

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*If you are in doubt* as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

*If you have sold or transferred* all your shares in JX Energy Ltd., you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

*This circular is for your information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of JX Energy Ltd.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its 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 circular.*



**JX Energy Ltd.**

**( 吉星新能源有限責任公司 )\***

*(incorporated under the laws of Alberta with limited liability)*

**(Stock Code: 3395)**

**Suite 900, 717 7th Avenue SW  
Calgary, Alberta, T2P 0Z3,  
Canada**

**Telephone: 1-403-355-6623**

### **CONNECTED TRANSACTION LOAN CAPITALIZATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

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



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### **NOTICE OF MEETING and MANAGEMENT INFORMATION CIRCULAR and PROXY STATEMENT with respect to the Special Meeting of Shareholders**

to be held on February 12, 2026 at 6:00 p.m. (Calgary time)/February 13, 2026 at 9:00 a.m. (Hong Kong time)  
at Suite 900, 717 7th Avenue SW, Calgary, Alberta, T2P 0Z3, Canada

**Dated: January 29, 2026**

*\* For identification purpose only*



## JX Energy Ltd.

(吉星新能源有限公司)\*

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

### NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 12, 2026 AT 6:00 P.M. (CALGARY TIME)/ FEBRUARY 13, 2026 AT 9:00 A.M. (Hong Kong time)

**NOTICE IS HEREBY GIVEN** that a special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of JX Energy Ltd. (the “**Company**”) will be held at Suite 900, 717 7th Avenue SW, Calgary, Alberta T2P 0Z3, Canada, on February 12, 2026 at 6:00 p.m. (Calgary time)/February 13, 2026 at 9:00 a.m. (Hong Kong time) for the following purposes:

1. to consider, and if thought advisable, approve, confirm and ratify the loan capitalization agreement dated October 31, 2025 (the “**Loan Capitalization Agreement**”) entered into between the Company, Jixing Energy (Canada) Ltd. (“**Jixing Energy**”) and Mr. Yongtan Liu (“**Mr. Liu**”), pursuant to which the parties thereto have agreed that (i) the aggregated amount of C\$3,838,150 due from the Company to Mr. Liu as at the date of the Loan Capitalization Agreement (the “**Shareholder’s Loan**”) will be settled in full; and (ii) C\$7,494,290 out of the C\$33,157,677.72 payable by the Company to Jixing Energy (the “**Debt**”) will be settled, through the allotment and issue of 210,000,000 new Common Shares at HK\$0.30 per Common Share (the “**Capitalization Shares**”) to Mr. Liu (a copy of the Loan Capitalization Agreement having been produced to this Meeting and marked “A” and initialed by the chairman of this Meeting for identification purpose), the capitalization of the aggregated amount of C\$3,838,150 under the Shareholder’s Loan and C\$7,494,290 out of the Debt through the allotment and issue of the Capitalization Shares to Mr. Liu, and the transactions contemplated thereunder, as more particularly described in the accompanying management information circular (the “**Circular**”);
2. conditional upon the Stock Exchange granting the listing of and permission to deal in the Capitalization Shares on the Stock Exchange, to consider, and if thought advisable, pass, with or without variation, an ordinary resolution granting the board of directors of the Company a specific mandate from the Shareholders approving the allotment and issuance of the Capitalization Shares (the “**Specific Mandate**”), provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the directors of the Company prior to the Meeting; and

\* For identification purpose only

3. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Circular which provides additional information relating to the matters to be dealt with at the Meeting will be despatched to Shareholders on or before January 29, 2026.

An explanatory statement as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), providing the requisite information regarding the grant of the Specific Mandate reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution relating to the Specific Mandate at the Meeting is set forth in the Circular.

Only Shareholders of record as at 4:30 p.m. (Hong Kong time) and 1:30 a.m. (Calgary time) on February 9, 2026 (the “**Record Date**”) will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting. To ensure that there is no risk that any of the Common Shares will be voted twice, the transferee must provide written evidence to the Company including, without limitation, providing properly endorsed certificates evidencing the transfer of such Common Shares or having otherwise established ownership of such Common Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not exercised and will not exercise their right to vote either by proxy or in person at the Meeting. The Company may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the Meeting if the transferee cannot demonstrate to the Company with sufficient certainty that the relevant Common Shares have not already been voted by proxy or will be voted by the relevant transferor at the Meeting.

**Shareholders who receive the Circular and other accompanying Meeting materials from the Company’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, and who are unable to be present at the Meeting are requested to date and sign the form of proxy enclosed in the Circular and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, in the enclosed envelope provided for that purpose, so that it is received during regular business hours no later than 48 hours (excluding Saturdays, Sundays and public holidays in Hong Kong) prior to the time of the Meeting, or any adjournment thereof.** If a Shareholder is registered as a member of the Company on the register of members in Hong Kong on the Record Date, such Shareholder’s records are currently maintained on the Hong Kong register and such Shareholder’s proxy should be deposited in accordance with the instructions set out in this paragraph.

Shareholders who receive the Circular and other accompanying Meeting materials from the Company's principal share registrar in Canada, being Computershare Trust Company of Canada, and who are unable to be present at the Meeting, are requested to date and sign the form of proxy enclosed in the Circular and return it to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada, in the envelope provided for that purpose, so that it is received no later than 48 hours (excluding Saturdays, Sundays and holidays in Canada) prior to the time of the Meeting or any adjournment thereof. Registered shareholders may submit their voting instructions online at [www.investorvote.com](http://www.investorvote.com) or by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Shareholders are cautioned that the use of mail to transmit proxies is at each Shareholder's risk. If a Shareholder acquired its Common Shares prior to the Record Date and is registered as a Shareholder on the register of Shareholders in Canada on the Record Date, such Shareholder's records are currently maintained on the Canadian register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph.

In order to be valid, your proxy or voting instructions must be received in each case no later than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.

DATED at Calgary, Alberta, as of January 29, 2026.

**BY ORDER OF THE BOARD**  
Signed: "Yongtan Liu"  
**Yongtan Liu**  
*Chairman of the Board*

## LETTER FROM THE BOARD



**JX Energy Ltd.**

**( 吉星新能源有限責任公司 ) \***

*(incorporated under the laws of Alberta with limited liability)*

**(Stock Code: 3395)**

*Executive Directors*

Mr. Yongtan Liu (*Chairman*)

Mr. Binyou Dai

*Independent Non-Executive Directors*

Ms. Kit Man To

Mr. Zhanpeng Kong

Ms. Jia Wei

*Registered Office*

15th Floor, Bankers Court

850 – 2nd Street SW

Calgary, Alberta T2P 0R8

Canada

*Principal Place of Business in Hong Kong*

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay, Hong Kong

January 29, 2026

*To: the Shareholders*

Dear Sirs/Mesdames,

**(1) CONNECTED TRANSACTIONS  
LOAN CAPITALIZATION INVOLVING  
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE; AND  
(2) NOTICE OF SPECIAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated October 31, 2025 in relation to, among other things, the entering into of the Loan Capitalization Agreement.

The purpose of this Circular is to provide the Shareholders with, among other things: (i) a letter from the Board containing further details of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the Meeting; and (v) other information as required under the Listing Rules.

## DEFINITIONS

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

“ABCA”	<i>Business Corporations Act</i> (Alberta), as amended, supplemented or as otherwise modified from time to time;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Capitalization Share(s)”	210,000,000 new Shares to be allotted and issued by the Company at the Issue Price to Mr. Liu pursuant to the terms and conditions of the Loan Capitalization Agreement;
“C\$”	Canadian dollars, the lawful currency of Canada;
“Canada”	Canada, its territories, its possessions and all areas subject to its jurisdiction;
“CCJGSA”	長春市吉星車用氣有限公司 (Changchun City Jixing Gas Service for Auto Co. Ltd.*), a company incorporated under the laws of PRC with limited liability;
“Circular”	this management information circular;
“Company”	JX Energy Ltd., a company incorporated with limited liability under the laws of Alberta on March 11, 2005, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the allotment and issue of the Capitalization Shares pursuant to the terms and conditions of the Loan Capitalization Agreement;
“Completion Date”	the date on which Completion takes place;
“Common Share(s)”	the common share(s) of no par value in the capital of the Company;
“Conditions Precedent”	the conditions precedent to the Completion, as more particularly set out under the paragraph headed “BACKGROUND TO THE LOAN SETTLEMENT – Conditions precedent”;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Dalian Yongli”	大連永力石油化工有限公司 (Dalian Yongli Petrochemical Ltd.*), a company incorporated under the laws of PRC with limited liability;

<b>“Debt”</b>	C\$33,157,677.72, which is the aggregate of (a) the account receivable in the sum of C\$23,938,593.27 payable by the Company to Jixing Energy under the Gas Handling Agreement; and (b) account receivable in the sum of C\$9,219,084.45 payable by the Company to Jixing Energy under the Voyager Compressor Agreement;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Gas Handling Agreement”</b>	the gas handling agreement dated May 10, 2019 entered into between the Company and Jixing Energy in relation to the use of Jixing Energy’s Voyager gas gathering system and pipeline to transport the natural gas and associated products produced by the Company to the Alberta Natural Gas Pipeline System. Please refer to the announcement of the Company dated December 19, 2019 (Hong Kong time) for details;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Board Committee”</b>	the independent committee of the Board, comprising Ms. Kit Man To, Mr. Zhanpeng Kong and Ms. Jia Wei, being the independent non-executive Directors, established to advise the Independent Shareholders on the terms of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate);
<b>“Independent Financial Adviser” or “Dakin”</b>	Dakin Capital Limited, a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate);
<b>“Independent Shareholders”</b>	Shareholder(s) other than those who are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM;
<b>“Independent Third Party(ies)”</b>	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules;
<b>“Issue Price”</b>	the issue price of HK\$0.30 per Capitalization Share;

<b>“Jixing Energy”</b>	Jixing Energy (Canada) Ltd., a company incorporated under the laws of Alberta, Canada;
<b>“Jixing Gas”</b>	Jixing Gas Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability;
<b>“Latest Practicable Date”</b>	January 23, 2026, being the last practicable date for ascertaining certain information contained in this Circular;
<b>“Listing Committee”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or as otherwise modified from time to time;
<b>“Loan Capitalization Agreement”</b>	the loan capitalization agreement dated October 31, 2025 entered into between the Company, Jixing Energy and Mr. Liu in relation to the Loan Settlement;
<b>“Loan Settlement”</b>	the capitalization of the aggregated amount of (i) C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) under the Shareholder’s Loan; and (ii) C\$7,494,290 (equivalent to approximately HK\$41,662,719.59) out of the Debt, through the allotment and issue of the Capitalization Shares to Mr. Liu pursuant to the terms and conditions of the Loan Capitalization Agreement;
<b>“Meeting”</b>	the special meeting of the Shareholders to be held on February 12, 2026 at 6:00 p.m. (Calgary time)/February 13, 2026 at 9:00 a.m. (Hong Kong time), or any adjournment thereof, and convened for the Independent Shareholders to, among others, consider and, if thought fit, approve the Loan Capitalization Agreement and the transactions contemplated thereunder, including the Loan Settlement and the grant of the Specific Mandate to allot and issue the Capitalization Shares;
<b>“Mr. Liu”</b>	Mr. Yongtan Liu, an executive Director and chairman of the Board;
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
<b>“Shareholder(s)”</b>	the holder(s) of the Common Share(s);



<b>“Shareholder’s Loan”</b>	the aggregated amount of C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) due from the Company to Mr. Liu as at the date of the Loan Capitalization Agreement;
<b>“Specific Mandate”</b>	the specific mandate for the allotment and issue of the Capitalization Shares to Mr. Liu as contemplated under the Loan Capitalization Agreement;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“substantial shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Trading Day(s)”</b>	the day(s) on which the Stock Exchange is open for trading and the Common Shares are freely available for trading;
<b>“USD”</b>	United States dollar(s), the lawful currency of the United States of America
<b>“Voyager Compressor Agreement”</b>	the voyager compressor agreement dated November 1, 2019 entered into between the Company and Jixing Energy in relation to the use of Jixing Energy’s Voyager compression station and well batteries to transport the natural gas and associated products produced by the Company to the Alberta Natural Gas Pipeline System. Please refer to the announcement of the Company dated December 19, 2019 (Hong Kong time) for details; and
<b>“%”</b>	per cent.

For the purpose of illustration only and unless otherwise specified, conversion of C\$ to HK\$ in this circular is based on the exchange rate of HK\$1.00 = C\$0.17988. Such conversion should not be construed as a representation that any amount has been, could have been, or may be exchanged at this or any other rate.

Certain figures set out in this Circular have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this Circular is due to rounding.

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## **MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT**

### **GENERAL PROXY MATTERS**

#### **Solicitation of Proxies by Management**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting to be held at Suite 900, 717 7th Avenue SW, Calgary, Alberta, T2P 0Z3, Canada, on February 12, 2026 at 6:00 p.m. (Calgary time)/February 13, 2026 at 9:00 a.m. (Hong Kong time), and any adjournment thereof. This Circular contains information as at the Latest Practicable Date unless otherwise noted. All references to “\$” in this Circular refer to the lawful currency of Canada, unless otherwise noted.

Only Shareholders of record as at 4:30 p.m. (Hong Kong time) and 1:30 a.m. (Calgary time) on February 9, 2026 (the “**Record Date**”) will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting. To ensure that there is no risk that any of the Common Shares will be voted twice, the transferee must provide written evidence to the Company including, without limitation, providing properly endorsed certificates evidencing the transfer of such Common Shares or having otherwise established ownership of such Common Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not exercised and will not exercise their right to vote either by proxy or in person at the Meeting. The Company may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the Meeting if the transferee cannot demonstrate to the Company with

sufficient certainty that the relevant Common Shares have not already been voted by proxy or will be voted by the relevant transferor at the Meeting.

Registered Shareholders are invited to attend the Meeting and vote their Common Shares at the Meeting. Shareholders can also appoint a proxy holder (who need not be a Shareholder) to attend and vote at the Meeting on the Shareholder's behalf and to convey a Shareholder's voting instructions. Solicitations of proxies will be primarily by mail, but some proxies may be solicited personally or by telephone, facsimile transmission or other electronic means by our officers, directors or employees at a nominal cost. The cost of solicitation will be borne by the Company.

Registered Shareholders who receive this Circular and other accompanying Meeting materials from the Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, and who are unable to be present at the Meeting are requested to date and sign the enclosed form of proxy and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in the enclosed envelope provided for that purpose, so that it is received during regular business hours no later than 48 hours (excluding Saturdays, Sundays and holidays in Hong Kong) prior to the time of the Meeting, or any adjournment thereof. If a Shareholder is registered as a member of the Company on the register of members in Hong Kong on the Record Date, such Shareholder's records are currently maintained on the Hong Kong register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph.

Registered Shareholders who receive this Circular and other accompanying Meeting materials from the Company's principal share registrar in Canada, being Computershare Trust Company of Canada, and who are unable to be present at the Meeting, are requested to date and sign the enclosed form of proxy and return it to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada, in the enclosed envelope provided for that purpose, so that it is received no later than 48 hours (excluding Saturdays, Sundays and holidays in Canada) prior to the time of the Meeting or any adjournment thereof. Registered shareholders may submit their voting instructions online at [www.investorvote.com](http://www.investorvote.com) or by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Shareholders are cautioned that the use of mail to transmit proxies is at each Shareholder's risk. If a Shareholder acquired its Common Shares prior to the Record Date and is registered as a Shareholder on the register of Shareholders in Canada on the Record Date, such Shareholder's records are currently maintained on the Canadian register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph.

The individuals named in the enclosed form of proxy are officers of the Company (the "**Management Designees**"). **A Shareholder wishing to appoint some other person (who need not be a shareholder of the Company) to represent him or her at the Meeting has the right to do so, either by inserting that person's name in the blank space provided in the form of proxy and striking out the names of the Management Designees, or by completing another form of proxy, or by using the internet at [www.investorvote.com](http://www.investorvote.com) or the telephone by calling 1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America).**

If you vote your proxy using the internet or the telephone, do not send back the form of proxy.

Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Meeting or any adjournment thereof if they so wish.

### **Advice to Beneficial Holders of Common Shares**

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by Shareholders whose names appear on our records as the registered holders of Common Shares can be recognized and acted upon at the meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker.

Only registered holders of Common Shares or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

If you do not hold your Common Shares in your own name, you may give permission to your broker or other intermediary to release your name and address to us so that we can send proxy related materials to you directly. Alternatively, you may instruct your broker or other intermediary who holds your Common Shares to not provide your name and address to us, in which case, your broker or other intermediary is required to send such materials to you. We currently do not provide proxy related materials directly to beneficial Shareholders and we assume the costs associated with the delivery of meeting materials to beneficial Shareholders.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on your behalf.

In Canada, most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge mails a voting instruction form in lieu of a proxy provided by the Company. The voting instruction form will name the same persons as the Company’s proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you may attend the Meeting as a proxyholder for the registered Shareholder and vote your Common Shares in that capacity. If you wish to attend the Meeting and vote your own Common Shares, you must do so as proxyholder for the registered Shareholder. To do this, you should enter your own name in the blank space on the applicable form of proxy provided to you and return the document to your broker or the agent of such broker in accordance with the instructions provided by such broker well in advance of the Meeting.

The Canadian Securities Administrators have adopted a “notice-and-access” regime for shareholder meetings that permits issuers to send a reduced package of meeting materials to shareholders, together with the document required to cast their vote. We have elected not to use the “notice-and-access” regime for the Meeting and paper copies of such materials will be sent to all of our Shareholders.

### **Revocation of Proxy**

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or by such person’s authorized attorney in writing or, if such person is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Company’s principal share register in Canada, being Computershare Trust Company of Canada at Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada, in the enclosed envelope provided for that purpose, so that it is received no later than 48 hours (excluding Saturdays, Sundays or holidays in Canada) prior to the time of the Meeting or any adjournment thereof. Registered shareholders may also use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), or the Company’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, as applicable, at least 48 hours (excluding Saturdays, Sundays or holidays in Hong Kong) prior to the time of the Meeting or any adjournment thereof, at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting such person’s Common Shares at the Meeting.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Persons Making the Solicitation**

This solicitation is made on behalf of the Company’s management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual general and special meeting, and this Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers or employees who will not be remunerated therefor.

## **Exercise of Discretion by Proxyholders**

The Common Shares represented by proxy in favor of management nominees will be voted on any poll taken at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted or withheld from voting on any poll in accordance with the specification so made. If you do not provide instructions, your Common Shares will be voted in favor of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual general and special meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Circular, we know of no such amendment, variation or other matter.

## **Voting by Poll**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed in Rule 13.39(5) of the Listing Rules.

## **Counting the Votes**

The Company's principal share registrar, Computershare Trust Company of Canada, and the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, will count and tabulate the proxies for Common Shares. This is done independently of the Company to preserve confidentiality in the voting process. Proxies are referred to the Company only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

# **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

## **VOTING SECURITIES**

The Company's authorized share structure consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As at the Record Date, the Company had 617,264,159 fully paid and non-assessable Common Shares and no preferred shares outstanding. Each Common Share carries the right to one vote at meetings of Shareholders.

## **QUORUM**

By-Law Number Two of the Company provides that if at least two persons present as registered Shareholders or as proxyholders for registered Shareholders, together of which is entitled to vote at such meeting, holding or representing in the aggregate not less than five per cent of the total number of Common Shares carrying the right to vote at such meeting, a quorum for the purposes of conducting a shareholders' meeting is constituted.

## PRINCIPAL HOLDERS

To the knowledge of the Directors and executive officers of the Company, as at the Latest Practicable Date, the only persons who beneficially own, control or direct, directly or indirectly, Common Shares carrying 10% or more of the votes attached to the Common Shares entitled to be voted at the Meeting are as follows:

Name of Shareholder	Number of Common Shares	% of Common Shares
Aspen Investment Holdings Ltd. <sup>(1)</sup>	181,194,306	29.35%
Dalian Yongli	132,000,000	21.38%
HKSCC Nominees Limited <sup>(2)</sup>	367,341,385 <sup>(3)</sup>	59.51%

Notes:

- (1) Aspen Investment Holdings Ltd. (“**Aspen**”) holds 181,194,306 Common Shares and is owned as to approximately 80.78% by 吉林省弘原經貿集團有限公司 (Ji Lin Hong Yuan Trade Group Limited\*) (“**JLHY**”) and 19.22% by 長春市麗源投資有限公司 (Changchun Liyuan Investment Co., Ltd.\*) (“**Liyuan**”). JLHY is held as to 60% and 40% by Mr. Yuan Jing (“**Mr. Jing**”) and Mr. Guang Jing (being Mr. Jing’s brother), respectively. Liyuan is held as to approximately 98%, 1% and 1% by JLHY, Zhou Li Mei and Jing Yue Li, respectively.
- (2) HKSCC Nominees Limited is a subsidiary of the HKEX and its principal business is to act on behalf of other corporate or individual shareholders. All shares of Hong Kong listed companies, which are deposited into HKEX’s Central Clearing and Settlement System, are registered in the name of HKSCC Nominees Limited.
- (3) Includes Common Shares held by Aspen, which have been transferred from the Canadian share register to the Hong Kong share register and have been deposited in HKEX’s Central Clearing and Settlement System.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed below or elsewhere in this Circular, none of the Directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been Directors or executive officers of the Company since the commencement of the Company’s last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

As at the Latest Practicable Date, Mr. Liu, through Jixing Gas, held 23,600,000 Common Shares, representing approximately 3.82% of the issued and outstanding Common Shares. Jixing Gas shall abstain from voting on the relevant resolution(s) to approve the Loan Capitalization Agreement and the transactions contemplated thereunder at the Meeting.

Other than the aforesaid Shareholder, to the best knowledge, belief and information of the Directors, having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolutions at the Meeting.



Other than Mr. Liu, no Directors have or may be perceived to have a material interest in the Loan Settlement or are required to abstain from voting on the relevant Board resolutions under the requirements of the Listing Rules.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

As at the date of this Circular, no Common Shares have been reserved for issuance under any equity compensation plans of the Company.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this Circular, “informed person” means:

- (i) a director or executive officer of the Company;
- (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (iii) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (iv) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as disclosed herein, none of the Directors or executive officers of the Company, nor any person who beneficially owns directly or indirectly or exercises control or direction over securities carrying more than 10% of the voting rights attaching to the Common Shares in the capital of the Company, nor any known associate or affiliate of these persons, had any material interest, direct or indirect in any transaction within the three years before the date hereof which has materially affected the Company, or in any proposed transaction which has materially affected or would materially affect the Company.

## **BACKGROUND TO THE LOAN SETTLEMENT**

The principal terms of the Loan Capitalization Agreement are set out below.

### **Date of the Loan Capitalization Agreement**

October 31, 2025 (after trading hours)

### **Parties**

The Company, Jixing Energy and Mr. Liu



As at the Latest Practicable Date, Mr. Liu, through Jixing Gas, held 23,600,000 Common Shares, representing approximately 3.82% of the issued and outstanding Common Shares. Mr. Liu is an executive Director and chairman of the Board. Jixing Energy is a company incorporated under the laws of Alberta, Canada and is principally engaged in oil and gas pipeline operations and liquefied natural gas business in Canada. Jixing Energy is directly wholly-owned by CCJGSA, which is directly owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang Lijun (Mr. Liu's spouse), respectively.

Other than being an executive Director and chairman of the Board, to the best knowledge, information and belief of the Board and after making all reasonable enquiries, Mr. Liu is a third party independent of and not connected with the Company and its connected persons.

### **Capitalization Shares**

Pursuant to the Loan Capitalization Agreement, the Company has conditionally agreed to allot and issue, and Mr. Liu has conditionally agreed to subscribe for, 210,000,000 Capitalization Shares at the Issue Price of HK\$0.30 per Capitalization Share. Each Capitalization Share has no par value.

The Capitalization Shares represent (i) approximately 34.02% of the issued and outstanding Common Shares as at the Latest Practicable Date; and (ii) approximately 25.39% of the total number of issued and outstanding Common Shares as enlarged by the allotment and issue of the Capitalization Shares (assuming that there are no other changes in the share capital of the Company between the date of the Loan Capitalization Agreement and the date of Completion).

### **Issue Price**

The Issue Price of HK\$0.30 per Capitalization Share represents:

- (1) a discount of approximately 1.64% to the closing price of HK\$0.305 per Common Share as quoted on the Stock Exchange on October 31, 2025, being the date of the Loan Capitalization Agreement;
- (2) a discount of approximately 1.32% to the average closing price of HK\$0.304 per Share for the last five consecutive Trading Days immediately prior to the date of the Loan Capitalization Agreement; and
- (3) a discount of approximately 10.45% to the closing price of HK\$0.335 per Common Share as at the Latest Practicable Date.

The net Issue Price (after deduction of all professional fees and related expenses) is estimated to be approximately HK\$0.30 per Capitalization Share. The professional fees and related expenses for the Loan Settlement, which amount to approximately HK\$217,070, will be settled by the Company's internal financial resources.

The Issue Price was determined after arm's length negotiations among the parties to the Loan Capitalization Agreement after considering, among other things, (i) the Company's past performance; (ii) the then prevailing market price of the Common Shares; and (iii) the future prospects of the Company.

Taking into account:

- (1) the Company's ability to repay the Debt;
- (2) that the allotment and issue of Capitalization Shares will not result in material cash outflow of the Company while reducing its indebtedness;
- (3) that the savings from the cash outflow of repaying the Debt allows the Company to focus its financial resources in the Company's ongoing exploration business and the development of the Company's properties; and
- (4) that the Loan Settlement represents Mr. Liu's support of the Group's operations and confidence in the Group's business prospects going forward,

the Directors (including the independent non-executive Directors), consider that the Issue Price is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **Ranking of the Capitalization Shares**

The Capitalization Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all the Common Shares in issue at the time of allotment and issue of the Capitalization Shares.

### **Conditions precedent**

The obligations of Mr. Liu to subscribe for, and the obligations of the Company to issue, the Capitalization Shares are subject to the fulfilment of the following Conditions Precedent:

- (1) the passing of the resolutions of the Board approving (i) the Loan Capitalization Agreement and the transactions contemplated thereunder, and (ii) the allotment and issue of the Capitalization Shares under the Loan Capitalization Agreement;
- (2) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Capitalization Shares on the Stock Exchange;
- (3) the purchase of the Capitalization Shares contemplated hereunder being in compliance with the requirements of the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs, as applicable;
- (4) all necessary consents and approvals required to be obtained by the Company in respect of the Loan Settlement having been obtained, including the granting of the Specific Mandate for the allotment and issue of the Capitalization Shares to Mr. Liu by the Independent Shareholders at the Meeting; and

- (5) all necessary consents, filings, approvals and registrations from or with any relevant governmental or regulatory authorities required to be obtained or completed by Mr. Liu, including, but not limited to, the Ministry of Commerce of the PRC and the State Administration of Foreign Exchange of the PRC (or their respective local branch or the designated local banks) that are necessary for Mr. Liu to consummate the Loan Settlement having been obtained or completed, including compliance with the “Circular of the SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles”.

As at the date of this Circular, save for the first condition, none of the conditions set forth above has been fulfilled.

### **Completion**

Subject to fulfillment of the conditions of the Loan Capitalization Agreement on or before January 31, 2026 or such other date as may be determined by the Company in its sole discretion, will take place within five days after satisfaction of the Conditions Precedent, or such other date as may be determined by the Company in its sole discretion.

### **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Capitalization Shares on the Main Board of the Stock Exchange.

### **INFORMATION CONCERNING THE COMPANY**

The Company is principally engaged in natural gas and crude oil exploration and production, with a focus on natural gas resources. The Company focuses on long-term growth through acquisition, exploration, development and production in the Western Canadian Sedimentary Basin.

### **REASONS FOR AND BENEFITS OF THE LOAN SETTLEMENT**

As at the date of the Loan Capitalization Agreement, the Company is indebted to (i) Mr. Liu an aggregate amount of C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) under the Shareholder’s Loan; and (ii) Jixing Energy an aggregate amount of C\$33,157,677.72 (equivalent to approximately HK\$184,332,208.81) under the Debt.

The Shareholders’ Loan is unsecured and non-interest bearing without any fixed repayment date. The Shareholder’s Loan was provided to the Company by Mr. Liu from September 2019 to April 2025 for the purpose of financing the Company’s general working capital requirement.

The Debt is the aggregate of (a) the account receivable in the sum of C\$23,938,593.27 (equivalent to approximately HK\$133,080,905.44) payable by the Company to Jixing Energy under the Gas Handling Agreement; and (b) account receivable in the sum of C\$9,219,084.45 (equivalent to approximately HK\$51,251,303.37) payable by the Company to Jixing Energy under the Voyager Compressor Agreement.

The gross proceeds of the Loan Settlement are expected to be HK\$63 million. The Company estimates it will incur total costs of approximately HK\$0.22 million in respect of the Loan Settlement. After deducting the related expenses, the net proceeds of the Loan Settlement will amount to approximately HK\$62.78 million (approximately C\$11.29 million). The net Issue Price, after deducting the related expenses, is estimated to be approximately HK\$0.30 per Capitalization Share. The aggregate Issue Price of all Capitalization Shares of HK\$6 million payable by Mr. Liu shall be satisfied by capitalizing and setting off against (i) C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) due under the Shareholder's Loan in full; and (ii) C\$7,494,290 (equivalent to approximately HK\$41,662,719.59) out of the Debt, upon Completion.

The Loan Settlement enables the Company to settle its existing liabilities without utilizing the Company's existing internal financial resources and can avoid cash outflows. After Completion, the Company's gearing level will be reduced, thereby improving the financial position of the Company. As disclosed in the Company's annual report 2024, ongoing exploration and development of the Company's properties will require substantial additional capital investment, and failure to secure additional financing, and/or secure other funds from asset sales, would result in a delay or postponement of development of these prospective properties. The Loan Settlement represents an opportunity in improving the Company's financial position, enabling the Company to align with these objectives.

In addition, the Directors consider that the Loan Settlement can reflect the continuous support of Mr. Liu towards the long-term development of the Company.

The Directors had considered other alternative means of fund raising to settle the Shareholder's Loan and the Debt, such as equity financing (including but not limited to rights issue and open offer) or debt financing and bank borrowings. In terms of the equity financing, including rights issue and open offer, the Directors considered that (i) equity financing typically requires substantial negotiations with potential underwriters, placing agents and other investors; (ii) financing expenses, such as underwriting commission, placing commission and a range of professional service fees, will have to be incurred; and (iii) the Company will likely be required to issue Shares at a discount in order to secure a pre-emptive fundraising given the Company's recent financial performance. In terms of debt financing and bank borrowings, the Directors considered that additional interest burden will be incurred for obtaining additional bank borrowings to settle the Loan. The Company considers that the Loan Settlement would be the best financing option as compared to these financing alternatives.

Upon Completion, it is expected that (i) the net current liabilities of the Company will be decreased by C\$3,838,150 (equivalent to approximately HK\$21,337,280.41); and (ii) the net assets position of the Company will be increased by C\$10,999,136 (equivalent to approximately HK\$61,147,075.83). The aforementioned financial effect of the Loan Settlement is presented for illustrative purpose only and is subject to change upon Completion, review and final audit by the auditors of the Company.

Having considered the above, the Board (excluding Mr. Liu (who had abstained from voting on the relevant resolution(s) of the Board in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder) and the Independent Board Committee (whose view will be provided after taking into account the recommendation of the Independent Financial Adviser)) are of the view that, although the Loan Settlement is not entered into in the ordinary and usual course of the Company's business, (i) the terms of the Loan Capitalization Agreement are on normal commercial terms and are fair and reasonable; and (ii) entering into of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

Save for the fundraising activity mentioned below, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this Circular</b>
October 10, 2025	Issue of new Common Shares under general mandate.	The gross proceeds and net proceeds from the issuance of the new Common Shares amounted to HK\$3.46 million and HK\$3.36 million, respectively.	The net proceeds from the issue of the new Common Shares were intended to be applied towards the general working capital of the Company.	All of the net proceeds were applied towards the general working capital of the Company.
September 5, 2025	Issue of new Common Shares under general mandate.	The gross proceeds and net proceeds from the issuance of the new Common Shares amounted to HK\$4.25 million and HK\$4.15 million, respectively.	The net proceeds from the issue of the new Common Shares were intended to be applied towards the general working capital of the Company.	All of the net proceeds were applied towards the general working capital of the Company.
August 14, 2025	Issue of new Common Shares under general mandate.	The gross proceeds and net proceeds from the issuance of the new Common Shares amounted to HK\$3.39 million and HK\$3.29 million, respectively.	The net proceeds from the issue of the new Common Shares were intended to be applied towards the general working capital of the Company.	All of the net proceeds were applied towards the general working capital of the Company.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this Circular</b>
April 11, 2025 and May 14, 2025 (Hong Kong time)	Grant of convertible loan.	The lender granted a loan of USD1,515,144 to the Company. In return, the Company agreed that, at its discretion, this loan can be paid in: (a) cash; (b) Common Shares, denominated in HK\$ at a deemed price of HK\$0.20 per Common Share; or (c) a combination of (a) and (b).	The Company shall use the principal of the loan for working capital.	All of the principal of the loan was applied towards the Company's general working capital.

### **IMPLICATIONS OF THE LISTING RULES**

As at the Latest Practicable Date, Mr. Liu, through Jixing Gas, held 23,600,000 Common Shares, representing approximately 3.82% of the issued and outstanding Common Shares. As Mr. Liu is a Director, Mr. Liu is a connected person of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Jixing Energy was directly wholly-owned by CCJGSA, which was directly owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang Lijun (Mr. Liu's spouse), respectively. As such, Jixing Energy is a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the entry into of the Loan Capitalization Agreement and the transactions contemplated thereunder (including the Loan Settlement and the issue of the Capitalization Shares under the Specific Mandate) constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, 280,029,853 Common Shares were held by the public (within the meanings of the Listing Rules), representing approximately 45.38% of the issued and outstanding Common Shares. Immediately upon completion of the Loan Settlement, approximately 33.85% of the issued share capital of the Company will be held by the public. Accordingly, the Company will continue to satisfy the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules following completion of the Loan Capitalization Agreement.

## EFFECT OF THE LOAN SETTLEMENT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 617,264,159 Common Shares in issue. Set out below is a table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Capitalization Shares (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Loan Settlement and allotment and issue of the Capitalization Shares save for the allotment and issue of the Capitalization Shares):

	Immediately before issuance of the Capitalization Shares		Immediately upon issuance of the Capitalization Shares	
	No. of Common Shares	Approximate percentage (%) (Note 5)	No. of Common Shares	Approximate percentage (%) (Note 5)
<b>Non-public Shareholders</b>				
Aspen Investment Holdings Ltd. (Note 1)	181,194,306	29.35	181,194,306	21.90
Dalian Yongli (Note 2)	132,000,000	21.38	132,000,000	15.96
Jixing Gas (Note 3)	23,600,000	3.82	23,600,000	2.85
Mr. Liu	—	—	210,000,000	25.39
Mr. Binyou Dai (Note 4)	440,000	0.07	440,000	0.05
<b>Subtotal</b>	<b>337,234,306</b>	<b>54.62</b>	<b>547,234,306</b>	<b>66.15</b>
<b>Other Shareholders</b>				
Public Shareholders	280,029,853	45.38	280,029,853	33.85
<b>Total</b>	<b>617,264,159</b>	<b>100.00</b>	<b>827,264,159</b>	<b>100.00</b>

Notes:

- Aspen Investment Holdings Ltd. holds 181,194,306 Common Shares and is owned as to approximately 80.78% by 吉林省弘原經貿集團有限公司 (Ji Lin Hong Yuan Trade Group Limited\*) (“**JLHY**”) and 19.22% by 長春市麗源投資有限公司 (Changchun Liyuan Investment Co., Ltd.\*) (“**Liyuan**”). JLHY is held as to 60% and 40% by Mr. Yuan Jing (“**Mr. Jing**”) and Mr. Guang Jing (being Mr. Jing’s brother), respectively. Liyuan is held as to approximately 98%, 1% and 1% by JLHY, Zhou Li Mei and Jing Yue Li, respectively.
- Dalian Yongli is directly wholly-owned by Mr. Zhang Zhong (張鐘).
- Jixing Gas is directly wholly-owned by CCJGSA, which is directly owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang Lijun (Mr. Liu’s spouse), respectively.
- Mr. Binyou Dai (“**Mr. Dai**”) is an executive Director and holds 440,000 Common Shares.
- Certain percentage figures in this table have been subject to rounding adjustments to the nearest 2 decimal places. Accordingly, the aggregate of the percentage figures in the above table may not add up to 100%.

## GENERAL

The Capitalization Shares will be allotted and issued pursuant to the Specific Mandate proposed to be obtained from the Independent Shareholders at the Meeting.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Kit Man To, Mr. Zhanpeng Kong and Ms. Jia Wei, has been formed to advise the Shareholders on the terms of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate).

**Shareholders and potential investors should note that Completion of the Loan Settlement is subject to fulfilment of the conditions under the Loan Capitalization Agreement and, accordingly, the Loan Settlement may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## MATTERS TO BE CONSIDERED

### 1. Specific Mandate to Issue the Capitalization Shares

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution granting the Board the Specific Mandate.

At the Meeting, the Shareholders will be asked to pass the following ordinary resolutions:

**"BE IT HEREBY RESOLVED** as an ordinary resolution that:

- (a) the Loan Capitalization Agreement dated October 31, 2025 entered into between the Company, Jixing Energy and Mr. Liu, pursuant to which the parties thereto have agreed that (i) the Shareholder's Loan of C\$3,838,150 due from the Company to Mr. Liu as at the date of the Loan Capitalization Agreement will be settled in full; and (ii) C\$7,494,290 out of the Debt payable by the Company to Jixing Energy will be settled, through the allotment and issue of 210,000,000 new Common Shares at HK\$0.30 per Common Share to Mr. Liu (a copy of the Loan Capitalization Agreement having been marked "A" and initialed by the chairman of the Meeting for identification purpose), the capitalization of the aggregated amount of C\$3,838,150 under the Shareholder's Loan and C\$7,494,290 out of the Debt through the allotment and issue of the Capitalization Shares to Mr. Liu, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Capitalization Shares, the Directors be and are hereby granted the Specific Mandate to exercise the powers of the Company for the allotment and issue of the Capitalization Shares pursuant to the terms of the Loan Capitalization Agreement, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the Meeting; and



- (c) any Directors and officers of the Company be and are hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the issuance of the Capitalization Shares or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

**UNLESS DIRECTED OTHERWISE, THE MANAGEMENT DESIGNEES NAMED IN THE  
ACCOMPANYING INSTRUMENT OF PROXY INTEND TO VOTE FOR THE RESOLUTION  
APPROVING THE SPECIFIC MANDATE.**

**2. Other Matters**

Management of the Company is not aware of any other matters to come before the Meeting other than as referred to in the notice of the Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxies solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

This Circular is being provided to Shareholders in English and Chinese. In case of any inconsistency, the English version shall prevail.

**RECOMMENDATION**

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page A-1 to A-2 of this Circular and the letter from Dakin set out on page B-1 to B-26 of this Circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Loan Capitalization Agreement and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Dakin, is of the opinion that although the Loan Settlement is not entered into in the ordinary and usual course of the Company’s business, the terms of the Loan Capitalization Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Loan Settlement is in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the Meeting to approve the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that although the Loan Settlement is not entered into in the ordinary and usual course of the Company’s business, the terms of the Loan Capitalization Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Loan Settlement is in the interests of the Company and the Shareholders as a whole, and also that the Specific Mandate is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the Meeting to approve the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder.

## ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Schedules to this Circular.

Additional information relating to the Company may be found under the profile of the Company on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's audited financial statements and related management's discussion and analysis for the financial year ended December 31, 2024, which can be found under the profile of the Company on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also request information from the Company by contacting the Company's Chief Executive Officer at Suite 900, 717 7th Avenue SW, Calgary, Alberta, T2P 0Z3, Canada.

Documents affecting the rights of securityholders, along with other information relating to the Company, can be found on the Company's website at [www.jxenergy.ca](http://www.jxenergy.ca).

The auditor of the Company is Moore CPA Limited. Moore CPA Limited was appointed as the auditor of the Company on December 24, 2024.

## BOARD OF DIRECTORS' APPROVAL

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

Signed: **BY ORDER OF THE BOARD**  
*(signed) "Yongtan Liu"*

**Yongtan Liu**  
*Chairman of the Board*

Calgary, Alberta  
**Canada**  
January 29, 2026

*\* For identification purpose only*

**SCHEDULE “A”**

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**



**JX Energy Ltd.**

**( 吉星新能源有限責任公司 )\***

*(incorporated under the laws of Alberta with limited liability)*

**(Stock Code: 3395)**

January 29, 2026

*To: the Independent Shareholders*

Dear Sirs/Mesdames

**CONNECTED TRANSACTIONS  
LOAN CAPITALIZATION INVOLVING  
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated January 29, 2026 (the “**Circular**”) of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Loan Settlement is in the interests of the Company and the Shareholders as a whole. Dakin has been appointed as the Independent Financial Adviser to advise us and you in this respect.

We have considered the various details of the Loan Settlement, in particular, the reasons for and benefits of the Loan Settlement and the effect thereof. We have also reviewed the advice given by Dakin on the terms of the Loan Capitalization Agreement and the transactions contemplated thereunder as set out in their letter reproduced on page B-1 to B-26 of the Circular.

Having considered the information set out in the letter from the Board and taking into account the advice from Dakin, we consider that although the Loan Settlement is not entered into in the ordinary and usual course of the Company’s business, the terms of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Loan Settlement is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favor of the ordinary resolution to be proposed at the Meeting to approve the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the transactions contemplated thereunder.

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

**Ms. Kit Man To**

**Mr. Zhanpeng Kong**  
*Independent non-executive Directors*

**Ms. Jia Wei**

*\* For identification purpose only*

## SCHEDULE “B”

### LETTER FROM DAKIN

*The following is the text of a letter of advice from Dakin, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate).*



29 January, 2026

*To: the Independent Board Committee and the Independent Shareholders of  
JX Energy Ltd.*

Dear Sirs,

### CONNECTED TRANSACTION LOAN CAPITALIZATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 29 January, 2026 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 31 October 2025 (after trading hours), the Company, Jixing Energy and Mr. Liu entered into the Loan Capitalization Agreement, pursuant to which the parties have conditionally agreed that (i) the Shareholder’s Loan of C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) will be settled in full; and (ii) C\$7,494,290 (equivalent to approximately HK\$41,662,719.59) out of the Debt will be settled, through the allotment and issue of 210,000,000 Capitalization Shares at the Issue Price of HK\$0.30 per Capitalization Share to Mr. Liu.

The obligations of Mr. Liu to subscribe for, and the obligations of the Company to issue, the Capitalization Shares are subject to various conditions set out under the paragraph headed “Conditions Precedent” in the Letter from the Board.

Pursuant to the Loan Capitalization Agreement, the Company has conditionally agreed to allot and issue, and Mr. Liu has conditionally agreed to subscribe for, 210,000,000 Capitalization Shares at the Issue Price of HK\$0.30 per Capitalization Share. Each Capitalization Share has no par value. The Capitalization Shares represent (i) approximately 34.02% of the issued and outstanding Common Shares as at the Latest Practicable Date; and (ii) approximately 25.39% of the total number of issued and outstanding Common Shares as enlarged by the allotment and issue of the Capitalization Shares (assuming that there are no other changes in the share capital of the Company between the date of the Loan Capitalization Agreement and the date of Completion).

The Capitalization Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all the Common Shares in issue at the time of allotment and issue of the Capitalization Shares.

As stated in the Letter from the Board, the gross proceeds of the Loan Settlement are expected to be HK\$63 million. The Company estimates that it will incur the professional fees and related expenses for the Loan Settlement of approximately HK\$0.22 million in respect of the Loan Settlement. After deducting the related expenses, the net proceeds of the Loan Settlement will amount to approximately HK\$62.78 million (approximately C\$11.29 million). The net Issue Price, after deducting the related expenses, is estimated to be approximately HK\$0.30 per Capitalization Share. The aggregate Issue Price of all the Capitalization Shares of HK\$63 million payable by Mr. Liu shall be satisfied by capitalizing and setting off against (i) C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) due under the Shareholder's Loan in full; and (ii) C\$7,494,290 (equivalent to approximately HK\$41,662,719.59) out of the Debt, upon Completion.

According to the Letter from the Board, as at the Latest Practicable Date, (i) Mr. Liu, through Jixing Gas, held 23,600,000 Common Shares, representing approximately 3.82% of the issued and outstanding Common Shares; and (ii) Jixing Energy was directly wholly-owned by CCJGSA, which was directly owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang Lijun (Mr. Liu's spouse), respectively. As such, Mr. Liu, Jixing Gas and Jixing Energy are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering of the Loan Capitalization Agreement and the transactions contemplated thereunder (including the Loan Settlement and the issue of the Capitalization Shares under the Specific Mandate) constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu (an executive Director and chairman of the Board) has a material interest in the transactions contemplated under the Loan Capitalization Agreement and had abstained from voting on the relevant resolution(s) of the Board. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, none of the other Directors has any material interest in the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate) or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

The Company will seek approval from the Independent Shareholders in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate) by way of a poll at the Meeting. As at the Latest Practicable Date, Mr. Liu, through Jixing Gas, held 23,600,000 Common Shares, representing approximately 3.82% of the issued and outstanding Common Shares. Mr. Liu and Jixing Gas shall abstain from voting on the relevant resolution(s) to approve the Loan Capitalization Agreement and the transactions contemplated thereunder at the Meeting. Other than the aforesaid Shareholder, to the best knowledge, belief and information of the Directors, having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolutions at the Meeting.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalization Shares.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Zhanpeng Kong, Ms. Kit Man To and Ms. Jia Wei, has been formed to advise the Independent Shareholders as to whether the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the Meeting, taking into account the recommendation of the Independent Financial Adviser.

### **OUR INDEPENDENCE**

We, Dakin Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. During the past two years immediately preceding the Latest Practicable Date, we did not act as the financial adviser or the independent financial adviser to the other transactions of the Company. Save for the appointment as the Independent Financial Adviser in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate), there were no other engagements between the Company and us during the past two years immediately preceding the Latest Practicable Date. Apart from normal professional fees for our services to the Company in connection with this engagement described above, no other arrangements exist whereby we will receive any fees and/or benefits from the Company. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, or its substantial Shareholders, Directors, chief executive, or any of their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate).

## **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular, the information and representations provided to us by the Company, the Directors and the management of the Company and our review of the relevant public information. 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 information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date. Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of us to ensure that such information are true, accurate and complete in all material respects and not misleading or deceptive and has been correctly extracted from the relevant sources.

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

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, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Company or the Shareholders as a result of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate). Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate), we have considered the following principal factors and reasons:

### **1. Background and financial information of the Company**

As stated in the Letter from the Board, the Company is principally engaged in natural gas and crude oil exploration and production, with a focus on natural gas resources. The Company focuses on long-term growth through acquisition, exploration, development and production in the Western Canadian Sedimentary Basin.



The table below summarises the general financial information of the Company (i) for the financial years ended 31 December 2023 and 2024 which are extracted from the Company’s annual report for the year ended 31 December 2024 (the “**Annual Report**”); and (ii) for the nine months ended 30 September 2024 and 2025 which are extracted from the Company’s announcement of unaudited results for the nine months ended 30 September 2025 (the “**3rd Quarter Report**”):

		For the year ended 31 December		For the nine months ended 30 September
	2023 (audited) C\$’000	2024 (audited) C\$’000	2024 (unaudited) C\$’000	2025 (unaudited) C\$’000
<b>Financial performance</b>				
Revenue				
Commodity sales from production	13,560	4,968	3,794	5,290
Trading (loss)/revenue	(22)	2	1	2
Other income	1	19	15	4
Royalty expense	(1,083)	(88)	(10)	(367)
Total net revenue	12,456	4,901	3,800	4,929
Expenses				
Operating costs	(13,951)	(13,501)	(10,143)	(11,683)
General and administrative costs	(1,658)	(1,661)	(1,151)	(729)
Depletion, depreciation and amortization	(5,335)	(1,475)	(1,464)	(1,578)
Impairment recovery and write-offs	(10,387)	(4,471)	(18)	(3,764)
Total expenses	(31,331)	(21,108)	(12,776)	(17,754)
Loss from operations	(18,875)	(16,207)	(8,976)	(12,825)
Finance expenses	(2,061)	(4,066)	(2,514)	(2,426)
Change in fair value of derivative component of convertible debenture	–	6	–	55
Realized foreign exchange loss	(14)	–	–	–
Loss on disposal of assets	(196)	–	–	–
Loss before taxes	(21,146)	(20,267)	(11,490)	(15,196)
Income taxes	–	–	–	–
Loss and comprehensive loss	(21,146)	(20,267)	(11,490)	(15,196)

	As at 31 December 2023 (audited) C\$'000	As at 31 December 2024 (audited) C\$'000	As at 30 September 2025 (unaudited) C\$'000
<b>Financial position</b>			
Exploration and evaluation assets	5,915	3,885	124
Property, plant and equipment	26,733	20,660	19,164
Right of use assets	789	197	43
<b>Non-current assets</b>	<b>33,437</b>	<b>24,742</b>	<b>19,331</b>
Cash and cash equivalents	363	212	344
Accounts receivable	826	692	51
Prepaid expenses and deposits	882	242	297
<b>Current assets</b>	<b>2,071</b>	<b>1,146</b>	<b>692</b>
<b>Total assets</b>	<b>35,508</b>	<b>25,888</b>	<b>20,023</b>
Long-term accounts payable	(12,343)	(20,052)	(27,579)
Other liabilities	(119)	–	–
Lease liabilities	(251)	(11)	(27)
Long-term debt	(11,553)	(9,102)	–
Decommissioning liabilities	(1,551)	(760)	(549)
<b>Non-current liabilities</b>	<b>(25,817)</b>	<b>(29,925)</b>	<b>(28,155)</b>
Accounts payable and accrued liabilities	(9,155)	(8,889)	(5,174)
Current portion of long-term payable	(943)	(644)	(644)
Current portion of long-term debt	(3,530)	(4,545)	(14,815)
Convertible debt	–	(2,372)	(2,492)
Convertible debt derivative portion	–	(42)	(30)
Current portion of lease liabilities	(741)	(241)	(23)
Decommissioning liabilities	(822)	(691)	(691)
<b>Current liabilities</b>	<b>(15,191)</b>	<b>(17,424)</b>	<b>(23,869)</b>
<b>Total liabilities</b>	<b>(41,008)</b>	<b>(47,349)</b>	<b>(52,024)</b>
<b>Net current liabilities (Note 1)</b>	<b>(13,120)</b>	<b>(13,906)</b>	<b>(20,685)</b>
<b>Net liabilities</b>	<b>(5,500)</b>	<b>(21,461)</b>	<b>(32,001)</b>
<b>Gearing ratio (%) (Note 2)</b>	<b>117</b>	<b>189</b>	<b>270</b>

*Notes:*

1. Net current liabilities is defined as current assets less current liabilities (excluding convertible debt); and
2. Gearing ratio is defined as net debt as a percentage of total capital. Net debt is defined as the sum of long-term debt (excluding current portion), long term accounts payable (excluding current portion), convertible debt, other liabilities, lease liabilities (excluding current portion) and net current liabilities. Total capital is defined as the sum of net debt and Shareholders' equity.

***Annual results of the Company for the year ended 31 December 2024***

As stated in the Annual Report, the Company's revenue consists of commodity sales from production of natural gas, crude oil, natural gas liquids ("NGLs"), condensate, natural gas trading, over-riding royalty payments and income generated from source outside normal operations such as rental income and subsidies. The Company's revenue of commodity sales from production decreased from approximately C\$13.6 million for the year ended 31 December 2023 ("FY2023") to approximately C\$5.0 million for the year ended 31 December 2024 ("FY2024"), representing a decrease of approximately 63.4%. As stated in the Annual Report, such decrease of revenue of commodity sales from production was mainly due to the weak gas commodity prices causing the Company to shut-in natural gas production during the period from May 2024 to October 2024. In November 2024, the Company started to increase production once again. Mainly due to the weak gas commodity prices during FY2024, the Company's natural gas trading revenue represented a small amount of approximately C\$2,000 for FY2024 (FY2023: natural gas trading loss of approximately C\$22,000).

The Company's royalty expense decreased from approximately C\$1.1 million for FY2023 to approximately C\$88,000 for FY2024, representing a decrease of approximately 91.9%. As stated in the Annual Report, royalties are set by a sliding scale formula containing separate elements that account for market price and well production. Royalty rates will fluctuate to reflect changes in production rates, market prices and cost allowances. As advised by the management of the Company, such decrease in the royalty expense was mainly due to the shut-in natural gas production of the Company during the period from May 2024 to October 2024.

The Company's other income increased from approximately C\$1,000 for FY2023 to approximately C\$19,000 for FY2024, representing an increase of approximately 1,800%. According to the Annual Report, such increase in the other income was mainly attributable to the existence of rental subsidies during FY2024.

The Company recorded a decrease in loss from operations from approximately C\$18.9 million for FY2023 to approximately C\$16.2 million for FY2024, representing a decrease of approximately 14.1%. According to the Annual Report and the management of the Company, such improvement in loss from operations was mainly attributable to the combined effect of (i) the decrease in depletion, depreciation and amortization from approximately C\$5.3 million for FY2023 to approximately C\$1.5 million for FY2024; (ii) the decrease in impairment recovery and write-offs from approximately C\$10.4 million for FY2023 to approximately C\$4.5 million for FY2024; and partially offset by the decrease in total net revenue from approximately C\$12.5 million for FY2023 to approximately C\$4.9 million for FY2024.

As a result, the Company recorded a loss and comprehensive loss of approximately C\$20.3 million for FY2024 (FY2023: approximately C\$21.1 million), representing no material difference between FY2023 and FY2024.

***Third quarter results of the Company for the nine months ended 30 September 2025***

The Company's revenue of commodity sales from production increased from approximately C\$3.8 million for the nine months ended 30 September 2024 ("**3Q 2024**") to approximately C\$5.3 million for the nine months ended 30 September 2025 ("**3Q 2025**"), representing an increase of approximately 39.4%. According to the 3rd Quarter Report and the management of the Company, such increase of revenue of commodity sales from production was mainly due to the weak gas commodity prices causing the Company to shut-in natural gas production during the period from May 2024 to October 2024. In November 2024, the Company started to increase production once again. Mainly due to the weak gas commodity prices during FY2024 and the start of recovering since November 2024, the Company's natural gas trading revenue remained at a small amount of approximately C\$2,000 for 3Q 2025 (3Q 2024: approximately C\$1,000).

The Company's royalty expense increased from approximately C\$10,000 for 3Q 2024 to approximately C\$0.4 million for 3Q 2025, representing an increase of approximately 3,570%. According to the management of the Company, such increase in the royalty expense was mainly due to the shut-in natural gas production of the Company during the period from May 2024 to October 2024 and start of recovering since November 2024.

The Company's other income increased from approximately C\$15,000 for 3Q 2024 to approximately C\$4,000 for 3Q 2025, representing a decrease of approximately 73.3%. According to the management of the Company, such decrease in the other income was mainly attributable to the existence of rental subsidies during FY2024 and no longer exist since February 2025.

The Company recorded an increase in loss from operations from approximately C\$9.0 million for 3Q 2024 to approximately C\$12.8 million for 3Q 2025, representing an increase of approximately 42.9%. As advised by the management of the Company, such widen in loss from operations was mainly due to (i) the increase in depletion, depreciation and amortization from approximately C\$1.5 million for 3Q 2024 to approximately C\$1.6 million for 3Q 2025; and (ii) the increase in impairment recovery and write-offs from approximately C\$18,000 for 3Q 2024 to approximately C\$3.8 million for 3Q 2025.

As a result, the Company recorded a loss and comprehensive loss of approximately C\$15.2 million for 3Q 2025 (3Q 2024: approximately C\$11.5 million). According to the management of the Company, such increase in loss and comprehensive loss was mainly due to the reasons as mentioned above in relation to the increase in the Company's loss from operations.

### ***Financial position of the Company as at 31 December 2024***

Total assets of the Company as at 31 December 2024 amounted to approximately C\$25.8 million (including non-current assets of approximately C\$24.7 million and current assets of approximately C\$1.1 million) whereas total liabilities of the Company amounted to approximately C\$47.3 million (including non-current liabilities of approximately C\$29.9 million and current liabilities of approximately C\$17.4 million), resulting in a net liabilities position of approximately C\$21.5 million.

As at 31 December 2024, the Company's total assets mainly comprised property, plant and equipment of approximately C\$20.7 million and exploration and evaluation assets of approximately C\$3.9 million. The Company's total assets decreased from approximately C\$35.5 million as at 31 December 2023 to approximately C\$25.8 million as at 31 December 2024. As advised by the management of the Company, such decrease in total assets was mainly due to (i) the decrease in property, plant and equipment from approximately C\$26.7 million as at 31 December 2023 to approximately C\$20.7 million as at 31 December 2024; and (ii) the decrease in exploration and evaluation assets from approximately C\$5.9 million as at 31 December 2023 to approximately C\$3.9 million as at 31 December 2024.

As at 31 December 2024, the Company's total liabilities mainly comprised long-term accounts payable of approximately C\$20.7 million, long-term debt of approximately C\$13.6 million and accounts payable and accrued liabilities of approximately C\$8.9 million. The Company's total liabilities increased from approximately C\$41.0 million as at 31 December 2023 to approximately C\$47.3 million as at 31 December 2024. According to the management of the Company, such increase in total liabilities was mainly due to the increase in long-term accounts payable from approximately C\$13.3 million as at 31 December 2023 to approximately C\$20.7 million as at 31 December 2024 and partially offset by the decrease in long-term debt from approximately C\$15.1 million as at 31 December 2023 to approximately C\$13.6 million as at 31 December 2024.

The Company's gearing ratio increased from approximately 117% as at 31 December 2023 to approximately 189% as at 31 December 2024. According to the management of the Company, such increase in the gearing ratio was mainly caused by the increase in long-term accounts payable (excluding current portion) from approximately C\$12.3 million as at 31 December 2023 to approximately C\$20.1 million as at 31 December 2024; and (ii) the increase in deficit of Shareholders' equity from approximately C\$5.5 million as at 31 December 2023 to approximately C\$21.5 million as at 31 December 2024.

### ***Financial position of the Company as at 30 September 2025***

Total assets of the Company as at 30 September 2025 amounted to approximately C\$20.0 million (including non-current assets of approximately C\$19.3 million and current assets of approximately C\$0.7 million) whereas total liabilities of the Company amounted to approximately C\$52.0 million (including non-current liabilities of approximately C\$28.1 million and current liabilities of approximately C\$23.9 million), resulting in a net liabilities position of approximately C\$32.0 million.

As at 30 September 2025, the Company's total assets mainly comprised of property, plant and equipment of approximately C\$19.2 million. The Company's total assets decreased from approximately C\$25.8 million as at 31 December 2024 to approximately C\$20.0 million as at 30 September 2025. As advised by the management of the Company, such decrease in total assets was mainly due to (i) the decrease in property, plant and equipment from approximately C\$20.7 million as at 31 December 2024 to approximately C\$19.2 million as at 30 September 2025; (ii) the decrease in exploration and evaluation assets from approximately C\$3.9 million as at 31 December 2024 to approximately C\$0.1 million as at 30 September 2025; and (iii) the decrease in accounts receivable from approximately C\$0.7 million as at 31 December 2024 to approximately C\$51,000 as at 30 September 2025.

As at 30 September 2025, the Company's total liabilities mainly comprised long-term accounts payable of approximately C\$28.2 million, long-term debt of approximately C\$14.8 million and accounts payable and accrued liabilities of approximately C\$5.2 million. The Company's total liabilities increased from approximately C\$47.3 million as at 31 December 2024 to approximately C\$52.0 million as at 30 September 2025. According to the management of the Company, such increase in total liabilities was mainly due to the (i) the increase in long-term accounts payable from approximately C\$20.7 million as at 31 December 2024 to approximately C\$28.2 million as at 30 September 2025; (ii) the increase in long-term debt from approximately C\$13.6 million as at 31 December 2024 to approximately C\$14.8 million as at 30 September 2025 and partially offset by the decrease in accounts payable and accrued liabilities from approximately C\$8.9 million as at 31 December 2024 to approximately C\$5.2 million as at 30 September 2025.

The Company's gearing ratio further increased from approximately 189% as at 31 December 2024 to approximately 270% as at 30 September 2025. According to the management of the Company, such increase in the gearing ratio was mainly caused by (i) the increase in long-term accounts payable (excluding current portion) from approximately C\$20.1 million as at 31 December 2024 to approximately C\$27.6 million as at 30 September 2025; (ii) the increase in net current liabilities from approximately C\$13.9 million as at 31 December 2024 to approximately C\$20.7 million as at 30 September 2025; and (iii) the increase in deficit of Shareholders' equity from approximately C\$21.5 million as at 31 December 2024 to approximately C\$32.0 million as at 30 September 2025.

## **2. Background of Jixing Energy and Mr. Liu**

### ***Jixing Energy (Canada) Ltd.***

Jixing Energy (Canada) Ltd. is a company incorporated under the laws of Alberta, Canada and is principally engaged in oil and gas pipeline operations and liquefied natural gas business in Canada. Jixing Energy is directly wholly-owned by CCJGSA, which is directly owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang Lijun (Mr. Liu's spouse), respectively.

### ***Mr. Yongtan Liu***

Mr. Yongtan Liu is an executive Director and chairman of the Board.

### 3. Reasons for and benefits of the Loan Settlement

#### *The financial position of the Company*

As mentioned in the paragraph headed “1. Background and financial information of the Company” above in this letter, the Company recorded approximately C\$52.0 million of total liabilities as at 30 September 2025 which is mainly comprised of long-term accounts payable of approximately C\$28.2 million, long-term debt of approximately C\$14.8 million and accounts payable and accrued liabilities of approximately C\$5.2 million.

As stated in the 3rd Quarter Report, the long-term accounts payable mainly represents the accounts payable by the Company to Jixing Energy under the Gas Handling Agreement and the Voyager Compressor Agreement. As at the date of the Loan Capitalization Agreement, the Company is indebted to Jixing Energy an aggregate amount of (i) approximately C\$23.9 million (equivalent to approximately HK\$133.1 million) payable by the Company to Jixing Energy under the Gas Handling Agreement; and (ii) approximately C\$9.2 million (equivalent to approximately HK\$51.2 million) payable by the Company to Jixing Energy under the Voyager Compressor Agreement.

According to the 3rd Quarter Report, the long-term debt mainly represents the shareholder loans provided from Jixing Energy and Mr. Liu to the Company and the term debt provided from CIMC Leasing USA, Inc. to the Company. Pursuant to the 3rd Quarter Report, on 27 March 2023, the Company obtained new long-term debt of USD3.5 million (equivalent to approximately C\$4.7 million) from CIMC Leasing USA, Inc. (the “**CIMC Loan Agreement**”). The CIMC Loan Agreement has a term of 48 months, bears interest of 9.25% per annum and is secured by the fixed assets owned by the Company, excluding its oil and gas assets, and a personal guarantee from Mr. Liu. The Company is required to make monthly interest and principal payments of USD\$87,514 since 27 April 2023. The CIMC Loan Agreement will be senior to all other debt and equity payments, including the Gas Handling Agreement and the Voyager Compressor Agreement, with exceptions for regular operating payments of Jixing Energy, which have been approved by CIMC Leasing USA, Inc. as part of the CIMC Loan Agreement. Mr. Liu and/or interests under his control, have loans with CIMC Capital (China), the parent company of CIMC Leasing USA, Inc. In the event there is a default with the existing loans of Mr. Liu and/or interests under his control, it will trigger a default of the CIMC Loan Agreement and shareholder loan from Jixing Energy, and the outstanding balances will immediately become due. As at the date of the Loan Capitalization Agreement, the Company is indebted to Mr. Liu an aggregate amount of approximately C\$3.8 million (equivalent to approximately HK\$21.3 million) under the Shareholder’s Loan. Such Shareholders’ Loan is unsecured and non-interest bearing without any fixed repayment date. The Shareholder’s Loan was provided to the Company by Mr. Liu from September 2019 to April 2025 for the purpose of financing the Company’s general working capital requirement.



As analysed in the paragraph headed “1. Background and financial information of the Company” above in this letter, the Company’s gearing ratio was in an increasing trend from approximately 117% as at 31 December 2023 to approximately 189% as at 31 December 2024 and further to approximately 270% as at 30 September 2025. We also note that the Company’s net liabilities position increased from approximately C\$5.5 million as at 31 December 2023 to approximately C\$21.5 million as at 31 December 2024 and further widened to approximately C\$32.0 million as at 30 September 2025. We consider that the Company is in high gearing position and highly financed by the long-term accounts payable and long-term debt.

***The reasons for and benefits of the Loan Settlement and use of proceeds of the Loan Settlement***

As mentioned above in this paragraph, the CIMC Loan Agreement will be senior to all other debt and equity payments, including the Gas Handling Agreement and the Voyager Compressor Agreement, with exceptions for regular operating payments of Jixing Energy. In the event there is a default with the existing loans of Mr. Liu and/or interests under his control, it will trigger a default of the CIMC Loan Agreement and shareholder loan from Jixing Energy, and the outstanding balances will immediately become due. Also, the Company is in high gearing position of approximately 270% as at 30 September 2025, with a net liabilities position of approximately C\$32.0 million as at 30 September 2025. The Directors consider that the Loan Settlement enables the Company to settle its existing liabilities without utilizing the Company’s existing internal financial resources and can avoid cash outflows.

Furthermore, the Directors consider that the Loan Settlement demonstrates the confidence and continuous support of Mr. Liu towards the long-term development of the Company. According to the Annual Report, the ongoing exploration and development of the Company’s properties will require substantial additional capital investment, and failure to secure additional financing, and/or secure other funds from asset sales, would result in a delay or postponement of development of these prospective properties. Therefore, the Loan Settlement offers an opportunity to capitalize the Shareholders’ Loan and part of the outstanding Debt, resulting in lowering the Company’s gearing ratio, broadening the Company’s capital base and maintaining the Company’s stable business operations.

The gross proceeds of the Loan Settlement are expected to be HK\$63 million. The Company estimates it will incur total costs of approximately HK\$0.22 million in respect of the Loan Settlement. After deducting the related expenses, the net proceeds of the Loan Settlement will amount to approximately HK\$62.78 million (approximately C\$11.29 million). The net Issue Price, after deducting the related expenses, is estimated to be approximately HK\$0.30 per Capitalization Share. The aggregate Issue Price of all the Capitalization Shares of HK\$63 million payable by Mr. Liu shall be satisfied by capitalizing and setting off against (i) C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) due under the Shareholder’s Loan in full; and (ii) C\$7,494,290 (equivalent to approximately HK\$41,662,719.59) out of the Debt, upon Completion. As advised by the Directors, after Completion, the Company’s gearing ratio will be reduced, thereby improving the Company’s financial position. Also, with the decrease in Company’s total liabilities after Completion, the risk of triggering a default of the CIMC Loan Agreement will be lowered.



In light of the above, we concur with the Directors' view that the Loan Settlement reflects the continuous financial support from Mr. Liu towards the long-term development of the Company, which helps the Company to lower the gearing ratio, broaden the capital base and maintain the Company's stable business operations. Accordingly, we are of the view that the Loan Settlement is in the interest of the Company and the Shareholders as a whole.

### ***Other financing alternatives***

As discussed with the Directors, they also consider other financing alternatives apart from the Loan Settlement, such as debt financing and bank borrowings and equity financing (including but not limited to rights issue and open offer) to settle the Shareholder's Loan and part of the outstanding Debt.

However, the Directors consider that additional interest burden will be incurred for obtaining additional debt financing and bank borrowings to settle the Shareholder's Loan and part of the outstanding Debt. In addition, borrowings from banks and financial institutions may be subject to lengthy due diligence and negotiations. Furthermore, the Company is in loss-making positions for FY2023, FY2024 and 3Q 2025 and in high gearing ratio of approximately 270% as at 30 September 2025. Based on the Company's existing financial performance and position, the Directors consider that it is difficult to obtain debt financing from bank and financial institutions. As mentioned above in this paragraph, it is the Directors' intention to capitalize the Shareholders' Loan and part of the outstanding Debt so as to lower the Company's gearing ratio, broaden the Company's capital base and maintain the Company's stable business operations. Therefore, we concur with the Directors' view that debt financing is not feasible based on the Company's existing financial position and the intention of the Directors.

In respect of equity financing (including but not limited to rights issue and open offer), the Directors consider that (i) equity financing typically requires substantial negotiations with potential underwriters, placing agents and other investors; (ii) financing expenses, such as underwriting commission, placing commission and a range of professional service fees, will have to be incurred; and (iii) the Company will likely be required to issue Shares at a discount in order to secure a pre-emptive fundraising given the Company's recent financial performance. Furthermore, rights issue and open offer would incur additional costs such as placing/underwriting commission, documentation costs of filing of a prospectus and the printing and handling of application forms and other professional fees (including engagement of reporting accountants, financial advisers and/or brokerage agents) of approximately three to four times than that of the Loan Settlement and take a relatively longer timeframe of over three months from the dispatch of the circular to commencement of dealing in the offer shares or rights shares (as the case may be) when compared to the Loan Settlement of normally one month from the dispatch of the circular pertaining to an issue of Capitalization Shares under Specific Mandate to dealing in the Capitalization Shares. As such, we concur with the Directors' view that rights issue and open offer may not be the most appropriate methods for its fund-raising exercise and is comparatively less advantageous than the Loan Settlement.

Having considered (i) the factors as discussed in this paragraph for the reasons for and benefits of the Loan Settlement; (ii) debt financing generally involves lengthy due diligence and negotiation time and would inevitably impose further interest burden and widen the gearing ratio of the Company; and (iii) other equity financing methods such as open offer or rights issue incur higher costs and relatively longer timeframe, we are of the view that the Loan Settlement is the best option to settle the Shareholder's Loan and part of the outstanding Debt.

***Our view***

*Having considered*

- (i) the Company is in high gearing position with a net liabilities position, representing the immediate need to lower the Company's gearing ratio, broaden the Company's capital base and maintain the Company's stable business operations by the Loan Settlement;
- (ii) the Loan Settlement offers an opportunity for the Company to settle its existing liabilities without utilizing the Company's existing internal financial resources and can avoid cash outflows;
- (iii) the Loan Settlement demonstrates the confidence and continuous support of Mr. Liu towards the long-term development of the Company;
- (iv) the Loan Settlement would strengthen the capital base and financial position of the Company;
- (v) other financing alternatives may not be feasible as discussed above in this paragraph;
- (vi) the Issue Price is fair and reasonable as discussed in the paragraph headed "4. Principal terms of the Loan Capitalization Agreement" below in this letter; and
- (vii) the positive impact on the financial position of the Company as a result of the Loan Settlement as discussed in the paragraph headed "6. Possible financial effect of the Loan Settlement" below in this letter,

we concur with the Directors' view that the Loan Settlement would lower the Company's gearing ratio, broaden the Company's capital base and maintain the Company's stable business operations, which is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **4. Principal terms of the Loan Capitalization Agreement**

Pursuant to the terms and conditions of the Loan Capitalization Agreement, the Company has conditionally agreed to allot and issue, and Mr. Liu has conditionally agreed to subscribe for, 210,000,000 Capitalization Shares at the Issue Price of HK\$0.30 per Capitalization Share. Each Capitalization Share has no par value. The obligations of Mr. Liu to subscribe for, and the obligations of the Company to issue, the Capitalization Shares are subject to various conditions set out under the paragraph headed “Conditions Precedent” in the Letter from the Board. The Capitalization Shares represent (i) approximately 34.02% of the issued and outstanding Common Shares as at the Latest Practicable Date; and (ii) approximately 25.39% of the total number of issued and outstanding Common Shares as enlarged by the allotment and issue of the Capitalization Shares (assuming that there are no other changes in the share capital of the Company between the date of the Loan Capitalization Agreement and the date of Completion). Shareholders are reminded to take reference to the section headed “Background to the Loan Settlement” in the Letter from the Board for further details of the Loan Capitalization Agreement.

We have reviewed the following terms of the Loan Capitalization Agreement. In order to assess the fairness and reasonableness of the Issue Price, we have compared with reference to (i) the recent price performance of Common Shares; (ii) the trading liquidity of Common Shares; and (iii) the market comparables analysis, as follows:

##### ***The Issue Price***

The Issue Price of HK\$0.30 per Capitalization Share represents:

- (i) a discount of approximately 10.45% to the closing price of HK\$0.335 per Common Share as at the Latest Practicable Date;
- (ii) a discount of approximately 1.64% to the closing price of HK\$0.305 per Common Share as quoted on the Stock Exchange on 31 October 2025, being the date of the Loan Capitalization Agreement;
- (iii) a discount of approximately 1.32% to the average closing price of HK\$0.304 per Common Share for the last five consecutive Trading Days immediately prior to the date of the Loan Capitalization Agreement; and
- (iv) a discount of approximately 2.60% to the average closing price of HK\$0.308 per Common Share for the last ten consecutive Trading Days immediately prior to the date of the Loan Capitalization Agreement.

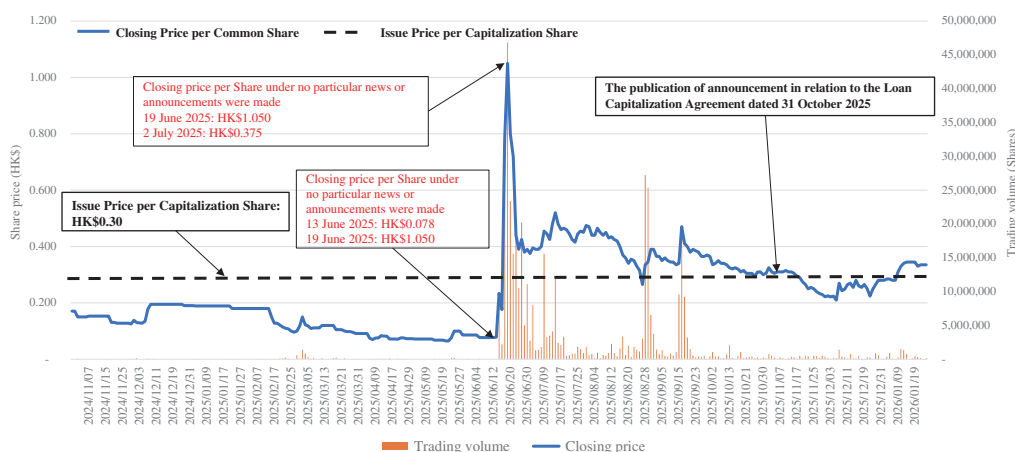
As stated in the Letter from the Board, the net Issue Price per Capitalization Share is approximately HK\$0.30. According to the Letter from the Board, the Issue Price was determined after arm's length negotiations among the parties to the Loan Capitalization Agreement after considering, among other things, (i) the Company's past performance; (ii) the then prevailing market price of the Common Shares; and (iii) the future prospects of the Company.

On the other hand, (i) the daily closing price of the Common Share during the period from 30 October 2024 to 31 October 2025, being the twelve-month period prior to the date of the Loan Capitalization Agreement (i.e. 31 October 2025) (the **"Pre Announcement Review Period"**) range from the highest of HK\$1.050 per Common Share to the lowest of HK\$0.065 per Common Share, with an average of approximately HK\$0.233 per Common Share; (ii) the closing price of the Common Share on the date of the Loan Capitalization Agreement was HK\$0.305 per Common Share; and (iii) the daily closing price of the Common Share during the period from 3 November 2025 to the Latest Practicable Date (the **"Post Announcement Review Period"**) range from the highest of HK\$0.345 per Common Share to the lowest of HK\$0.210 per Common Share, with an average of approximately HK\$0.282 per Common Share. We consider that the review period as mentioned above is fair and reasonable to illustrate the general trend and movement of recent closing prices of the Common Shares.

### ***Historical price of the Common Shares***

Set out below is the chart showing the daily closing price of the Common Shares as quoted on the Stock Exchange during the Pre Announcement Review Period and the Post Announcement Review Period (collectively, the **"Review Periods"**). We consider that the Review Periods are fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing prices of the Common Shares for conducting a reasonable comparison among the historical closing prices of the Common Shares and the Issue Price.

**Movement of the daily closing price of the Common Shares during the Review Periods**



Source: Website of the Stock Exchange (<https://www.hkex.com.hk>)

The Issue Price of HK\$0.30 represents

***Pre Announcement Review Period***

- (i) a premium of approximately 361.54% over the lowest closing price of HK\$0.065 on 20 May 2025 and 21 May 2025 during the Pre Announcement Review Period;
- (ii) a discount of approximately 71.43% to the highest closing price of HK\$1.050 on 19 June 2025 during the Pre Announcement Review Period;
- (iii) a premium of approximately 28.76% over the average closing price of approximately HK\$0.233 during the Pre Announcement Review Period;

***The date of the Loan Capitalization Agreement***

- (iv) a discount of approximately 1.64% to the closing price of HK\$0.305 on the date of the Loan Capitalization Agreement;

***Post Announcement Review Period***

- (v) a premium of approximately 42.86% over the lowest closing price of HK\$0.210 on 5 December 2025 during the Post Announcement Review Period;
- (vi) a discount of approximately 13.04% to the highest closing price of HK\$0.345 on 14, 15, 16 and 19 January 2026 during the Post Announcement Review Period;
- (vii) a premium of approximately 6.38% over the average closing price of approximately HK\$0.282 during the Post Announcement Review Period;

***Review Periods***

- (viii) a premium of approximately 361.54% over the lowest closing price of HK\$0.065 on 20 May 2025 and 21 May 2025 during the Review Periods;
- (ix) a discount of approximately 71.43% to the highest closing price of HK\$1.050 on 19 June 2025 during the Review Periods;
- (x) a premium of approximately 23.97% over the average closing price of approximately HK\$0.242 during the Review Periods; and

### ***Latest Practicable Date***

- (xi) a discount of approximately 10.45% to the closing price of HK\$0.335 per Common Share as at the Latest Practicable Date.

As depicted in the above chart, 157 out of 248 trading days of the Common Shares were closed at or below the Issue Price of HK\$0.30 per Capitalization Share throughout the Pre Announcement Review Period. During the Pre Announcement Review Period, the closing prices of Common Shares range from HK\$0.065 on 20 May 2025 and 21 May 2025 to HK\$1.050 on 19 June 2025, with an average of approximately HK\$0.233. The closing prices of Common Shares demonstrated a general sideways trend from 30 October 2024 to 13 June 2025. Then, the closing prices of Common Shares demonstrated a high fluctuation during the period from 13 June 2025 to 2 July 2025. The closing prices of Common Shares firstly increased from HK\$0.078 on 13 June 2025 to HK\$1.050 on 19 June 2025, representing an increase of approximately 1,246.1%. Then, The closing prices of Common Shares shortly decreased from HK\$1.050 on 19 June 2025 to HK\$0.375 on 2 July 2025, representing a decrease of approximately 64.3%. We have discussed with the Directors and be advised that no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such high fluctuation of the Common Share price. After that, the closing prices of Common Shares was on a general sideways position during the period from 2 July 2025 to 31 October 2025, ranging from HK\$0.265 per Common Share on 27 August 2025 to HK\$0.520 per Common Share on 15 July 2025, with an average of approximately HK\$0.382 per Common Share.

After the publishment of the announcement in relation to the Loan Capitalization Agreement on 31 October 2025, the closing price of Common Shares represented a general sideways trend, ranging from HK\$0.210 on 5 December 2025 to HK\$0.345 on 14, 15, 16 and 19 January 2026 during the Post Announcement Review Period.

### ***Historical liquidity of the Common Shares***

We also considered the trading liquidity of the Common Shares from the average daily trading volume (the “ADTV”) as a percentage to the total number of issued Common Shares as at the end of the corresponding months/periods as at the end of the corresponding months/periods.

<b>Months/Periods</b>	<b>Number of trading days</b>	<b>ADTV of Common Shares during the months/ periods</b>	<b>Percentage of ADTV to the issued Common Shares % (Note)</b>
<b>2024</b>			
From 30 October 2024 to 31 October 2024	2	2,000	0.0004
November	21	6,476	0.0012
December	20	14,450	0.0028
<b>2025</b>			
January	19	1,474	0.0003
February	20	66,000	0.0126
March	21	171,143	0.0327
April	19	25,211	0.0048
May	20	27,500	0.0053
June	21	9,434,440	1.8043
July	22	3,220,732	0.6160
August	21	3,600,619	0.6150
September	22	2,869,909	0.4735
October	20	442,138	0.0729
		Maximum	1.8043
		Minimum	0.0003
		Mean	0.2801
The Pre Announcement Review Period	248	1,705,537	0.2814
November	20	302,200	0.0490
December	21	317,619	0.0515
<b>2026</b>			
From 2 January 2026 to the Latest Practicable Date	16	416,375	0.0675
		Maximum	0.0675
		Minimum	0.0490
		Mean	0.0560
The Post Announcement Review Period	57	339,930	0.0551

*Source: Website of the Stock Exchange (www.hkex.com.hk)*

*Note:* It is calculated by dividing the average daily trading volume of Common Shares for the month/period by the total number of Common Shares in issue at the end of month/period.

As illustrated in the above table, the ADTV of the Common Shares during the Pre Announcement Review Period ranged from approximately 1,474 Common Shares to approximately 9,434,440 Common Shares, representing from approximately 0.0003% to approximately 1.8043% of the total number of the issued Common Shares. The ADTV of the Common Shares was approximately 1,705,537 Common Shares during the Pre Announcement Review Period, representing approximately 0.2814% of the total number of the issued Common Shares. We noted that 210 out of 248 trading days of the Common Shares were closed below 1,705,537 Common Shares, representing approximately 84.7% of the trading days during the Pre Announcement Review Period. We also noted that except for the month of June 2025, the percentage of ADTV to the issued Common Shares of the months/period were less than 1%.

During the Post Announcement Review Period, the ADTV of the Common Shares ranged from approximately 302,200 Common Shares to approximately 416,375 Common Shares, representing from approximately 0.0490% to approximately 0.0675% of the total number of the issued Common Shares. The ADTV of the Common Shares was approximately 339,930 Common Shares during the Post Announcement Review Period, representing approximately 0.0551% of the total number of the issued Common Shares.

Regarding the relatively high trading volume of the Common Shares during the month of June 2025, we have discussed with the Directors and be advised that no particular news or announcement were made by the Company during the that period and the Directors are not aware of any reason for such volatility of the trading volume of the Common Shares.

#### ***Comparable analysis of the Issue Price***

In assessing whether the Issue Price is fair and reasonable, we have performed an analysis on the comparison between the Loan Settlement and other subscription conducted by other listed companies on the Stock Exchange which were announced from 1 January 2025 to the Latest Practicable Date. We identified an exhaustive list of 14 comparables (the “**Shares Issue Comparables**”) based on the selection criteria that

- (i) the shares of the company are listed on the Stock Exchange;
- (ii) the subscriptions of new shares are issued on specific mandate;
- (iii) the new shares are issued to connected persons;
- (iv) the use of proceeds from the subscriptions are fully utilised for repayment of debts or loan capitalization; and
- (v) the transactions are not involving in (a) the issue of new shares for restructuring scheme, creditors’ scheme, emolument or acquisition purposes, or A shares or domestic shares; and (b) the application for whitewash waiver or general offer obligations under the Code on Takeovers and Mergers and Share Buy-backs.



We consider that the abovementioned selection criteria of the Shares Issue Comparables during the period from 1 January 2025 to the Latest Practicable Date allows us to (i) capture the Shares Issue Comparables, which could provide a general reference for the recent market practice in relation to the principal terms for subscription of new shares under specific mandate by connected persons; and (ii) generate a sufficient sample size for the purpose of our comparable analysis. Shall the Shares Issue Comparables be different in their principal activities, business nature, market capitalisations, financial performance and financial positions as compared to the Company, having considered that our analysis is mainly concerned of the principal terms for subscription of new shares under specific mandate by connected persons under the prevailing market condition and sentiment, we consider that the Shares Issue Comparables can provide a general reference in relation to the terms for subscription of new shares under specific mandate by connected persons under recent market condition and sentiment. In view of the above, we are of the view that the Shares Issue Comparables are fair and representative.

Details of the Share Issue Comparables are set out below:

No.	Name of company (stock code)	Date of initial announcement	Premium/ (Discount) of subscription price over/ to closing price per share on the last trading day prior to/on the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/ to average closing price per share on the last 5 consecutive trading days prior to/on the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/ to average closing price per share on the last 10 consecutive trading days prior to/on the date of the relevant announcement/ agreement (%)
1	CHK Oil Limited (632)	17 January 2025	5.06	(5.03)	(15.56)
2	Cornerstone Technologies Holdings Limited (8391)	21 January 2025	0.00	0.00	(0.99)
3	Zall Smart Commerce Group Limited (2098)	27 January 2025	(10.34)	(9.72)	(10.50)
4	Regent Pacific Group Limited (575)	7 April 2025	0.00	16.00	13.00
5	Zhonghua Gas Holdings Limited (8246)	16 April 2025	0.00	0.00	0.25
6	China HK Power Smart Energy Group Limited (931)	17 April 2025	0.00	(0.51)	(4.41)

No.	Name of company (stock code)	Date of initial announcement	Premium/ (Discount) of subscription price over/ to closing price per share on the last trading day prior to/on the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/ to average closing price per share on the last 5 consecutive trading days prior to/on the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/ to average closing price per share on the last 10 consecutive trading days prior to/on the date of the relevant announcement/ agreement (%)
7	GoFintech Quantum Innovation Limited (290)	29 April 2025	4.92	2.56	1.75
8	SuperRobotics Holdings Limited (8176)	7 May 2025	0.00	(1.80)	(4.46)
9	New City Development Group Limited (456)	18 June 2025	(4.95)	(7.53)	(12.99)
10	New Concepts Holdings Limited (2221)	25 August 2025	13.64	14.94	12.36
11	Sheng Tang Holdings Limited (8305)	26 September 2025	(24.00)	(18.10)	(13.10)
12	Zhonghua Gas Holdings Limited (8246)	20 October 2025	8.89	0.41	(7.20)
13	Chuanglian Holdings Limited (2371)	24 October 2025	8.57	8.57	8.57
14	Central Development Holdings Limited (745)	28 November 2025	(3.61)	(8.05)	(8.68)
		Maximum	13.64	16.00	13.00
		Minimum	(24.00)	(18.10)	(15.56)
		Mean	(0.13)	(0.59)	(3.00)
		Median	0.00	(0.26)	(4.44)
	The Company (3395)	31 October 2025	(1.64)	(1.32)	(2.60)

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Based on the above Share Issue Comparables, we can summarise our findings:

- (i) the subscription price to the closing price prior to/on the respective date of the relevant announcement/agreement of the Share Issue Comparables ranged from a premium of approximately 13.64% to a discount of approximately 24.00%, with an average slight discount of approximately 0.13% and a median nil discount. The Issue Price represents a slight discount of approximately 1.64% to the closing price per Common Share on the date of the Loan Capitalization Agreement, which is close to the average slight discount and median nil discount of the Share Issue Comparables;
- (ii) the subscription price to the average closing price for the last five consecutive trading days immediately prior to/on the respective date of the relevant announcement/agreement of the Share Issue Comparables ranged from a premium of approximately 16.00% to a discount of approximately 18.10%, with an average and median slight discount of approximately 0.59% and 0.26% respectively. The Issue Price represents a slight discount of approximately 1.32% to the average closing price per Common Share for the last five consecutive trading days immediately prior to the date of the Loan Capitalization Agreement, which is also close to the average slight discount and median slight discount of the Share Issue Comparables; and
- (iii) the subscription price to the average closing price for the last ten consecutive trading days immediately prior to/on the respective date of the relevant announcement/agreement of the Share Issue Comparables ranged from a premium of approximately 13.00% to a discount of approximately 15.56%, with an average and median slight discount of approximately 3.00% and 4.44% respectively. The Issue Price represents a slight discount of approximately 2.60% to the average closing price per Common Share for the last ten consecutive trading days immediately prior to the date of the Loan Capitalization Agreement, which is better than the average and median slight discount of the Share Issue Comparables.

#### ***Other terms of the Loan Capitalization Agreement***

Furthermore, we have also reviewed other terms of the Loan Capitalization Agreement, including, among others, the Conditions Precedent, and nothing has come to our attention that they are not on normal commercial terms. For details, please refer to the paragraph headed “Conditions Precedent” in the Letter from the Board.

### ***Our view***

Taking into account,

- (i) 157 out of 248 trading days of the Common Shares were closed at or below the Issue Price of HK\$0.30 per Capitalization Share throughout the Pre Announcement Review Period;
- (ii) the Issue Price represents (a) a premium of approximately 28.76% over the average closing price of approximately HK\$0.233 during the Pre Announcement Review Period; and (b) a premium of approximately 6.38% over the average closing price of approximately HK\$0.282 during the Post Announcement Review Period, representing no discount offered to Mr. Liu in the Loan Settlement;
- (iii) except for the period from 13 June 2025 to 2 July 2025, the closing price of the Common Shares was generally in a sideways trend during the Pre Announcement Review Period and the Post Announcement Review Period;
- (iv) except for the month of June 2025, the trading volume of the Common Shares was generally thin during the Pre Announcement Review Period and the Post Announcement Review Period;
- (v) the slight discounts represented by the Issue Price to the closing price on the date of the Loan Capitalization Agreement, the average closing price per Common Share for the last five consecutive trading days immediately prior to the date of the Loan Capitalization Agreement and the average closing price per Common Share for the last ten consecutive trading days immediately prior to the date of the Loan Capitalization Agreement are close to the average and median slight discount of the Share Issue Comparables respectively;
- (vi) the Loan Settlement would strengthen the capital base and financial position of the Company;
- (vii) the reasons for and benefits of the Loan Settlement as discussed in the paragraph headed “3. Reasons for and benefits of the Loan Settlement” above in this letter; and
- (viii) the Conditions Precedent of the Loan Capitalization Agreement are on normal commercial terms,

we are of the view that the principal terms of the Loan Capitalization Agreement (including the Issue Price) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

## **5. Potential dilution on shareholdings of the Shareholders**

As illustrated in the section headed “Effect of the Loan Settlement on the shareholding structure of the Company” in the Letter from the Board, the shareholding in the Company held by existing public Shareholders would be diluted from approximately 45.38% as at the Latest Practicable Date to approximately 33.85% immediately upon Completion (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of Completion, except for the allotment and issue of the Capitalization Shares).

We are aware of the potential dilution effect as a result of the Loan Settlement. Nonetheless, we consider that the foregoing should be balanced by the following factors (i) the Company is in high gearing position with a net liabilities position, representing the immediate need to lower the Company’s gearing ratio, broaden the Company’s capital base and maintain the Company’s stable business operations by the Loan Settlement; (ii) the factors as discussed in the paragraph headed “3. Reasons for and benefits of the Loan Settlement” above in this letter; (iii) the principal terms of the Loan Capitalization Agreement (including the Issue Price) are on normal commercial terms, fair and reasonable as discussed in the paragraph headed “4. Principal terms of the Loan Capitalization Agreement” above in this letter; (iv) the Loan Settlement would strengthen the capital base and financial position of the Company; and (v) the positive impact on the financial position of the Company as a result of the Loan Settlement as discussed in the paragraph headed “6. Possible financial effect of the Loan Settlement” below in this letter. Having considered the above, we consider that the dilution effect on the shareholding interests of the Company’s existing public Shareholders as a result of the Loan Settlement is acceptable.

## **6. Possible financial effect of the Loan Settlement**

### ***Net liabilities and gearing***

According to the 3rd Quarter Report, the Company’s current liabilities exceeded its current assets by approximately C\$23.2 million as at 30 September 2025. Pursuant to the 3rd Quarter Report, the Company’s net liabilities were approximately C\$32.0 million as at 30 September 2025 and the gearing ratio of the Company was approximately 270%. Upon allotment and issue of the Capitalization Shares and the Loan Settlement, the Company’s liabilities will decrease, and the Company’s equity will increase, resulting in decrease in the Company’s gearing ratio. Assuming that there is no material change on the liabilities position of the Company from 30 September 2025 to the date of the Completion, the Company’s net liabilities will decrease when compared with that of 30 September 2025.

### ***Working capital***

As mentioned in the paragraph headed “3. Reasons for and benefits of the Loan Settlement” above in this letter, the net proceeds of the Loan Settlement will be fully applied for setting off against (i) C\$3,838,150 (equivalent to approximately HK\$21,337,280.41) due under the Shareholder’s Loan in full; and (ii) C\$7,494,290 (equivalent to approximately HK\$41,662,719.59) out of the Debt, upon Completion. Therefore, the working capital of the Company will be improved.

Shareholders should be noted that the abovementioned analysis is for illustrative purpose only and does not purport to represent how the financial position of the Company would be upon completion of the Loan Settlement.

## RECOMMENDATION

Having taken into consideration of the above factors and reasons, we concur with the Directors' view that although the entering of the Loan Capitalization Agreement, including the Loan Settlement, the allotment and issue of the Capitalization Shares, the grant of the Specific Mandate and the transactions contemplated thereunder are not in the ordinary and usual course of the Company's business, the Loan Capitalization Agreement, including the Loan Settlement, the allotment and issue of the Capitalization Shares, the grant of the Specific Mandate and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the Meeting to approve the Loan Capitalization Agreement, the Loan Settlement, the allotment and issue of the Capitalization Shares and the transactions contemplated thereunder (including the grant of the Specific Mandate)

Yours faithfully,  
For and on behalf of  
**Dakin Capital Limited**  
**Tam Kin Fong**  
*Managing Director*

*Note:* Mr. Tam Kin Fong is a responsible officer of Dakin Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

*\* For identification purpose only*

## **SCHEDULE “C”**

### **GENERAL INFORMATION**

#### **1. RESPONSIBILITY STATEMENT**

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

#### **2. SHARE CAPITAL**

The Company’s authorized share structure consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As at the Latest Practicable Date, the Company had 617,264,159 fully paid and non-assessable Common Shares and no preferred shares outstanding. Each Common Share carries the right to one vote at meetings of Shareholders.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

#### **3. DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Common Shares, underlying Common Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

## Interest in Common Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Common Shares	Approximate percentage of issued share capital (%) (Note 3)
Mr. Liu Yongtan (Note 1)	Security interest	181,194,306	29.35
	Interest in controlled corporation and interest of spouse	23,600,000	3.82
Mr. Binyou Dai (Note 2)	Beneficial owner	440,000	0.07

### Notes:

1. Jixing Gas holds 23,600,000 Common Shares and is owned as to 100% by CCJGSA which is owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang Lijun (Mr. Liu's spouse), respectively. CCJGSA also has an interest in 181,194,306 Common Shares as security interests.
2. Mr. Binyou Dai holds 440,000 Common Shares of the Company.
3. The approximate percentage of the Company's issued share capital was calculated on the basis of 617,264,159 Common Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Common Shares, underlying Common Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

## 4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Common Shares or underlying Common Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:



Name of substantial shareholders	Capacity/Nature of interest	Number of Common Shares held	Approximate percentage of issued share capital (%) (Note 5)
Aspen Investment Holdings Ltd. (“ <b>Aspen</b> ”) (Note 1)	Beneficial owner	181,194,306	29.35%
吉林省弘原經貿集團有限公司 (Ji Lin Hong Yuan Trade Group Limited*) (“ <b>JLHY</b> ”) (Note 1)	Interest in controlled corporation	181,194,306	29.35%
長春市麗源投資有限公司 (Changchun Liyuan Investment Co., Ltd.*) (“ <b>Liyuan</b> ”) (Note 1)	Interest in controlled corporation	181,194,306	29.35%
Yuan Jing (“ <b>Mr. Jing</b> ”) (Note 1)	Interest in controlled corporation	181,194,306	29.35%
Guang Jing (Note 1)	Interest in controlled corporation	181,194,306	29.35%
Jixing Gas (Note 2)	Beneficial owner	23,600,000	3.82%
CCJGSA (Note 2)	Security interest	181,194,306	29.35%
	Interest in controlled corporation	23,600,000	3.82%
Zhang Lijun (“ <b>Ms. Zhang</b> ”) (Notes 2 and 3)	Security interest, interest in controlled corporation and interest of spouse	181,194,306	29.35%
	Interest in controlled corporation and interest of spouse	23,600,000	3.82%
Dalian Yongli (Note 4)	Beneficial owner	132,000,000	21.38%
Zhang Zhong (Note 4)	Interest in controlled corporation	132,000,000	21.38%

\* For identification purpose only

*Notes:*

1. Aspen Investment Holdings Ltd. holds 181,194,306 Common Shares and is owned as to approximately 80.78% by JLHY and 19.22% by Liyuan. JLHY is held as to 60% and 40% by Mr. Jing and Mr. Guang Jing (being Mr. Jing's brother), respectively. Liyuan is held as to approximately 98%, 1% and 1% by JLHY, Zhou Li Mei and Jing Yue Li, respectively.
2. Jixing Gas is owned as to 100% by CCJGSA which is owned as to 66.70% and 33.30% by Mr. Liu and Ms. Zhang (Mr. Liu's spouse), respectively. CCJGSA also has an interest in 181,194,306 Common Shares as security interest. Ms. Zhang is the spouse of Mr. Liu.
3. Ms. Zhang is the spouse of Mr. Liu. Accordingly, Ms. Zhang is deemed, or taken to be, interested in the Common Shares which Mr. Liu is interested in for the purposes of the SFO.
4. Zhang Zhong holds 100% of the equity interest in Dalian Yongli and is therefore deemed to be interested in all the Common Shares in which Dalian Yongli is interested in under the SFO.
5. The approximate percentage of the Company's issued share capital was calculated on the basis of 617,264,159 Common Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Common Shares or underlying Common Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

## **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and the Company other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## **6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, the Company since December 31, 2024, being the date of which the latest published audited financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Company.

## **7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Company.

## **8. QUALIFICATIONS AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given its opinions or advice which are contained in this Circular:

<b>Name</b>	<b>Qualification</b>
Dakin Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Dakin did not have any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to, the Company, or was proposed to be acquired or disposed of by, or leased to the Company, since December 31, 2024, being the date to which the latest published audited financial statements of the Company were made up; and was not beneficially interested in the share capital of the Company and had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

Dakin has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

The letter and recommendation given by Dakin is given as of the date of this Circular for incorporation herein.

## **9. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since December 31, 2024, being the date of which the latest published audited financial statements of the Company were made up.

## **10. LITIGATION**

As at the Latest Practicable Date, the Company is not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

## **11. GENERAL**

- (1) The registered office of the Company is at 15th Floor, Bankers Court, 850-2nd Street SW, Calgary, Alberta T2P 0R8, Canada.
- (2) The headquarters and principal place of business of the Company in Canada is at Suite 900, 717 7th Avenue SW, Calgary, Alberta, T2P 0Z3, Canada.
- (3) The principal place of business of the Company in Hong Kong is at Room 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (4) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (5) The joint company secretaries of the Company are Ms. Jun Xiang, the Company's chief financial officer and a member of the Chartered Professional Accountants of British Columbia, Canada, and Ms. Suen Pui Chun Hannah, an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in United Kingdom.

## **12. DOCUMENTS ON DISPLAY**

The following documents will be display on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.jxenergy.ca](http://www.jxenergy.ca) from the date of this circular up to the date of the Meeting be convened:

- (1) the Loan Capitalization Agreement;
- (2) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this Circular;
- (3) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this Circular;
- (4) the written consent from the Independent Financial Adviser as referred to in the paragraph headed "8. Qualifications and Consent of Expert" in this schedule; and
- (5) this Circular.