the correspondence college of Party College of Sichuan Province Committee of the Communist Party of China (中共四川省委黨校函授學院) in 1987, majoring in law.

### ***2. The Offeror's intention on the Group***

It is the intention of the Offeror to continue the existing business of the Company and has no intention to put forward any major changes to the business of the Company after the close of the Offers.

The Offeror has no intention to discontinue any employment of the employees of the Company or to dispose of or re-allocate the Company's assets which are not in the ordinary and usual course of business of the Company.

### ***3. Our view***

Having considered that (i) the Offeror and its Concert Parties were the single largest Shareholders prior to the Rights Issue; (ii) it is the intention of the Offeror to continue the existing business of the Company and has no intention to put forward any major changes to the business of the Company after the close of the Offers; and (iii) the Offeror has no intention to discontinue any employment of the employees of the Company or to dispose of or re-allocate the Company's assets which are not in the ordinary and usual course of business of the Company, we expect that there would not be substantial change in the principal business activities of the Group as a direct result of the Offers.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### C. Principal terms of the Offers

As disclosed in the “Letter from Cinda” in the Composite Document, Cinda is, for and on behalf of the Offeror, making the Offers on the basis set out below:

#### *The Share Offer*

**For every Offer Share . . . . . HK\$1.57 in cash**

The Share Offer Price of HK\$1.57 per Offer Share is equivalent to Subscription Price of HK\$1.57 per Rights Shares paid by the Offeror under the Rights Issue.

#### *The Convertible Bonds Offer*

**For every HK\$1,000,000 face value of  
the Convertible Bonds . . . . . HK\$233,630.95 in cash**

The Convertible Bonds Offer will not apply to any Convertible Bonds which are or have been converted into Shares prior to the close of the Convertible Bonds Offer.

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which carry rights to convert into 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share, and none of the Offeror and its Concert Parties has any interest in the Convertible Bonds.

The proposed offer price for the Convertible Bonds is HK\$233,630.95 for every HK\$1,000,000 face value of the Convertible Bonds, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of new Shares which the Convertible Bonds could be convertible into (i.e. approximately 34,641,369 new Shares) multiplied by the Share Offer Price of HK\$1.57 per Offer Share, valuing the total Convertible Bonds Offer at approximately HK\$54,386,949.40.

As at the Latest Practicable Date, the Company (i) has no dividend or other distributions declared but not paid; and (ii) will not declare and pay any dividend or other distributions before the close or lapse of the Offers.

**D. Analysis on the Share Offer**

*Comparison of the Share Offer Price*

The Share Offer Price of HK\$1.57 represents:

- (a) a premium of approximately 1.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 9.03% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 9.03% to the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 9.03% to the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 13.69% to the average closing price of HK\$1.38 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 14.81% to the average closing price of HK\$1.37 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a discount of approximately 73.34% to the audited consolidated net asset value per Share as at 31 December 2024 of approximately HK\$5.89 (based on the audited consolidated net asset value as at 31 December 2024 of approximately HK\$1,790.4 million and the total number of Share); and
- (h) a discount of approximately 74.22% to the unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$6.09 (based on the unaudited consolidated net asset value as at 30 June 2025 of approximately HK\$1,851.7 million and the total number of Shares).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Value of the Offers*

Immediately following completion of the Rights Issue, the Company is expected to have 456,200,400 Shares in issue and outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which carry rights to convert into approximately 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share immediately upon the completion of the Rights Issue.

Assuming the Offers are accepted in full on the basis that (i) none of the conversion rights attaching to the Convertible Bonds were exercised prior to the close of the Offers; and (ii) there were no change in the total number of issued Shares of the Company from the Latest Practicable Date up to the close of the Offers, a total of 214,565,461 issued Shares (representing the Shares not already owned or agreed to be acquired by the Offeror and its Concert Parties) would be subject to the Share Offer. The cash consideration payable by the Offeror under the Share Offer would be approximately HK\$336,867,773.77, whereas the cash consideration payable by the Offeror under the Convertible Bonds Offer would be HK\$54,386,949.40, aggregating to HK\$391,254,723.17.

Assuming that (i) all the conversion rights attaching to the Convertible Bonds were exercised in full prior to the close of the Offers and there would be no outstanding Convertible Bonds remaining for acceptance under the Convertible Bonds Offer; and (ii) there were no other change in the total number of issued Shares of the Company from the Latest Practicable Date up to the close of the Offers, a total of 249,206,830 Shares (representing the Shares not already owned or agreed to be acquired by the Offeror and its Concert Parties, including 34,641,369 new Shares to be issued pursuant to the exercise in full of the conversion rights attaching to the Convertible Bonds) would be subject to the Share Offer. Therefore, the maximum cash consideration payable by the Offeror under the Share Offer would be HK\$391,254,723.10.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Historical price and trading volume of the Shares*

Set out below is the historical price performance of the Shares as quoted on the Stock Exchange during the one-year period prior to the Last Trading Day and up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is appropriate as it reflects the general trend and recent market valuation of the Shares.



Source: The website of the Stock Exchange

Throughout the Review Period, the closing price of the Shares experienced notable fluctuations roughly between HK\$1.56 and HK\$2.72 since the beginning of the Review Period from 16 December 2024 up to 13 August 2025, which is generally higher than the Share Offer Price of HK\$1.57 prior to 14 August 2025, being the date of the announcement of the Company in relation to the capital reorganisation and Rights Issue (the “**Rights Issue Announcement**”).

We noted the closing price of the Shares briefly spiked to HK\$2.72 on 19 June 2025. Based on our discussion with management of the Company, they were not aware of any material matters potentially caused by the aforesaid movement.

Following the publication of the Rights Issue Announcement on 14 August 2025 (after trading hours), the closing price of the Shares decreased sharply and declined to the lowest level of HK\$1.24 on 27 and 29 August 2025. Despite the closing price per Share after the publication of the Rights Issue Announcement remained at a relatively lower level in the Review Period, the closing price of the Shares remained lower than the Share Offer Price of HK\$1.57 after the publication of the Rights Issue Announcement and up to the Latest Practicable Date (the “**Post-Announcement Review Period**”).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Post-Announcement Review Period represented a substantial period of time of nearly five months, particularly there is no substantial change in the closing price of the Shares after the publication of the interim report of the Company for the six months ended 30 June 2025 in late August 2025, we consider the closing price of the Shares during the Post-Announcement Review Period would provide a more meaningful reference for the recent trend and market sentiment of the price of the Shares for the evaluation of the fairness and reasonableness of the Share Offer Price.

### *Average daily trading volume for each month during the Review Period*

The table below sets out the average daily trading volume of the Shares and the percentages of average daily trading volume to the total number of issued Shares and Shares held by public Shareholders, respectively, during the Review Period:

Period/Month	Average daily trading volume of the Shares per month (approximate)	Average daily trading volume of the Shares to the total number of issued Shares held by the public Shareholders (Note) (approximate)
<b>2024</b>		
December (starting from the commencement of the Review Period)	43,280	0.0258%
<b>2025</b>		
January	91,253	0.0543%
February	137,780	0.0820%
March	197,640	0.1176%
April	103,203	0.0614%
May	62,778	0.0374%
June	423,417	0.2519%
July	131,623	0.0783%
August	1,335,199	0.7945%
September	525,823	0.3129%
October	197,953	0.1178%
November	274,230	0.1632%
December	1,108,403	0.6595%
<b>2026</b>		
January (up to the Latest Practicable Date)	1,166,763	0.2146%

*Source: website of the Stock Exchange*

*Note:* Based on 168,465,061 Shares held by the public Shareholders as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the Review Period, the average daily trading volume ranged from approximately 43,280 Shares (in December 2024) to approximately 1,335,199 Shares (in August 2025), representing approximately 0.0258% to 0.7945% of the total number of issued Shares held by public Shareholders as at the end of the respective month/period.

It is noted that relatively higher trading volume occurred on (i) 15 August 2025, being the first trading day immediately after the publication of the Rights Issue Announcement, representing approximately 4.644% of the total number of issued Shares held by the public Shareholders at the end of August 2025; and (ii) 24 December 2025, being the first trading day immediately after the publication of the Joint Announcement, representing approximately 5.0735% of the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date. As such, the average trading volume of the Shares in August and December 2025 were relatively higher than the other periods in the Review Period.

Save and except for the relatively higher average trading volume of the Shares in August and December 2025 due to the factors discussed above, the average daily trading volume of the Shares was below 0.2226% of the total number of issued Shares held by public Shareholders from time to time during the entire Review Period, indicating generally thin trading volume for the Shares.

### *Comparable analysis on the Share Offer*

In assessing the fairness and reasonableness of the Share Offer Price, we have performed a comparable analysis on the Share Offer Price, we compared the price-to-earnings ratio (“**PE Ratio**”) and the price-to-book ratio (“**PB Ratio**”) of the Company implied by the Share Offer Price with other listed companies in Hong Kong with business similar to that of the Company. PE Ratio and PB Ratio are the commonly used valuation benchmarks in assessing the valuation of a company since the data for calculating these ratios can be obtained directly from publicly available information and reflect the value of the company determined by the open market.

The Group is principally engaged in exploration, production and distribution of natural gas in the PRC, and the market capitalisation of the Company was approximately HK\$656.9 million (based on the total issued shares of 456,200,400 Shares following the completion of the Rights Issue and the closing price of Share of HK\$1.44 as at the Last Trading Day). We noted the market capitalisation of majority of the companies listed on the Stock Exchange engaging in principal business similar to those of the Group (i.e. natural gas) in the PRC was generally over HK\$10 billion (representing approximately 14 times of the market capitalisation of the Company as implied by the Share Offer Price). Despite they may not have a market capitalisation similar to the Company, due to the limited companies comparable with similar market capitalisation of the Company, we have extended our selection criteria of comparables companies in respect of market capitalisation to up to HK\$10 billion, which we consider those comparable companies may provide general market reference for companies principally engaged in the natural gas business in the PRC.

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Accordingly, for the purpose of our comparable analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) engages in principal business similar to those of the Group in the PRC which contributed over 50% of its revenue from such business for the latest completed financial year; and (iii) are of comparable size to the Company with closing market capitalisation as at the Last Trading Day of up to HK\$10 billion. Based on our research conducted on companies listed on the Stock Exchange and their respective annual reports in accordance to such criteria, we have identified an exhaustive list of 3 comparable companies (the “**Comparable Companies**”).

The Comparable Companies were selected exhaustively to satisfy the above selection criteria. Although there are differences in financial conditions, target customers and market capitalisation between the Company and the Comparable Companies, in light of that the Comparable Companies are engaged in similar principal activities and listed on the Stock Exchange, they are likely to be influenced by similar macro-economic factors as the Group. Despite there are only 3 Comparable Companies, we noted the market capitalisation of other comparable companies that satisfy the selection criteria (i) and (ii) above are over HK\$10 billion, representing at least approximately 14 times of the market capitalisation of the Company as implied by the Share Offer Price, which is substantially different from that of the Company. As such, we consider it is not meaningful to further extend the sample size of the Comparable Companies.

In light of the above, we are of the view that the Comparable Companies are a fair and representative sample and are sufficient to serve as a meaningful reference to the fairness and reasonableness of the Share Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table sets out our analysis of the Comparable Companies:

No.	Company name	Stock code	Principal business	Market capitalisation as at the Last Trading Day (Note 1) (HK\$' million)	P/E Ratio (Note 2) (times)	P/B Ratio (Note 3) (times)
1	China Oil and Gas Group Limited	603	Sales and distribution of natural gas and other related products; gas pipeline connection and construction services income; exploitation and production of crude oil and natural gas; production and sales of coal-derived clean energy and other related products	879.3	1.25	0.123
2	Tian Lun Gas Holdings Limited	1600	Sales of piped natural gas, construction and gas pipeline installation service and gas passing through service	2,827.8	7.92	0.411
3	Binhai Investment Company Limited	2886	Sales of natural gas in cylinders and in bulk; engineering construction services	1,510.4	7.22	0.655
				Minimum	1.25	0.123
				Maximum	7.92	0.655
				Average	5.46	0.396
	The Share Offer/ the Company	228	Exploration, production and distribution of natural gas	716.2 (Note 4)	26.82 (Note 5)	0.400 (Note 6)

*Source: website of the Stock Exchange and the annual reports of the Comparable Companies*



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*Notes:*

1. Based on the closing price of the share of the respective Comparable Company as quoted on the Stock Exchange as at the Last Trading Day and their respective issued shares (excluding treasury shares) as quoted on the latest published monthly return available on the website of the Stock Exchange.
2. Based on the closing price of the share of the respective Comparable Company as quoted on the Stock Exchange as at the Last Trading Day and compared against the net profit for the year from the respective Comparable Companies' latest published annual reports.
3. Based on the closing price of the share of the respective Comparable Company as quoted on the Stock Exchange as at the Last Trading Day and compared against the net asset value from the respective Comparable Companies' latest published annual reports.
4. Being the market capitalisation of the Company implied by the Share Offer Price.
5. Based on the Share Offer Price as compared against number of Shares as at the Latest Practicable Date and the audited net profit of the Group for FY2024.
6. Based on the Share Offer Price as compared against the number of Shares as at the Latest Practicable Date and the audited net assets of the Group as at 31 December 2024.

As illustrated above, the P/E Ratio of the Comparable Companies ranged from approximately 1.25 times to approximately 7.92 times, with an average of approximately 5.46 times. The P/E Ratio implied by the Share Offer Price of approximately 26.82 times is significantly higher than that of the Comparable Companies.

The P/B Ratio of the Comparable Companies ranged from approximately 0.123 times to approximately 0.655 times, with an average of approximately 0.396 times. The P/B Ratio implied by the Share Offer Price of approximately 0.400 times (i) falls within the range of the P/B Ratio of the Comparable Companies; and (ii) is higher than the average P/B Ratio of the Comparable Companies.

### ***Conclusion***

In light of

- (i) the Share Offer Price of HK\$1.57 is higher than the closing price of the Shares during the Post-Announcement Review Period;
- (ii) the Share Offer Price represented a premium of approximately 9.03%, 9.03% and 13.69% to the average closing price for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day, respectively;
- (iii) in view of the generally thin trading volume of the Shares, the Share Offer presents an opportunity for Independent Shareholders to dispose of a significant number of Shares without exerting downward pressure on the market price;

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- (iv) the P/E Ratio implied by the Share Offer Price is significantly higher than that of the Comparable Companies; and
- (v) despite the Share Offer Price represented a discount of approximately 74.22% to the unaudited consolidated net asset value per Share as at 30 June 2025, the P/B Ratio implied by the Share Offer Price (i) falls within the range of the P/B Ratio of the Comparable Companies; and (ii) is higher than the average P/B Ratio of the Comparable Companies,

we are of the opinion that the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

### **E. Analysis on the Convertible Bonds Offer**

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which carry rights to convert into 34,641,369 new Shares in full based on the conversion price of HK\$6.72 per Share, and none of the Offeror and its Concert Parties have any interest in the Convertible Bonds.

The Convertible Bonds Offer Price is HK\$233,630.95 for every HK\$1,000,000 face value of the Convertible Bonds, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of new Shares which the Convertible Bonds could be convertible into (i.e. approximately 34,641,369 new Shares) multiplied by the Share Offer Price of HK\$1.57 per Offer Share, valuing the total Convertible Bonds Offer at approximately HK\$54,386,949.40.

We understand that the “see-through” price is adopted for the Convertible Bonds Offer and we also understand the “see-through” price is commonly adopted for convertible instrument in conjunction with a general offer for ordinary shares. We note that the Convertible Bonds Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of Shares into which the Convertible Bonds are convertible at conversion price of HK\$6.72 each (being approximately 34,641,369 new Shares) multiplied by the Share Offer Price (being HK\$1.57 per Share).

However, in the event that the Convertible Bondholders do not exercise the conversion rights before the maturity date of the Convertible Bonds (i.e. 2 January 2041), the Convertible Bondholders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the maturity date.

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Despite (i) the Convertible Bonds Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration of Convertible Bonds; and (ii) the Share Offer Price is considered to be fair and reasonable so far as the Independent Shareholders are concerned, the Convertible Bondholders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the maturity date (i.e. 2 January 2041), which significantly exceeds the amount to be received upon the acceptance of the Convertible Bonds Offer. Despite it is uncertain, as to whether the Company is capable of settling the redemption amount of the Convertible Bonds in full upon their maturity, as the total consideration for the Convertible Bonds Offer represented a deep discount of approximately 76.64% to the redemption amount of the Convertible Bonds upon their maturity, we are of the view that the Convertible Bonds Offer Price is unattractive and therefore not fair and reasonable.

As such, we are of the view that the Convertible Bondholders are recommended not to accept the Convertible Bonds Offer given the Convertible Bonds Offer is not fair and reasonable as far as the Convertible Bondholders are concerned.

Nevertheless, as different Convertible Bondholders would have different investment criteria, objectives and/or circumstances given the Convertible Bonds would only mature around 15 years later on 2 January 2041, the Convertible Bonds Offer would provide an opportunity for the Convertible Bondholders to realise the Convertible Bonds immediately if they wish so.

### RECOMMENDATION

#### The Share Offer

Having considered the principal factors and reasons as discussed above, in particular,

- (i) the Share Offer Price of HK\$1.57 is higher than the closing price of the Shares after the publication of the Rights Issue Announcement;
- (ii) the Share Offer Price represented a premium of approximately 9.03%, 9.03% and 13.69% to the average closing price for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day, respectively;
- (iii) in view of the generally thin trading volume of the Shares, the Share Offer presents an opportunity for Independent Shareholders to dispose of a significant number of Shares without exerting downward pressure on the market price;
- (iv) the P/E Ratio implied by the Share Offer Price is significantly higher than that of the Comparable Companies;

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- (v) despite the Share Offer Price represented a discount of approximately 74.22% to the unaudited consolidated net asset value per Share as at 30 June 2025, the P/B Ratio implied by the Share Offer Price (i) falls within the range of the P/B Ratio of the Comparable Companies; and (ii) is higher than the average P/B Ratio of the Comparable Companies; and
- (vi) despite the demand for natural gas may experience a rebound in 2026 in the PRC, we are of the view that the future business prospect of the Group is uncertain as it will very much depend on the Group's ability to successfully develop its gas fields such as the Akemomu Gas Field and resolve the flooding in certain gas field of the Group in Xinjiang in a timely manner to improve its production capacity and revenue stream,

we are of the opinion that the Share Offer is fair and reasonable so far as the Independent Shareholders are concerned, and we would recommend the Independent Board Committee to advise the Shareholders to accept the Share Offer as a viable exit (especially those with substantial holdings of the Shares) given the above circumstances.

On the contrary, if Shareholders maintain an optimistic view on the business prospect and Share price performance of the Group, they may consider not to accept the Share Offer and maintain all or part of their Shares at their own discretion. The Shareholders, who wish to retain all or part of their investments in the Company, should carefully monitor the future plans in relation to the Company that may be implemented by the Offeror, and given the historically low liquidity of the Shares, take into consideration the potential difficulties in realising their investments in the Company at or higher than the Share Offer Price after the Closing Date.

**For those Shareholders who intend to accept the Share Offer, we would remind them to closely monitor the trading price and trading volume of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Share Offer.**

**For those Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the trading price of the Shares as a result of the thin trading volume in the Shares.**

**As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they would carefully read the procedures for accepting or not accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### The Convertible Bonds Offer

Despite (i) the Convertible Bonds Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration of Convertible Bonds; and (ii) we consider the Share Offer Price is considered to be fair and reasonable so far as the Independent Shareholders are concerned, the Convertible Bondholders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the maturity date (i.e. 2 January 2041), which significantly exceeds the amount to be received upon the acceptance of the Convertible Bonds Offer. Despite it is uncertain as to whether the Company is capable of settling the redemption amount of the Convertible Bonds in full upon their maturity, as the total consideration for the Convertible Bonds Offer represented a deep discount of approximately 76.64% to the redemption amount of the Convertible Bonds upon their maturity, we are of the view that the Convertible Bonds Offer Price is unattractive and therefore not fair and reasonable.

As such, we are of the view that the Convertible Bonds Offer is not fair and reasonable as far as the Convertible Bondholders are concerned and the Convertible Bondholders are recommended not to accept the Convertible Bonds Offer accordingly.

Nevertheless, as different Convertible Bondholders would have different investment criteria, objectives and/or circumstances given the Convertible Bonds would only mature around 15 years later on 2 January 2041, the Convertible Bonds Offer would provide an opportunity for the Convertible Bondholders to realise the Convertible Bonds immediately if they wish so.

**As different Convertible Bondholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Convertible Bondholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities broker, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.**

Yours faithfully,  
For and on behalf of  
**Donvex Capital Limited**  
**Sy Wai Shuen**  
*Director*

*Ms. Sy Wai Shuen is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 22 years of experience in corporate finance advisory.*

*To accept the Offers, you should complete and sign the respective accompanying Form of Acceptance in accordance with the instructions printed thereon. The instructions set out in this Composite Document should be read together with the instructions printed on the respective Form of Acceptance which form part of the terms of the Offers.*

## 1. PROCEDURES FOR ACCEPTANCE

### 1.1. The Share Offer

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the **WHITE** Form of Share Offer Acceptance which form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “**China Energy Development Holdings Limited – Share Offer**” on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:
  - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any

satisfactory indemnity or indemnities required in respect thereof) in an envelope marked “**China Energy Development Holdings Limited – Share Offer**” to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in an envelope marked “**China Energy Development Holdings Limited – Share Offer**” to the Registrar by no later than 4:00 p.m. on the Closing Date; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and signed and delivered in an envelope marked “**China Energy Development Holdings Limited – Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity



which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar in an envelope marked “**China Energy Development Holdings Limited – Share Offer**” together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Cinda or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
  - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Share(s); or
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or
  - (iii) certified by the Registrar or the Stock Exchange.



- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar and the Company (together with any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) must be produced.
- (h) In Hong Kong, the seller's ad valorem stamp duty on acceptances of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Share Offer by the Offeror, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## **1.2. The Convertible Bonds Offer**

- (a) If you accept the Convertible Bonds Offer and the certificate(s) of the Convertible Bonds and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) is/are in your name, you should complete the **BLUE** Form of Convertible Bonds Offer Acceptance in accordance with the instructions printed thereon in respect of the outstanding principal amount of the Convertible Bonds held by you that you wish to tender to the Convertible Bonds Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the **BLUE** Form of Convertible Bonds Offer Acceptance which form part of the terms of the Convertible Bonds Offer.

- (b) The completed **BLUE** Form of Convertible Bonds Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Convertible Bonds and/or other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) which you intend to accept the Convertible Bonds Offer, by post or by hand, to the Company at Office J, 29/F, Plaza 88, No.88 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong, marked “**China Energy Development Holdings Limited – Convertible Bonds Offer**” on the envelope, as soon as possible but in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) No acknowledgement of receipt of any **BLUE** Form of Convertible Bonds Offer Acceptance and/or certificate(s) of the Convertible Bonds and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) will be given.

## 2. SETTLEMENT OF THE OFFERS

### 2.1. The Share Offer

Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar by 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer Shares less seller’s ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the Registrar of the duly completed and signed **WHITE** Form of Share Offer Acceptance and all relevant documents of title which render such acceptance under the Share Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller’s ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

## **2.2. The Convertible Bonds Offer**

Provided that a valid **BLUE** Form of Convertible Bonds Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required by the Company in respect thereof) are complete and in good order in all respects and have been received by the Company by 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Convertible Bondholder(s) who accepts the Convertible Bonds Offer less seller's ad valorem stamp duty in respect of the Convertible Bonds tendered by it/him/her under the Convertible Bonds Offer will be despatched to such Convertible Bondholder by ordinary post at its/his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the Company of the duly completed and signed **BLUE** Form of Convertible Bonds Offer Acceptance, and all the relevant documents to render the acceptance under the Convertible Bonds Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Convertible Bondholder is entitled under the Convertible Bonds Offer will be implemented in full in accordance with the terms of the Convertible Bonds Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Convertible Bondholder.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

No fractions of a cent will be payable and the amount of cash consideration payable to a Convertible Bondholder who accepts the Convertible Bonds Offer will be rounded up to the nearest cent.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and the **BLUE** Form of Convertible Bonds Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Convertible Bonds Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive in accordance with the Takeovers Code.
- (b) Unless the Offers have previously been extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Forms of Acceptance must be received by the Registrar or the Company (as the case may be) by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Forms of Acceptance. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next closing date or that the Offers will remain open until further notice and at least 14 days' notice in writing must be given to those Shareholders who have not accepted the Offers before the Offers are closed and an announcement must be published. If the Offers are extended, the announcement of such extension will state the revised Closing Date. If the Closing Date is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.
- (c) If the Closing Date of the Offers are extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.
- (d) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholder(s) and Convertible Bondholder(s) who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "6. Right of withdrawal" of this Appendix below and duly do so.

**4. CONVERSION OF THE CONVERTIBLE BONDS**

Convertible Bondholders who wish to accept the Share Offer may (i) exercise his/her/its conversion right under the Convertible Bonds (to the extent exercisable) by completing, signing and delivering a notice for exercising such right and the related certificates for the Convertible Bonds to the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the conversion right of the Convertible Bonds. Exercise of conversion right of the Convertible Bonds is subject to the respective terms and conditions attaching to the Convertible Bonds. Delivery of the completed and signed **WHITE** Form of

Share Offer Acceptance to the Registrar will not serve to complete the exercise of the conversion right of the Convertible Bonds but will only be deemed to be an irrevocable authority to the Offeror and/or Cinda and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on conversion of the Convertible Bonds as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If the Convertible Bondholder fails to exercise his/her/its conversion right of the Convertible Bonds as aforesaid and in accordance with the respective terms and conditions of the Convertible Bonds, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the conversion right of the Convertible Bonds to such Convertible Bondholder in time for him/her/it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

## **5. ANNOUNCEMENTS**

- (a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the extension of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, among other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been extended. The announcement will state the following:
  - (i) the total number of Shares and rights over Shares for which acceptance of the Share Offer have been received;
  - (ii) the total outstanding principal amount of Convertible Bonds and rights over the Convertible Bonds for which acceptance of the Convertible Bonds Offer have been received;
  - (iii) the total number of Shares, rights over Shares held, controlled or directed by the Offeror and/or its Concert Parties before the Offer Period;
  - (iv) the total number of Shares, rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and/or its Concert Parties;
  - (v) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or its Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
  - (vi) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) In computing the total number of Shares and principal amount of Convertible Bonds represented by acceptances, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (as regards the Share Offer) or the Company (as regards the Convertible Bonds Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate. Any announcement in relation to the Offers will be published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.cnenergy.com.hk>.

## **6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offers tendered by any Independent Shareholders and Convertible Bondholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “5. Announcements” above), the Executive may require that the Independent Shareholders and Convertible Bondholders who have tendered acceptances of the Offers be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. In such case, when the Independent Shareholders and/or Convertible Bondholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offers are withdrawn, return by ordinary post the Share certificate(s), certificate(s) of the Convertible Bonds, and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required by the Company in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholder(s) (as relating to the Share Offer) and to the Company for collection by the Convertible Bondholder(s) (as relating to the Convertible Bonds Offer) at their own risks.
- (c) Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

**7. STAMP DUTY**

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Independent Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will bear the buyer's ad valorem stamp duty and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

Seller's Hong Kong ad valorem stamp duty (if any) arising in connection with acceptance of the Convertible Bonds Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Convertible Bondholders, or (if higher) the value of the Convertible Bonds as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Convertible Bondholders who accept the Convertible Bonds Offer. The Offeror will bear buyer's ad valorem stamp duty (if any) and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Convertible Bonds which are validly tendered for acceptance under the Convertible Bonds Offer.

**8. OVERSEAS SHAREHOLDERS AND OVERSEAS CONVERTIBLE BONDHOLDERS**

As at the Latest Practicable Date, the Company had four Overseas Shareholders with registered addresses situated in the PRC, the Cayman Islands and the British Virgin Islands with the following shareholding structure:

<b>Jurisdiction</b>	<b>Number of Overseas Shareholder(s)</b>	<b>Aggregated number of Shares held by Overseas Shareholder(s) in the jurisdiction</b>	<b>Approximate % of the issued share capital of the Company</b>
British Virgin Islands	2	82,875,000	18.17%
Cayman Islands	1	205,259,939	45.00%
PRC	1	2,099,700	0.46%
<b>Total</b>	<b>4</b>	<b>290,234,639</b>	<b>63.63%</b>



*Notes:*

1. The two Overseas Shareholders in the British Virgin Islands are Cypress Dragons Limited and U.K. Prolific Petroleum Group Company Limited.
2. The Overseas Shareholder in the Cayman Islands is the Offeror.

As at the Latest Practicable Date, the Company had one overseas Convertible Bondholder with registered address in the British Virgin Islands who holds Convertible Bonds in the principal amount of HK\$232,790,000 which are convertible into a maximum of 34,641,369 Shares upon full conversion of the Convertible Bonds based on the conversion price of HK\$6.72 per Share.

The Offeror has obtained advice from law firms qualified to advise on the laws of the PRC and the British Virgin Islands, each of them opined that there is no requirement for any of the Offeror, Cinda or the Company to obtain any prior approval, consent or registration with any governmental, regulatory or such other authority in the PRC or the British Virgin Islands (as the case may be) in relation to the extension of the Offers, and the despatch of this Composite Document to the Overseas Shareholders and Overseas Convertible Bondholders with registered addresses in the PRC or the British Virgin Islands (as the case may be).

The making of the Offers to Overseas Shareholders and Overseas Convertible Bondholders may be prohibited or affected by the applicable laws and/or regulations of the relevant jurisdictions. Overseas Shareholders and Overseas Convertible Bondholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers.

It is the responsibility of each Overseas Shareholder and Overseas Convertible Bondholder who wishes to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due by such Overseas Shareholder(s) and Overseas Convertible Bondholder(s) in respect of such jurisdiction.

The Offeror, its Concert Parties, the Company, the Independent Financial Adviser, the Joint Financial Advisers, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas Convertible Bondholders for any taxes as such persons may be required to pay.



Any acceptance of the Offers by any Overseas Shareholder and Overseas Convertible Bondholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and Overseas Convertible Bondholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and Overseas Convertible Bondholders should consult their professional advisers if in doubt.

## **9. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders and Convertible Bondholders, those Independent Shareholders and/or Convertible Bondholders who hold Shares and/or Convertible Bonds as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Offer Shares and/or Convertible Bonds whose investments are registered in the names of nominees, to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

## **10. TAXATION ADVICE**

Independent Shareholders and Convertible Bondholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, its Concert Parties, the Company, the Joint Financial Advisers, the Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

## **11. GENERAL**

- (a) All communications, notices, Forms of Acceptance, Share certificate(s), certificate(s) of the Convertible Bonds, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and Convertible Bondholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, its Concert Parties, the Independent Financial Adviser, the Joint Financial Advisers, the Registrar or any of their respective directors or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the **WHITE** Form of Share Offer Acceptance and **BLUE** Form of Convertible Bonds Offer Acceptance form part of the terms and conditions of the Share Offer and the Convertible Bonds Offer, respectively.

- (c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Forms of Acceptance will constitute an authority to the Offeror, Cinda or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Offer Shares and the Convertible Bonds in respect of which such person or persons has/have accepted the Offers.

By accepting the Offers, the Independent Shareholders and Convertible Bondholders will sell their Offer Shares or Convertible Bonds to the Offeror that are (i) fully paid; (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature; and (iii) together with all rights, benefits and entitlements attaching to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend or distribution which remain unpaid and the Company had no intention to make, declare or pay any future dividend/distribution before the close of the Offers. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Offers Price (or any part thereof) payable to the Independent Shareholders and Convertible Bondholders under the Offers.

The Offers are made available to all Independent Shareholders and Convertible Bondholders, including those who are residents outside Hong Kong. The availability of the Offers to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the applicable laws or regulations of the relevant jurisdictions. The Overseas Shareholders and Overseas Convertible Bondholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Share Offer and Convertible Bonds Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due from such persons in such jurisdictions.

Any acceptance by the Independent Shareholders, the Convertible Bondholders and the beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders and Convertible Bondholders should consult their respective professional advisers if in doubt. Independent Shareholders and Convertible Bondholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (f) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or the principal amount of the Convertible Bonds in respect of which as indicated in the Forms of Acceptance is the aggregate number of Shares or principal amount of Convertible Bonds held by such nominee for such beneficial owner who is accepting the Offers.
- (g) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.
- (h) In making their decisions, the Independent Shareholders and Convertible Bondholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, its Concert Parties, the Company, the Independent Financial Adviser, the Joint Financial Advisers, the Registrar or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The Independent Shareholders and Convertible Bondholders should consult their own professional advisers for professional advice.
- (i) The Offers are made in accordance with the Takeovers Code.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the (i) audited consolidated financial results of the Group for each of the three years ended 31 December 2024 as extracted from the annual report of the Company for the year ended 31 December 2022, the annual report of the Company for the year ended 31 December 2023, the annual report of the Company for the year ended 31 December 2024; and the unaudited consolidated financial results of the Group for the six months ended 30 June 2025 as extracted from the interim report of the Company for the year ended 30 June 2025.

	For the year ended 31 December			For the six months ended 30 June
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
<b>Revenue</b>	323,028	332,034	300,101	118,833
Direct cost	(49,133)	(48,367)	(51,631)	(25,503)
Other income	8,152	5,414	4,237	1,486
Selling and distribution expenses	(29,823)	(29,052)	(25,758)	(10,564)
Staff costs	(20,696)	(18,217)	(19,930)	(4,547)
Expenses related to short-term leases	(692)	(3,261)	(1,219)	(208)
Depreciation of property, plant and equipment	(36,935)	(36,173)	(33,912)	(14,397)
Depreciation of right-of-use assets	(11,300)	(9,166)	(3,460)	(403)
Fair value (loss)/gain of financial assets at fair value through profit or loss	(8,801)	(1,603)	(7,679)	(1,158)
Gain on disposal of financial assets at fair value through profit or loss	–	–	863	–
Provision of impairment of other receivable	–	(1,555)	–	–
Amortisation of intangible assets	(26,513)	(25,872)	(22,843)	(9,506)
Reversal/(provision) of impairment of property, plant and equipment	2,686	(1,803)	(9,121)	(2,537)
Reversal/(provision) of impairment of intangible asset	10,340	(3,330)	(4,554)	(9,620)
Expenses charged under Petroleum Contract	(7,820)	(8,958)	(12,029)	(7,369)
Other operating expenses	(6,058)	(10,150)	(20,607)	(6,245)
Finance costs	(54,616)	(49,176)	(36,059)	(11,353)

	For the year ended 31 December			For the six months ended 30 June
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
<b>Profit before income tax</b>	91,819	90,765	56,399	16,909
Income tax charge	(8,856)	(21,885)	(29,689)	(7,117)
<b>Profit for the year/period</b>	82,963	68,880	26,710	9,792
Other comprehensive income/(loss) after tax				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations attributable to:				
Owners of the Company	(134,252)	(63,177)	(50,483)	62,054
Non-controlling interests	(1,077)	(465)	(325)	(723)
<b>Total comprehensive income/(loss) for the year/period</b>	<u>(52,366)</u>	<u>5,238</u>	<u>(24,098)</u>	<u>61,331</u>

No dividend was paid or proposed by the Company during each of the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

There was no change in the accounting policy of the Group during each of the years ended 31 December 2022, 2023 and 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

The ex-auditor of the Company, ZHONGHUI ANDA CPA Limited, has not issued any qualified opinion on the Group's financial statements for the years ended 31 December 2022, 2023 and 2024. ZHONGHUI ANDA CPA Limited has resigned as the auditor of the Company with effect from 16 October 2025. Forvis Mazars CPA Limited was appointed as the new auditor of the Company with effect from 16 October 2025. For details, please refer to the announcement of the Company dated 16 October 2025.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the significant accounting policies stated therein and the accompanying notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The consolidated financial statements of the Group for the financial years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 are set out in the following documents which have been published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cnenergy.com.hk>.

- (a) annual report of the Company for the year ended 31 December 2022 published on 24 April 2023 which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401117.pdf>
- (b) annual report of the Company for the year ended 31 December 2023 published on 30 April 2024 which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043000513.pdf>
- (c) annual report of the Company for the year ended 31 December 2024 published on 30 April 2025 which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043000603.pdf>
- (d) interim report of the Company for the year ended 30 June 2025 published on 26 September 2025 which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0926/2025092600031.pdf>

## 3. INDEBTEDNESS

At the close of business on 30 November 2025 being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the date of this Composite Document, the Group had total borrowings of approximately HK\$348,358,000, which comprised the following:

### **Other borrowings**

The Group had total outstanding other borrowings of approximately HK\$314,610,000 and HK\$32,689,000 owed to subsidiaries of a substantial shareholder and a substantial shareholder, respectively. The borrowings of HK\$314,610,000 carry an interest rate with a range from 3.45% to 5.00% per annum, are unsecured, non-guaranteed, and repayable on demand. The borrowings of HK\$32,689,000 are interest-free, unsecured, non-guaranteed, and repayable on demand.

**Lease liabilities**

The Group had outstanding lease liabilities of approximately HK\$1,059,000, which consist of 1 lease for an office in Hong Kong, typically spanning periods of around 3 years. The lease does not impose any financial covenants. The minimum lease payments due within one year and beyond one year were approximately HK\$783,000 and HK\$276,000. The lease liabilities are not secured by any form of guarantee, collateral, or third-party assurance.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 30 November 2025, have any material outstanding (i) bank loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) debt securities, whether issued and outstanding, authorised or otherwise created but unissued; (iv) mortgage or charges; or (v) guarantees or other contingent liabilities.

**4. MATERIAL CHANGE**

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

- (a) as disclosed in the interim report of the Company for the six months ended 30 June 2025, the revenue of the Group decreased from approximately HK\$165.8 million for the six months ended 30 June 2024 to approximately HK\$118.8 million for the six months ended 30 June 2025, representing a decrease of approximately 28.3% as compared to that for the six months ended 30 June 2024. The decrease in revenue was mainly due to problems such as flooding in certain gas fields of the Group in the PRC (the “**Kashi Project**”) during the six months ended 30 June 2025;
- (b) as disclosed in the interim report of the Company for the six months ended 30 June 2025, the provision of impairment of intangible assets increased from approximately HK\$3.3 million for the six months ended 30 June 2024 to approximately HK\$9.6 million for the six months ended 30 June 2025. This was the result of widen up the difference between the recoverable amount of the cash generating unit (“**CGU**”) of the Kashi Project as at 30 June 2025 and the carrying amount of the CGU of the Kashi Project as at 30 June 2025 as a result of the technical problems in Kashi Project as detailed above; and

- (c) as disclosed in the interim report of the Company for the six months ended 30 June 2025, the finance cost decreased from approximately HK\$20.1 million for the six months ended 30 June 2024 to HK\$11.4 million for the six months ended 30 June 2025. Such decrease was mainly due to (1) convertible bonds with the principal amount of HK\$446,880,000 were converted into Shares during the year ended 31 December 2024; and (2) the settlement of certain secured borrowings which carried an interest rate of 8.5% per annum during the year ended 31 December 2024 and six months ended 30 June 2025.



## 1. RESPONSIBILITY STATEMENT

The sole director of the Offeror, Mr. Wang Bing, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of XTRQ are Mr. Ming Zaiyuan, Mr. Zhang Shu, Mr. Yan Danhua, Mr. Zhang Jianbing, Mr. Gong Chihua and Mr. Zhang Xinlong and the independent directors of XTRQ are Mr. Wen Xiaojun, Ms. Huang Juan and Ms. Zhao Aiqing.

The directors of XTRQ jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS IN SHARES

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company owned or controlled by the Offeror, its Concert Parties and the sole director of the Offeror were as follows:

Name	Number of Shares or underlying Shares held/interested	Approximate percentage of shareholding
The Offeror	205,259,939	45.00%
Cypress Dragons Limited	36,375,000	7.97%

*Note:* As at the Latest Practicable Date, Cypress Dragons Limited is legally and beneficially wholly-owned by the Offeror, whereas the Offeror is legally and beneficially wholly-owned by XJMX, which in turn is held by XTRQ as to 65.0% of its total issued share capital. Mr. Ming Zaiyuan is interested in 241,634,939 Shares through his holding of 41.07% of the total issued share capital of XTRQ.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror nor its Concert Parties and the sole director of the Offeror owned, controlled, or had any other interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

**3. DEALING AND INTERESTS IN THE COMPANY'S SECURITIES AND OTHER ARRANGEMENTS**

Save for the subscription of 150,884,939 Right Shares, none of the Offeror nor its Concert Parties, had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date:

- (a) save for an aggregate of 241,634,939 Shares, representing approximately 52.97% of the total issued shares capital of the Company as at the Latest Practicable Date, none of the Offeror, its Concert Parties, nor the sole director of the Offeror held, owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any other relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) of the Company;
- (b) there was no outstanding derivative in respect of the securities in the Company which was owned, controlled or directed by, or had been entered into by the Offeror and its Concert Parties;
- (c) none of the Offeror nor its Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code;
- (d) there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, its Concert Parties and/or any other associate of the Offeror and any other person;
- (e) there was no agreement or arrangement to which the Offeror (or its Concert Parties) was a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offers;
- (f) none of the Offeror nor its Concert Parties had received any irrevocable commitment(s) to accept or reject the Offers;
- (g) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror nor its Concert Parties had borrowed or lent;
- (h) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder on one hand; and (ii) the Offeror and/or its Concert Parties on the other hand;

- (j) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror nor its Concert Parties and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers;
- (k) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (l) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis by any fund managers or principal traders connected with the Offeror or its Concert Parties, and no such person had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period; and
- (m) there were no conditions to which the Offers are subject to.

#### **4. QUALIFICATIONS AND CONSENTS OF EXPERTS**

The following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Cinda International Capital Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Rainbow Capital (HK) Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which they appear herein.

**5. MARKET PRICES**

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
30 June 2025	1.96
31 July 2025	2.04
29 August 2025	1.24
30 September 2025	1.44
31 October 2025	1.36
28 November 2025	1.38
23 December 2025 (Last Trading Day)	1.44
31 December 2025	1.55
9 January 2026 (Latest Practicable Date)	1.55

During the Relevant Period:

- (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$2.52 per Share on 23 June 2025; and
- (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.24 per Share on 27 and 29 August 2025.

**6. MISCELLANEOUS**

- (a) The registered office of the Offeror is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.
- (b) The correspondence address of the Offeror and Mr. Wang Bing, the sole director of the Offeror, is Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (c) The principal members of the Concert Parties are:
  - (i) Mr. Ming Zaiyuan, the controlling shareholder of XTRQ, whose correspondence address is No. 61, Midong North Road, Midong District, Urumqi, Xinjiang, PRC;

- (ii) Cypress Dragons Limited, whose registered address is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and correspondence address is at Office J, 29/F, Plaza88, No.88 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong
- (iii) Mr. Liu Dong, the sole director of Cypress Dragons Limited, whose correspondence address is Room 610, 6th Floor, Annex Building of Industrial and Commercial Bank of China, No. 38-1 Tianshan Road, Karamay District, Karamay City, Xinjiang, PRC;
- (iv) XTRQ, whose registered address is Shop 2, Level 1, Building 25, Lanxincheng, No. 179 Zhizhushan Lane, Aletai Road, High-tech Industrial Development Zone (Xinshi District), Ürümqi City, Xinjiang Uygur Autonomous Region, PRC
- (v) the directors of XTRQ are Mr. Ming Zaiyuan, Mr. Zhang Shu, Mr. Yan Danhua, Mr. Zhang Jianbing, Mr. Gong Chihua and Mr. Zhang Xinlong and the independent directors of XTRQ are Mr. Wen Xiaojun, Ms. Huang Juan and Ms. Zhao Aiqing, whose correspondence addresses are as follows:

<b>Name</b>	<b>Address</b>
Mr. Ming Zaiyuan	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Mr. Zhang Shu	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Mr. Yan Danhua	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Mr. Zhang Jianbing	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Mr. Gong Chihua	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Mr. Zhang Xinlong	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Mr. Wen Xiaojun	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC
Ms. Huang Juan	No. 61, Midong North Road, Midong District, Urumgi, Xinjiang, PRC

**Name****Address**

Ms. Zhao Aiqing

No. 61, Midong North Road, Midong District, Urumqi,  
Xinjiang, PRC

- (d) The main business address of Cinda International is Suites 5801-04&08, 58/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (e) The main business address of Rainbow Capital is Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong, Hong Kong.
- (f) The Offeror is a company incorporated in the Cayman Islands with limited liability on 12 November 2014.
- (g) In case of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

**7. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company (<http://www.cnenergy.com.hk>) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the “Letter from Cinda”, the text of which is set out on pages 7 to 18 of this Composite Document; and
- (c) the written consents as referred to in the section headed “4. Qualifications and Consents of Experts” in this Appendix III.

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## APPENDIX IV    GENERAL INFORMATION RELATING TO THE GROUP

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### 1.    RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and its Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

### 2.    SHARE CAPITAL

Share capital as at the Latest Practicable Date	HK\$
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*Authorised*

<u>25,000,000,000</u> Shares of HK\$0.05 each	<u>1,250,000,000</u>
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*Issued and fully paid*

<u>456,200,400</u> Shares of HK\$0.05 each	<u>22,810,020</u>
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Each of the Shares in issue ranks *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the principal amount of HK\$232,790,000 which are convertible into a maximum of 34,641,369 Shares upon full conversion of the Convertible Bonds based on the conversion price of HK\$6.72 per Share.

Save for the above, the Company does not have any outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for the Shares as at the Latest Practicable Date.

Save for the issuance of 152,066,800 Rights Shares upon completion of the Rights Issue, the Company has not issued any Shares since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up).

**3.    DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, or which were required to be disclosed under the Takeovers Code.

**Substantial Shareholder's Interests**

As at the Latest Practicable Date, the interests or short positions of the persons, other than Directors or chief executives of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Nature of Shareholders		Number of Shares	Approximately %
The Offeror ( <i>Note 2</i> )	Beneficial owner	205,259,939	45.00
	Interest of controlled corporation	36,375,000	7.97
Cypress Dragons Limited ( <i>Note 2</i> )	Beneficial owner	36,375,000	7.97
XJMX ( <i>Note 2</i> )	Interest of controlled corporation	241,634,939	52.97
XTRQ ( <i>Note 2</i> )	Interest of controlled corporation	241,634,939	52.97
Ming Zaiyuan ( <i>Note 2</i> )	Interest of controlled corporation	241,634,939	52.97
U.K. Prolific Petroleum Group Company Ltd. ("UK Prolific") ( <i>Note 3</i> )	Beneficial owner	46,500,000	10.19



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## APPENDIX IV    GENERAL INFORMATION RELATING TO THE GROUP

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Nature of Shareholders		Number of Shares	Approximately %
Wang Guoju ( <i>Note 3</i> )	Interest of controlled corporation	46,500,000	10.19

*Notes:*

1. Approximate percentage of issued share capital was stated as at the Latest Practicable Date. As at the Latest Practicable Date, the total number of issued shares was 456,200,400.
2. As at the Latest Practicable Date, Cypress Dragons Limited is legally and beneficially wholly-owned by the Offeror, whereas the Offeror is legally and beneficially wholly-owned by XJMX, which in turn is held by XTRQ as to 65.0% of its total issued share capital. Mr. Ming Zaiyuan is interested in 241,634,939 Shares through his holding of 41.07% of the total issued share capital of XTRQ.
3. U.K. Prolific is interested in 46,500,000 Shares. UK Prolific is entirely controlled by Mr. Wang Guoju.

### 4. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period, none of the Directors have dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

### 5. OTHER DISCLOSURE OF INTERESTS

During the Offer Period and ending on the Latest Practicable Date,

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers), and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;
- (b) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;

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## APPENDIX IV    GENERAL INFORMATION RELATING TO THE GROUP

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- (c) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;
- (d) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offers;
- (f) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand, and the Company, its subsidiaries or associated companies on the other hand; and
- (g) none of the Company or the Directors had any dealings in the shares or any securities, convertible securities, warrants, options or derivatives in respect of any shares or securities of the Offeror during the Relevant Period.

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;
- (c) no material contracts had been entered into by the Offeror in which any Director had a material personal interest; and
- (d) none of the Company or the Directors was interested in or owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

### 6. MATERIAL CONTRACTS

No contract which are or may be material (not being a contract entered into in the ordinary course of business of the Company) has been entered into by the Company within the two years immediately preceding 23 December 2025 (date of commencement of the Offer Period) up to and including the Latest Practicable Date.

**7.      GENERAL**

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.
- (b) The Head Office and principal place of business of the Company in Hong Kong is Office J, 29/F, Plaza 88, No.88 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The registered office of Donvex is situated at Unit 2502, 25/F, Carpo Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

**8.      MARKET PRICE**

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the Latest Practicable Date; (ii) 16 December 2025, being the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
30 June 2025	1.96
31 July 2025	2.04
29 August 2025	1.24
30 September 2025	1.44
31 October 2025	1.36
28 November 2025	1.38
16 December 2025 (Last Trading Day)	1.44
31 December 2025	1.55
9 January 2026 (Latest Practicable Date)	1.55

During the Relevant Period, the highest closing price of the Shares was HK\$2.52 per Share as quoted on the Stock Exchange on 23 June 2025 and the lowest closing price of the Shares was HK\$1.24 per Share as quoted on the Stock Exchange on 27 and 29 August 2025.

**9.     DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (a) have been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period;
- (b) are continuous contracts with a notice period of 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

**10.   EXPERT AND CONSENT**

The following is the qualification of the expert who has given statement or opinion or advice for inclusion in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Donvex Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee in respect of the Offers

Donvex has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letters or opinions and/or references to its name in the form and context in which it appears.

**11.   LITIGATION**

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against the Company.

**12.   DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection on the website of the Company at <http://www.cnenergy.com.hk> and the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;

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## APPENDIX IV    GENERAL INFORMATION RELATING TO THE GROUP

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- (b) the annual reports of the Company for the three financial years ended 31 December 2022, 2023 and 2024;
- (c) the interim report of the Company for the six months ended 30 June 2024 and 2025;
- (d) the letter from the Board, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on this Composite Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on this Composite Document; and
- (g) the written consent referred to under the paragraph headed “10. Expert and Consent” in this Appendix.