THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this Prospectus or as to the action to be taken, you should consult your 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 **Grand Ocean Advanced Resources Company Limited**, you should at once hand or forward the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, 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 the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

This Prospectus appears for information only and does not constitute an invitation or offer to shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

Grand Ocean Advanced Resources Company Limited
弘海高新資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

PROPOSED RIGHTS ISSUE ON THE BASIS OF SEVEN (7) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND PROPOSED CHANGE IN BOARD LOT SIZE

Financial Adviser to the Company

寶橋 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

Placing Agent

德林證券 DL SECURITIES

Capitalised terms used in this cover page shall have the same meanings as defined in this Prospectus.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares and is subject to fulfillment of conditions. Pursuant to the Company's constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. The Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this Prospectus. If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 11 November 2026 to Wednesday, 18 November 2026 (both days inclusive). Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 11 November 2026 to Wednesday, 18 November 2026 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Monday, 23 November 2026. The procedure for acceptance and payment or transfer is set out on pages 17 to 18 of this Prospectus.

9 November 2026

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Set out below is the expected timetable for the Rights Issue and the Change in Board Lot Size which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled:

Events	**2026**
Despatch of the Prospectus Documents (including the Prospectus and the PAL) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Monday, 9 November
Last day for trading of the Shares with old board lot size of 4,000 Shares in the original counter	Tuesday, 10 November
First day of dealings in nil-paid Rights Shares in the new board lot of 5,000 Rights Shares	Wednesday, 11 November
Effective date of the change in board lot size from 4,000 Shares to 5,000 Shares	Wednesday, 11 November
Original counter for trading in Shares in old board lot size of 4,000 Shares becomes a counter for trading in the new board lot size of 5,000 Shares	9:00 a.m. on Wednesday, 11 November
Temporary counter for trading in old board lot size of 4,000 Shares opens	9:00 a.m. on Wednesday, 11 November
Parallel trading in Shares commences	9:00 a.m. on Wednesday, 11 November
Designated broker stands in the market to provide matching services for odd lots of Shares (both days inclusive)	Wednesday, 11 November to Monday, 21 December
Latest time for splitting the PALs	4:30 p.m. on Friday, 13 November
Last day of dealings in nil-paid Rights Shares in new board lots of 5,000 Rights Shares	Wednesday, 18 November
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 23 November

Events	2026
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of the Net Gain	4:00 p.m. on Monday, 23 November
Announcement of the number of the Placing Shares subject to the Compensatory Arrangements	Monday, 30 November
Commencement of placing of the Placing Shares by the Placing Agent	Tuesday, 1 December
Temporary counter for trading in the Shares in old board lot of 4,000 Shares closes	4:10 p.m. on Tuesday, 1 December
Parallel trading in Shares ends	4:10 p.m. on Tuesday, 1 December
Last day for free exchange of existing share certificates	Thursday, 3 December
Latest time of placing of the Placing Shares by the Placing Agent	4:00 p.m. on Tuesday, 8 December
Latest time for the Rights Issue and placing of the Placing Shares to become unconditional	4:00 p.m. on Wednesday, 9 December
Announcement of results of the Rights Issue (including results of the placing of the Placing Shares and the amount of the Net Gain per Placing Share under the Compensatory Arrangements)	Friday, 11 December
Despatch of share certificates of fully-paid Rights Shares and refund cheques, if any (if the Rights Issue does not proceed)	Monday, 14 December
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 15 December
Payment of Net Gain to relevant No Action Shareholders or Non-Qualifying Shareholders	Thursday, 24 December

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue and the Change in Board Lot Size set out above and all dates and deadlines specified in this Prospectus are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement(s) by the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if a tropical cyclone warning signal no. 8 (or above), "extreme conditions" caused by super typhoons as announced by the Hong Kong Government, or a "black" rainstorm warning is:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the "Expected Timetable" above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

In this Prospectus, the following expressions have the meanings set out below unless the context requires otherwise:

"Announcement"	the announcement of the Company dated 22 September 2026 relating to, among other things, the Rights Issue and the Change in Board Lot Size
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	Board of Directors
"Business Day"	any day(s) (excluding Saturdays, Sundays and public holidays and any day(s) on which a tropical cyclone warning signal no. 8 (or above) is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"CCASS"	Central Clearing and Settlement System established and operated by HKSCC
"Change in Board Lot Size"	the proposed change in the board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares to 5,000 Shares
"Circular"	the circular of the Company dated 9 October 2026 in relation to the Rights Issue and the Change in Board Lot Size
"Company"	Grand Ocean Advanced Resources Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 65)
"Compensatory Arrangements"	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed "The Compensatory Arrangements" in this Prospectus, involving the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any) by the Placing Agent on a best effort basis pursuant to the Placing Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"EGM"	the extraordinary general meeting of the Company convened and held on 27 October 2026 to consider and, if thought fit, approve, among other things, the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder
"Financing Arrangements"	the financing arrangements for funding the Potential Acquisition, which will serve as evidence of the Group's financial capability to proceed with the Potential Acquisition under the MOUs
"Funding Confirmation"	written confirmation evidencing the availability of funding of not less than HK$200.0 million necessary to complete the Potential Acquisition to be provided by the Purchaser to the Sellers under the Irrevocable Undertaking
"FY2024"	year ended 31 December 2024
"FY2025"	year ended 31 December 2025
"General Rules of HKSCC"	terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Group"	the Company and its subsidiaries
"Hainan Shidong"	Hainan Shidong Investment Company Limited*(海南石東投資有限公司), a company established under the laws of the PRC with limited liability and a shareholder holding 33% of equity interest in the Target Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HY2026"	six months ended 30 June 2026

"Independent Shareholder(s)"	any Shareholder(s), other than (i) all executive and non-executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required to abstain from voting at the EGM under the Listing Rules
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and any of its connected persons in accordance with the Listing Rules
"Intermediary"	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner's broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner's Shares with a CCASS participant
"Irrevocable Undertaking"	the irrevocable undertakings dated 21 September 2026 signed by the Sellers and provided to the Purchaser
"Last Trading Day"	22 September 2026, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
"Latest Acceptance Date"	Monday, 23 November 2026
"Latest Practicable Date"	2 November 2026
"Latest Time for Acceptance"	4:00 p.m. on Monday, 23 November 2026 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
"Latest Time for Termination"	4:00 p.m. on Wednesday, 9 December 2026 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
"Lingshui Wanxing"	Lingshui Wanxing Technology Co., Ltd.*(陵水萬興科技有限公司), a company established under the laws of the PRC with limited liability and a shareholder holding 27% of equity interest in the Target Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"MOU(s)"	a memorandum of understanding dated 3 August 2026 (as supplemented and amended by the Supplemental MOUs dated 21 September 2026 and 30 October 2026 respectively) entered into between Shanghai Wealthy Ocean, as the purchaser, and Ordos Yusheng and Hainan Shidong, both as sellers and being shareholders of the Target Company holding 40% and 33% equity interests in the Target Company respectively in relation to the Potential Acquisition
"Ms. Ji"	Ms. Ji Yuan, the non-executive Director
"National Security Measures"	the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) adopted on 27 November 2020 and jointly promulgated by the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) on 19 December 2020
"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement)
"No Action Shareholder(s)"	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse
"Non-Qualifying Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"NQS Unsold Rights Shares"	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
"Ordos Coal Price Index"	Ordos Coal Price Index published by the Inner Mongolia Coal Trading Centre* (內蒙古煤炭交易中心)
"Ordos Yusheng"	Ordos Yusheng Trading Company Limited* (鄂爾多斯市昱晟商貿有限責任公司), a company established under the laws of the PRC with limited liability and a shareholder holding 40% of equity interest in the Target Company

"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
"PAL(s)"	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placee(s)"	placee(s) who are Independent Third Parties procured or to be procured by the Placing Agent to subscribe for or purchase the Placing Shares pursuant to the provisions of the Placing Agreement
"Placing"	the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any) on a best effort basis by the Placing Agent and/or its sub placing agent(s) to independent placee(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
"Placing Agent"	DL Securities (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the placing agent to the Placing
"Placing Agreement"	the placing agreement dated 22 September 2026 and entered into between the Company and the Placing Agent in relation to the Placing
"Placing Period"	a period commencing from the first Business Day after the date of the announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be Tuesday, 1 December 2026 and ending at 4:00 p.m. on Tuesday, 8 December 2026 or such later date as the Company and the Placing Agent may agree in writing, during which the Placing Agent will carry out the Placing
"Placing Shares"	collectively, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, to be placed to the Placee(s) by the Placing Agent
"Potential Acquisition"	potential acquisition of 20% to 40% equity interest in the Target Company and the transactions (including the coal offtake arrangement) contemplated thereunder under the MOU(s)

"PRC"	the People's Republic of China which, for the purpose of this Prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"Prospectus"	this prospectus to be despatched to the Shareholders by the Company containing details of the Rights Issue and the Change in Board Lot Size
"Prospectus Documents"	the Prospectus and the PAL(s)
"Prospectus Posting Date"	Monday, 9 November 2026 or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
"Public Float Requirement"	the public float requirement under Rule 13.32B of the Listing Rules
"Qualifying Shareholder(s)"	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
"Record Date"	Friday, 6 November 2026 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
"Registrar"	Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company
"Rights Issue"	proposed issue of the Rights Shares on the basis of seven (7) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
"Rights Share(s)"	up to 1,718,758,412 Shares (assuming that there is no change in the number of Shares in issue up to the Record Date)
"SFO"	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
"Shanghai Wealthy Ocean" or "Purchaser"	Shanghai Wealthy Ocean International Trading Co. Ltd（上海弘財國際貿易有限公司）, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

"Share(s)"	ordinary share(s) of par value of HK$0.1 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.280 per Rights Share
"substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Supplemental MOUs"	the supplemental memorandums of understanding dated 21 September 2026 and 30 October 2026 respectively entered into between Shanghai Wealthy Ocean, as the purchaser, and Ordos Yusheng and Hainan Shidong, both as sellers and being shareholders of the Target Company holding 40% and 33% equity interests in the Target Company respectively to supplement the MOU
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs (as amended and supplemented from time to time)
"Target Company"	Ordos Yongshun Coal Company Limited*(鄂爾多斯市永順煤炭有限責任公司), a company established under the laws of the PRC with limited liability
"Target Coal Mine"	the coal mine located in Dongsheng District of Ordos City, Inner Mongolia Autonomous Region
"Unsubscribed Rights Share(s)"	the number of unsubscribed Rights Shares that are not taken up by the Qualifying Shareholders or renouncee(s) or transferees of nil-paid Rights Shares under PAL(s) during the Rights Issue
"2025 Annual Report"	the annual report of the Company for the year ended 31 December 2025
"2026 Interim Report"	the interim report of the Company for the six months ended 30 June 2026
"%"	per cent

* *For identification purposes only*

Grand Ocean Advanced Resources Company Limited
弘海高新資源有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 65)

Executive Director:
Mr. Ng Ying Kit

Non-executive Director:
Ms. Ji Yuan

Independent Non-executive Directors:
Mr. Chang Xuejun
Ms. Liu Luqing
Mr. Lam Tze Chung

Registered Office:
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
8/F
Hip Shing Hong Centre
No. 55 Des Voeux Road Central
Central
Hong Kong

9 November 2026

To the Qualifying Shareholders and,
for information only, the Non-Qualifying Shareholders (if any)

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF SEVEN (7) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND PROPOSED CHANGE IN BOARD LOT SIZE

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among others, the Rights Issue and the Change in Board Lot Size.

At the EGM held on Tuesday, 27 October 2026, the proposed resolution for approving the Rights Issue and the transactions contemplated thereunder was duly approved by the Independent Shareholders, details of which were disclosed in the poll results announcement of the Company dated Tuesday, 27 October 2026.

The purpose of this Prospectus is to provide you with further details on (i) the Rights Issue, including the procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted to you; (ii) the financial information of the Group; and (iii) the general information of the Group.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of seven (7) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK$0.280 per Rights Share, to raise gross proceeds of up to approximately HK$481.25 million by issuing up to 1,718,758,412 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) to the Qualifying Shareholders.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

Assuming the Rights Issue is fully subscribed, the estimated net proceeds of the Rights Issue will be approximately HK$479.75 million (assuming no change in the number of Shares in issue on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed "Use of proceeds" under the section headed "Reasons for and Benefits of the Rights Issue and the Use of Proceeds" in this letter.

Details of the Rights Issue are tabulated below.

Issue statistics

Basis of the Rights Issue	:	Seven (7) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date
Subscription Price	:	HK$0.280 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	245,536,916 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 1,718,758,412 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)

Aggregate nominal value of the Rights Shares	:	Up to HK$171,875,841 (assuming no change in the number of Shares in issue on or before the Record Date)
Net price per Rights Share (i.e. Subscription Price less costs and expenses incurred in the Rights Issue)	:	Approximately HK$0.279127 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date)
Enlarged number of Shares in issue immediately after completion of the Rights Issue	:	Up to 1,964,295,328 Shares (assuming all the Rights Shares being subscribed and/or allotted and there will be no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	Up to approximately HK$481.25 million (assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	:	Up to approximately HK$479.75 million (assuming no change in the number of Shares in issue on or before the Record Date)
Rights of excess application and underwriter	:	There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten
Compensatory Arrangements	:	Any Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any) will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly

As at the Latest Practicable Date, the Company does not have any outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for the Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date, the 1,718,758,412 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent (i) 700% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 87.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

The Company has not received any irrevocable commitments to accept or reject the Rights Issue as at the Latest Practicable Date.

Non-underwritten Basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Company has engaged in extensive discussions with the Placing Agent regarding the feasibility of conducting the Rights Issue on a fully underwritten basis, a partially underwritten basis or a non-underwritten basis. After due consideration, the Company determined to proceed on a non-underwritten basis, as conducting the Rights Issue on an underwritten basis would result in a substantial increase in fundraising costs, given that the underwriting commission would be significantly higher than the placing commission of 1% payable under the Placing Agreement. In addition, the Company has discussed with the Placing Agent, among other things, the client base, placing network, distribution capabilities and the overall placing arrangements of the Placing, and is satisfied that the Placing Agent possesses the requisite experience and resources to effectively carry out the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any).

Furthermore, the Directors are of the view that the proposed allocation of the proceeds from the Rights Issue under the various contemplated scenarios has been structured to strike a balance between the funding requirements of the Group's existing operations and the funding needs associated with either the Potential Acquisition or, where the Potential Acquisition does not materialise, the Coal Supply Agreement (as defined hereinafter).

Accordingly, the Directors consider that conducting the Rights Issue on a non-underwritten basis is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

There are no statutory requirements regarding minimum subscription level in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code.

Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not (i) trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) result in the non-compliance of the Public Float Requirement on the part of the Company.

The Public Float Requirement under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 13.32B of the Listing Rules.

The Subscription Price

The Subscription Price of HK$0.280 per Rights Share will be payable in full upon acceptance of the relevant provisional allotment of Rights Shares from a Qualifying Shareholder or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of 12.50% to the closing price of HK$0.320 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 9.80% over the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 7.69% over the average closing price of approximately HK$0.260 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;

(iv) a premium of approximately 5.66% over the average closing price of approximately HK$0.265 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the Last Trading Day;

(v) a discount of approximately 32.04% to the unaudited consolidated net assets value per Share attributable to the Shareholders of approximately HK$0.412 as at 30 June 2026 (based on the latest published unaudited consolidated net assets value of the Group attributable to the Shareholders of approximately HK$101,106,000 and 245,536,916 Shares in issue as at 30 June 2026); and

(vi) a premium of approximately 0.72% over the theoretical ex-rights price of approximately HK$0.278 per Share based on the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK$0.260 per Share.

The Rights Issue would not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) as the Subscription Price of HK$0.280 per Rights Share is higher than the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK$0.260 per Share.

The Subscription Price was determined with reference to, among other things, (i) the recent market price of the Shares under the prevailing market conditions; (ii) the latest financial position of the Group; and (iii) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for and Benefits of the Rights Issue and the Use of Proceeds" in this letter.

In determining the Subscription Price, the Directors have reviewed:

(i) the closing prices of the Shares over the last three-month period immediately prior to the Last Trading Day (i.e. from 23 June 2026 to 22 September 2026, the "**Review Period**"). During the Review Period, the highest and lowest closing prices of the Shares were HK$0.315 and HK$0.190 respectively and the average closing prices was approximately HK$0.240. The Subscription Price of HK$0.280 per Rights Share represents (i) a premium of approximately 14.29% and 32.14% over the respective average and lowest closing prices of the Shares for the Review Period; and (ii) a discount of approximately 12.50% to the highest closing price of the Shares for the Review Period;

(ii) the current financial position of the Group, which the Group had reported net assets attributable to the Shareholders of approximately HK$101.1 million as at 30 June 2026 and, the Subscription Price of HK$0.280 per Rights Share represents a discount of approximately 32.04% to the unaudited consolidated net assets value per Share of approximately HK$0.412 as at 30 June 2026; and

(iii) the reasons for and benefits of the Rights Issue, taking into account the funding required for the Potential Acquisition and the enhancement of the existing coal mining operations.

In light of the above, the Directors consider that the prevailing Share prices and overall price trends during the Review Period reflected the market's assessment of the Group's recent financial position, as well as prevailing market sentiment. Taking into account that the Subscription Price of HK$0.280 per Rights Share falls within the range of the closing prices of the Shares during the Review Period and represents a premium of approximately 14.29% over the average closing price per Share during the Review Period, the Directors consider that the Subscription Price is fair and reasonable. In addition, the Subscription Price was determined after taking into account both the Group's funding requirements and the interests of the Shareholders, with the objective of enabling the Company to raise the necessary funds while affording Qualifying Shareholders a reasonable opportunity to maintain their respective proportional shareholding interests in the Company through participation in the Rights Issue.

The Directors consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK$0.279127 per Rights Share.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

(i) the passing of the Independent Shareholders at the EGM of an ordinary resolution to approve the Rights Issue, the Placing Agreement and the respective transactions contemplated thereunder (more than 50% of the Independent Shareholders either in person or by proxy at the EGM by way of poll);

(ii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;

(iii) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus Document on the website of the Stock Exchange on or before the Prospectus Posting Date;

(iv) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms in the new board lot size of 5,000 Shares; and

(v) the Placing Agreement not having been terminated pursuant to the terms thereof, and remaining in full force and effect.

All conditions set out above cannot be waived. If any of the above conditions is not fulfilled at or prior to the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, save and except for condition (i), none of the above conditions precedent has been fulfilled.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully-paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will treat nominees (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, 30 October 2026.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of seven (7) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by 4:00 p.m. on the Latest Acceptance Date.

Rights of the Overseas Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, the Company had a total of six (6) Overseas Shareholders with registered address in the PRC holding an aggregate of 58,965,945 Shares, representing approximately 24.02% of the total issued share capital of the Company.

The Company has made enquiries in accordance with Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to such six (6) Overseas Shareholders. Taking into account the legal advice provided by legal adviser in the PRC, the Directors are of the view that the relevant PRC legal restrictions and requirements of the regulatory body or stock exchange in the PRC do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses located in the PRC from the Rights Issue. Therefore, such Overseas Shareholders are not Non-Qualifying Shareholders and the Rights Issue will be extended to such Overseas Shareholders.

The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Save for the abovementioned Overseas Shareholders whose registered address is in the PRC, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date. As the register of members of the Company had already been closed as at the Latest Practicable Date and would remain closed up to the Record Date, there would be no additional Overseas Shareholder and hence no Non-Qualifying Shareholders on the Record Date.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK$100 or less for its own benefit.

It is the responsibility of each Overseas Shareholder who wishes to take part in the Rights Issue to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territories and jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Monday, 23 November 2026. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR INVESTOR SERVICES LIMITED – CLIENT A/C NO. 106" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 23 November 2026, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 13 November 2026 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" hereinabove are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 14 December 2026.

No receipt will be issued in respect of any application monies received.

Actions to be taken by beneficial owners holding Shares through CCASS

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of HKSCC, HKSCC Operational Procedures and any other applicable requirements of CCASS.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out above, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Monday, 14 December 2026 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, to their registered addresses at their own risk.

If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Monday, 14 December 2026 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

No Fractional entitlement to the Rights Shares

No fractional entitlements to the Rights Shares will be provisionally allotted to the Qualifying Shareholders. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expense) can be obtained. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Odd lot arrangement

No odd lot matching services will be provided by the Company in respect of the Rights Shares.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Rights Shares in both their nil-paid and fully-paid forms.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares (in both nil-paid and fully-paid forms) will be in the new board lots of 5,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. The Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

The Compensatory Arrangements

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of any Unsubscribed Rights Shares and NQS Unsold Rights Shares by offering such Unsubscribed Rights Shares and NQS Unsold Rights Shares to independent placees for the benefit of those Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(1)(a) of the Listing Rules.

Accordingly, on 22 September 2026 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (i.e. "**Net Gain**") will be paid to the relevant No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 8 December 2026, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on a pro rata basis (but rounded down to the nearest cent):

A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights lapse) whose nil-paid rights are not validly accepted in full, by reference to the extent to which the Shares comprised in his/her/its nil-paid rights are not validly accepted; and

B. the relevant Non-Qualifying Shareholders by reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK$100 for its own benefit.

THE PLACING AGREEMENT

On 22 September 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement.

The principal terms of the Placing Agreement are set out below.

Date	:	22 September 2026 (after trading hours)
Issuer	:	The Company
Placing Agent	:	DL Securities (HK) Limited The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not a Shareholder; and (ii) are Independent Third Parties.
Placing Period	:	A period commencing from the first Business Day after the date of the announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be Tuesday, 1 December 2026, and ending at 4:00 p.m. on Tuesday, 8 December 2026 or such later date as the Company and the Placing Agent may agree in writing.

Commission and expense	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars equivalent to 1% of the amount which is equal to the placing price multiplied by the number of Placing Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
Placing price of the Placing Shares	:	The placing price of the Placing Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Placing Shares.
Placees	:	The Placing Agent undertakes to use its best endeavours to procure that (i) the Placing Shares shall only be placed to professional persons, institutional and/or individual investor(s) who and whose respective ultimate beneficial owner(s) shall be Independent Third Parties and are not acting in concert with any of the Company, its connected persons (as defined in the Listing Rules) and their respective associates; (ii) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.
Ranking of the successfully placed Placing Shares	:	The successfully placed Placing Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue.
Conditions of the Placing Agreement	:	The Placing is conditional upon the fulfilment of the following conditions: (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and the NQS Unsold Rights Shares; (ii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and, if thought fit, approve, among others, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder;

(iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and

(iv) the Placing Agreement not having been terminated pursuant to the terms thereof.

In the event that the above conditions precedent (other than (iii) and (iv) above which can be waived by the Placing Agent in its absolute discretion) have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

Termination and Force Majeure : If any of the following events occur at any time prior to the Latest Time for Termination, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, provided that such notice is received prior to 10:00 a.m. on the Business Day immediately preceding the Latest Time for Termination, the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

(a) there develops, occurs or comes into force:

(i) any event, development or change and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong, national or international, or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement; or

(ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

(iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Company; or

(iv) a material adverse change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or

(v) any litigation or claim being instigated against any member of the Company, which has or may have a material adverse effect on the business or financial position of the Company and which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing; or

(b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to completion which, if it had occurred or arisen before the date of the Placing Agreement, would have rendered any of such representations and warranties untrue or incorrect in any material respect, or there has been a material breach by the Company of any other provision of the Placing Agreement; or

(c) there is any adverse change in the financial position of the Company which is material in the context of the Placing; or

(d) there occurs any adverse change in market conditions which makes it inexpedient or inadvisable to proceed, or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive Business Days, excluding any suspension in connection with the clearance of the announcement, the circular or other documents in connection with the Placing; or

(e) the Placing Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any placees as contemplated in the Placing Agreement.

The terms of the Placing Agreement, including the commission payable, was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Company, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Placing Shares will be placed by the Placing Agent to independent placees on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Placing Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole after taking into account the following considerations:

(i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the respective No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to the Placing will be borne by the Company;

(ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. The Placing Agent and its ultimate beneficial owner(s) (i) are not a Shareholder; and (ii) are Independent Third Parties;

(iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the Company, and a compensatory mechanism for the Qualifying Shareholders and the Non-Qualifying Shareholders. Besides, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangements is acceptable; and

(iv) the terms of the Placing Agreement, including the placing commission, are on normal commercial terms.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in the production and sale of coal.

The Rights Issue will serve a dual purpose, safeguarding the continued enhancement of the Group's existing coal mining operations and general working capital requirements as well as financing the Potential Acquisition.

Upgrading the Coal Mining Infrastructures of Inner Mongolia Coal Mine 958

The Group currently operates a coal mine (the "**Inner Mongolia Coal Mine 958**") in Inner Mongolia through an indirect non wholly-owned subsidiary, namely, Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited. The Inner Mongolia Coal Mine 958 has an approved annual coal production capacity of 1,200,000 tonnes.

As reported in the 2025 Annual Report, the Group recorded declines in both coal output and revenue for FY2025 as compared with FY2024. The Group produced and sold approximately 870,000 tonnes of coal during FY2025, as compared with 902,000 tonnes and 908,000 tonnes produced and sold respectively, in FY2024. In view of tighter regulatory requirements of the PRC coal mining industry, particularly related to the intelligent mining, production safety and environmental protection, the Inner Mongolia Coal Mine 958 requires significant capital investment to upgrade aged infrastructures and purchase new mining machineries to meet the new industry standards after approximately 15 years of use.

Compliance with the relevant safety regulations requires reliable dual-circuit power supply system, advanced mechanisation and intelligent monitoring to mitigate major safety system hazards. Furthermore, more advanced machinery is required to carry out mining operations for the current complex underground geographical conditions to ensure safe and efficient extraction of mineable resources. Purchasing modern equipment will not only secure compliance with government safety standards but also reduce operational risks, such as regulatory intervention and enforced suspension, thereby safeguarding both production continuity and labour safety. In light of the above and following the grant of land use rights certificate to the Inner Mongolia Coal Mine 958 in 2025, the Board considers it is the right time to raise funding to sustain the future mining operations.

Coal business development of the Group

The National Security Measures was officially came into force on 18 January 2021. Pursuant to the National Security Measures, foreign investments in specific sectors including energy and resources, if considered important energy and resources related to national security, are subject to mandatory national security review (the "**National Security Review**"). The National Security Review would be a prolonged process to the completion of acquisition of controlling equity interests or obtaining de facto controls in coal mines in the PRC which are classified as "important energy and resources related to national security", whereas Hong Kong enterprises (including Hong Kong listed companies) are classified as foreign investors and required to comply with the National Security Measures as advised by the Company's PRC legal advisers.

Over the years, the Group has been actively pursuing investment opportunities in mining and energy markets with an aim to mitigate the pressures and difficulties faced by the Inner Mongolia Coal Mine 958 and to broaden and strengthen the Group's business portfolio. In view of the demand of power for high technology sectors development such as artificial intelligence ("**AI**"), the Group has intensified its efforts in identifying coal mine targets in the Inner Mongolia region, the PRC.

In light of the new National Security Measures, the Company has been advised that acquisition of minority equity interests in the Target Company represents a feasible and certain transaction structure for the Potential Acquisition in a timely manner. This approach will ensure adherence to the applicable regulatory framework, facilitate approval processes, and mitigate the risk of non-compliance with national security and foreign investment controls.

In this context, the Group entered into the MOUs in respect of the Potential Acquisition (together with the coal offtake arrangement). The Directors believe that the Potential Acquisition will create strategic value for the Company by increasing coal reserves in the Inner Mongolia region, the PRC and broadening the geological strength and revenue stream of its coal business through the coal offtake arrangement, thereby serving the interests of the Company and its Shareholders as a whole. In addition, the Sellers have irrevocably undertaken to the Purchaser under the Irrevocable Undertaking that subject to the Purchaser providing satisfactory Funding Confirmation, the Sellers shall dispose of and transfer to the Purchaser the agreed equity interest in the Target Company pursuant to the MOUs. In the event the Potential Acquisition cannot proceed, the Sellers shall procure the Target Company to enter into a coal supply agreement with the Purchaser (the "**Coal Supply Agreement**"). Further details of the MOUs and the Potential Acquisition are included in the section headed "The MOUs and the Potential Acquisition" in this letter.

Progress has been made in advancing the Potential Acquisition. Professional advisers, including legal counsel, financial advisers, and valuation experts, have been engaged for the Potential Acquisition. In addition, technical experts have been appointed to prepare a Competent Person's Report on the Target Coal Mine in compliance with the requirements of the Listing Rules. These steps form part of the necessary preparatory work to ensure regulatory compliance and to support the Company's consideration of the Potential Acquisition. In addition, the Company has performed site visits and conducted due diligence on the business and financials of the Target Company and the Target Coal Mine, results of which are satisfactory to the management of the Group. As a condition precedent to the execution of the formal equity transfer agreement, the Group must have secured the Financing Arrangements required for the Potential Acquisition, which the Sellers required the Group to provide evidence of fund demonstrating its ability to make such payment prior to the execution of the formal equity transfer agreement. It was initially expected that the Group would enter into the formal equity transfer agreement in early November 2026, the signing is now expected to take place in December 2026, following completion of Rights Issue, which is also expected to occur in December 2026, as the Sellers have requested a refundable down payment of 20% of the consideration of the Potential Acquisition, payable within three (3) Business Days upon signing of the formal equity transfer agreement.

Replenishment of general working capital

As disclosed in 2025 Annual Report and 2026 Interim Report, the Company recorded net losses of approximately HK$63.8 million, HK$69.4 million, and HK$10.8 million for FY2024, FY2025 and HY2026 respectively. The decline was mainly attributable to reduced output and revenue from the Inner Mongolia Coal Mine 958, arising from the aged infrastructure and mining equipment, together with more complex underground geological conditions. In addition, the Group reported a decrease in cash and cash equivalents from approximately HK$71.4 million as at 31 December 2025 to approximately HK$43.9 million as at 30 June 2026 (of which approximately HK$59.7 million and HK$32.4 million were kept in the PRC as at 31 December 2025 and 30 June 2026 respectively) as well as a net operating cash outflow of approximately HK$21.7 million for HY2026 and approximately HK$10.7 million for FY2025.

Reflecting the declining cash flow position of the Group and as the Group's operating cashflows are primarily generated in the PRC, the Board has resolved to allocate up to HK$20.0 million for replenishment of the Group's general working capital. The proceeds will be deployed as to 80% and 20% for operations in Hong Kong and the PRC respectively to support essential expenditures including payroll, rental, and administrative expenses, as well as legal, audit, and other professional fees, thereby ensuring the Group's ability to maintain an appropriate level of liquidity and meet its ongoing obligations.

Board's View

In light of the capital investment requirement of the Inner Mongolia Coal Mine 958 and the size of the Potential Acquisition or if the Potential Acquisition cannot proceed, the Coal Supply Agreement pursuant to the Irrevocable Undertaking, the Board has evaluated the Group's existing financial capabilities and settlement plans for the associated financial obligations. After considering various financing alternatives, the Board has concluded that the Rights Issue is both timely and necessary. It will enable the Group to meet the financing requirements of the Potential Acquisition, satisfying the necessary capital investment in the Inner Mongolia Coal Mine 958 as well as strengthening the operating working capital base of the Group while providing Shareholders with an opportunity to participate in the Company's equity fundraising activities at prevailing market prices of the Shares.

In the event that the funds raised from the Rights Issue are less than anticipated, the Group will acquire a reduced percentage of equity interest in the Target Company, in accordance with the terms mutually agreed with the Sellers. This flexibility ensures that the transaction will remain viable even under constrained funding scenarios. Nevertheless, raising sufficient funds is crucial to the Group, as it directly determines the scale of equity interests of the Target Company to be acquired, and the timely completion of the Potential Acquisition. Shareholders will also be able to benefit from the potential development in the coal mining business of the Group when the strategic benefits of the Potential Acquisition materialises.

Furthermore, the Board considers that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the Rights Issue represents a critical financing initiative that will reinforce the Group's existing mining operations while simultaneously supporting the Potential Acquisition and the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the aforesaid factors.

Use of proceeds

Assuming the Rights Issue is fully subscribed, the estimated gross proceeds of the Rights Issue will be approximately HK$481.25 million (assuming no change in the number of Shares in issue on or before the Record Date). The corresponding estimated net proceeds of the Rights Issue, after deducting the related expenses, will be approximately HK$479.75 million, which are intended to be used in the following manner:

		Amount HK$' million *Approximate*	Percentage to the net proceeds *Approximate*
1.	Enhancing the existing coal mine infrastructures, facilities and machineries:		
	(i) Upgrading the existing aged underground supporting frames and infrastructures and purchasing of 20 units hydraulic roof support;	17.40	3.63%
	(ii) Setting up a double-circuit underground electrical wiring system;	40.37	8.41%
	(iii) Building an enclosed coal yard for coal storage; and	20.18	4.21%
	(iv) Upgrading the existing power generator set and other aged equipment including coal conveying belt	14.15	2.95%
	Subtotal	**92.10**	**19.20%**
2.	Setting up and upgrading the software of control and monitoring systems of the existing coal mine:		
	(i) Setting up coal conveying belt monitoring and control system;	3.83	0.80%
	(ii) Upgrading the existing safety production, ventilation and gas monitoring system; and	7.40	1.54%
	(iii) Setting up 5G labour positioning system	2.55	0.53%
	Subtotal	**13.78**	**2.87%**

		Amount HK$' million *Approximate*	Percentage to the net proceeds *Approximate*
3.	Consideration for the Potential Acquisition and the relevant costs and expenses:		
	(i) Consideration of the Potential Acquisition	348.00	72.54%
	(ii) Relevant costs and expenses, including professional fees in relation to the Potential Acquisition	5.87	1.22%
	Subtotal	**353.87**	**73.76%**
4.	General working capital		
	(i) Payroll expenses – administrative staff, including directors' remuneration and senior management	11.83	2.47%
	(ii) Rental and administrative expenses		
	(a) Rental expense	3.02	0.63%
	(b) Other administrative expenses, including the annual listing fee, financial printing fee, Hong Kong and Cayman Islands share registrar service fee, insurance, etc.	2.15	0.45%
	Subtotal	5.17	1.08%
	(iii) Legal, audit and other professional fees		
	(a) Legal fee	0.75	0.16%
	(b) Audit fee	1.50	0.30%
	(c) Other professional fees	0.75	0.16%
	Subtotal	3.00	0.62%
	Subtotal	**20.00**	**4.17%**
Total		**479.75**	**100.00%**

In the event of undersubscription of the Rights Issue, the net proceeds raised will be applied on the following basis:

The Potential Acquisition

The Potential Acquisition involves the acquisition of 20% to 40% equity interest in the Target Company. The Group and the Sellers have agreed that the formal equity transfer agreement will be executed once the percentage of equity interest to be acquired and the consideration are determined, having regard to the funding available from the Rights Issue and the valuation of the Target Company.

Pursuant to the MOUs, the proposed consideration for the Potential Acquisition will be settled in cash and is expected to be no more than RMB300.0 million (equivalent to approximately HK$348.0 million), subject to valuation and mutual agreement of the parties. The Group initially expected to enter into the formal equity transfer agreement in early November 2026, the signing is now expected to take place in December 2026, following completion of Rights Issue, which is also expected to occur in December 2026. The refundable down payment, representing 20% of the consideration, shall be payable within three (3) Business Days upon signing of the formal equity transfer agreement.

Subject to the fulfilment of conditions precedent of the Potential Acquisition, 20% of the consideration is expected to be utilised in December 2026 as the down payment, and the remaining 80% of the consideration is expected to be utilised upon completion of the Potential Acquisition in the first quarter of 2027. Based on maximum consideration of RMB300.0 million (equivalent to approximately HK$348.0 million) for 40% equity interest of the Target Company, 20% equity interest in the Target Company would be valued at approximately RMB150.0 million (equivalent to approximately HK$174.0 million), together with transaction-related costs of approximately HK$5.9 million, resulting in a total of approximately HK$179.9 million.

In consideration of the relevant size of proceeds to be applied for the Potential Acquisition,

(i) if the net proceeds raised from the Rights Issue are less than HK$200.0 million, all proceeds will be applied to upgrading coal mining infrastructure of the existing coal mine and general working capital of the Group;

(ii) if the net proceeds raised from the Rights Issue are equal to or exceed HK$200.0 million, the net proceeds will be applied first towards payment of the consideration for the Potential Acquisition and the associated costs and expenses, provided that the equity interest to be acquired in the Target Company will not be less than 20%; and with any remaining proceeds allocated on a pro-rata basis for upgrading coal mining infrastructure of the existing coal mine and general working capital of the Group; and

(iii) if the net proceeds raised from the Rights Issue are equal to or exceed HK$200.0 million and the Potential Acquisition would not proceed, the net proceeds will be applied first towards the advance payment of the Coal Supply Agreement of RMB100.0 million (equivalent to approximately HK$116.0 million) pursuant to the Irrevocable Undertaking; and with any remaining proceeds allocated on a pro-rata basis for upgrading coal mining infrastructure of the existing coal mine and general working capital of the Group. For the avoidance of doubt, assuming the Rights Issue will be fully subscribed, and after taking into account the proposed application of proceeds of approximately HK$241.9 million, comprising (i) approximately RMB100.0 million (equivalent to approximately HK$116.0 million) for the Coal Supply Agreement, (ii) approximately HK$105.9 million for upgrading coal mining infrastructure of the existing coal mine, and (iii) approximately HK$20.0 million for general working capital, the remaining proceeds will amount to approximately HK$237.85 million. Such proceeds will be applied towards the acquisition of other coal mines which may be identified by the Company from time to time.

Existing Coal Mining Operations

Based on the current upgrading plan of Inner Mongolia Coal Mine 958, coal production will continue during the course of the upgrading works and the implementation of the upgrading plan is expected to take a period of around twelve (12) months to complete. The plan comprises mainly the following phases (i) design and planning; (ii) quotation and purchase of systems, materials and machinery; (iii) construction of new infrastructures; and (iv) testings and commissioning. Based on the current planning of the management of Inner Mongolia Coal Mine 958, this part of proceeds from the Rights Issue are anticipated to be fully deployed by 31 December 2027 (i.e. in the next 12 months upon completion of the Rights Issue in December 2026).

General Working Capital

The remaining net proceeds is expected to be fully utilised by 31 December 2027 (i.e. in the next 12 months upon completion of the Rights Issue in December 2026) as the Group's general operating expenses for payroll expenses, rental and administrative expenses as well as professional fees.

In view of the above, the Directors consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Other fund raising alternatives

The Board has considered other fund raising alternatives including but not limited to debt financing and equity financing such as the subscription or placing of new Shares and open offer.

Debt financing will impose a significant interest burden amidst the high-interest rate cycle, which would impair the financial performance of the Group. On the other hand, equity financing will provide the Group with fresh funding without repayment obligations, thereby improving its capital structure and enhancing its future financing capabilities. Therefore, the Board is of the view that the equity financing is a better and more viable option than debt financing for the Company.

As for subscription or placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Group. As for open offer, while it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

Based on the above, despite the potential dilution impact of the Rights Issue on the shareholding interests of the Non-Qualifying Shareholders and those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled, the Directors consider that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole, having considered that the Rights Issue offers all Qualifying Shareholders (i) the first right to maintain their respective pro-rata shareholding interests in the Company and an opportunity to participate in the growth and development of the Group in proportion to their shareholdings; and (ii) the flexibility to deal in the nil-paid rights in the open market.

In view of the above and the reasons described in the section headed "Reasons for and Benefits of the Rights Issue and the Use of Proceeds" above, the Board considers that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund-raising activities in the next 12 months.

THE MOUS AND THE POTENTIAL ACQUISITION

On 3 August 2026, 21 September 2026 and 30 October 2026, Shanghai Wealthy Ocean, an indirect wholly-owned subsidiary of the Company, as the Purchaser, entered into the MOUs with Ordos Yusheng and Hainan Shidong, both being shareholders of the Target Company holding 40% and 33% equity interests respectively (collectively the "**Sellers**" and each a "**Seller**") in relation to the Potential Acquisition. Each of the Sellers, the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

Principal Terms of the MOUs

The principal terms of the MOUs are summarised as follows:

Equity Interest to be acquired

Pursuant to the MOUs, Shanghai Wealthy Ocean proposes to acquire 20% to 40% equity interest in the Target Company. The equity interest of the Target Company to be acquired will be determined upon the confirmation of available funding raised by the Company of not less than HK$200.0 million at the expiry of the exclusivity period given in the MOUs as set out below, which will also be adjusted according to the valuation results given by an independent professional valuer engaged by the Company and final agreement with the relevant Seller. Upon which, a formal equity transfer agreement will be executed within five (5) Business Days as agreed between the Sellers and Shanghai Wealthy Ocean.

Consideration

The proposed consideration in relation to the Potential Acquisition will be settled in cash and is expected to be no more than RMB300.0 million (equivalent to approximately HK$348.0 million), subject to valuation of the Target Company and mutual agreement of the parties. A refundable down payment, being 20% of the consideration shall be payable by the Purchaser to the Seller within three (3) Business Days upon signing of the formal equity transfer agreement. In the event that any condition precedent is not satisfied or waived as the case may be by the agreed date, the down payment shall be refunded to the Purchaser in full no later than three (3) Business Days following termination of the formal equity transfer agreement.

Conditions precedent to the MOUs

The execution of the formal equity transfer agreement of the Potential Acquisition is conditional upon, among other matters, satisfactory due diligence and the Financing Arrangements, valuation confirming that the Target Company's 100% equity value is not less than RMB650.0 million (equivalent to approximately HK$754.0 million, the "**Floor Value**") and in compliance with the Listing Rules, together with other customary conditions applicable to acquisition transactions. The Floor Value is determined based on a preliminary discounted cash flow valuation given by an independent professional valuer engaged by the Company based on a prudent assessment of coal resources data, latest operation metrics and historical financial information up to 30 June 2026 provided by the Target Company. Besides, the Floor Value also represents the lowest valuation of the Target Company acceptable to the Sellers for entering into the formal equity transfer agreement for the Potential Acquisition after arm's length negotiations among the parties.

As at the Latest Practicable Date, the Company together with the competent person and valuer engaged by the Company, have substantially completed their due diligence on the Target Company and the Target Coal Mine, results of which are satisfactory to the management of the Group. The Company has been provided with proper books and records related to the financials of the Target Company as well as sufficient coal resources information and supporting evidence of the Target Coal Mine required for the valuation. Further drilling works in respect of the Target Coal Mine have been completed, and the assay results have been received and are satisfactory to the management of the Group. The competent person engaged by the Company has reviewed the assay results and notes that they conform to the expected calorific values of the coal resources. Such results provided an additional geological information to support the assessment and valuation of its coal resources and reserves. Besides, the PRC legal adviser is conducting the legal due diligence on the Target Company and the Target Coal Mine and preparing its legal opinion covering, among other things, the legality and regulatory compliance of the Target Company and the Target Coal Mine.

If the agreed value of the Target Company, determined with reference to final valuation of the Target Company, exceeds the Floor Value, the Company will apply up to the maximum proceeds of RMB300.0 million (equivalent to approximately HK$348.0 million) to acquire the maximum equity interests possible (subject to the cap of 40%) in the Target Company, enabling the Group to maximise the potential economic benefits from the investment in the Target Company and enhance the volume of coal available to the Group in the coal offtake arrangement. Based on the current assessment of the Company and its independent professional valuer, the final valuation of the Target Company is expected not to exceed RMB800.0 million (equivalent to approximately HK$928.0 million), an amount acceptable to the Group. Accordingly, the maximum proceeds of RMB300.0 million (equivalent to approximately HK$348.0 million) is sufficient for acquisition of the target equity interests in the Target Company as stipulated in the MOUs. As such, the Directors consider the above application of proceeds a fair use of Shareholders' funds.

Management and Governance

The Target Company will continue to be managed by its existing management team, with the participation of the personnel nominated by the Group as disclosed below.

Subject to execution of the formal equity transfer agreement of the Potential Acquisition, Shanghai Wealthy Ocean and the remaining shareholders of the Target Company, will enter into a new shareholders' agreement and articles of association of the Target Company simultaneously, which will provide Shanghai Wealthy Ocean, as a shareholder of the Target Company, with all shareholder rights under the PRC Company Law, including but not limited to rights of dividend distribution, transfer of equity interests, distribution of residual assets, access to information, and voting rights at shareholders' meetings. In proportion to its equity interest, Shanghai Wealthy Ocean shall also be entitled to nominate candidate(s) for the board of directors of the Target Company, and the Seller together with other shareholders shall vote in favour of such nominee(s) at the shareholders' meeting of the Target Company. The director(s) so appointed will participate in the management, financial reporting and decision making of the Target Company within all aspects of the board's authorities.

Apart from the above, by entering into the corresponding offtake arrangement upon completion of the Potential Acquisition, the Group will nominate its existing management of coal operations as a director and being part of the management of the Target Company to operate and monitor the monthly coal production plan and sales of coals produced by the Target Coal Mine, including the determination of the quantity and pricing of the coals to be off-taken by the Group to be agreed in the formal equity transfer agreement, and maintaining proper books and records for coals to be supplied to the Group and subsequently sold to the Group's customers. The Directors consider that such measures will enable the Group to maintain effective oversight of, and visibility over, the sales, operational and financial performance of the Target Coal Mine.

The MOUs further provided that the Target Company shall adopt a stable dividend distribution policy (the "**Dividend Distribution**"). Subject to applicable laws, the articles of association, and the operational requirements of the Target Company, not less than fifty percent (50%) of its distributable net profit shall, in principle, be allocated to shareholders after each fiscal year in form of dividend, with the specific distribution plan to be reviewed and approved by the shareholders' meeting in accordance with the law.

Coal Offtake Arrangement to the Potential Acquisition

In conjunction with the Potential Acquisition, the Sellers shall procure the Target Company to enter into a 5-year coal offtake arrangement (renewable at the option of the Purchaser for successive periods of five (5) years until the expiry of the mining period as stipulated in the mining license) with Shanghai Wealthy Ocean under which Shanghai Wealthy Ocean will offtake, in proportion to its final equity interests in the Target Company, annual coal outputs of the Target Company at a discount of not less than 10% to the market spot price referencing to Ordos Coal Price Index, the final discount will be determined upon the Purchaser and the Sellers agreeing on the final consideration to the Potential Acquisition with reference to the valuation of the Target Company. This coal offtake arrangement forms an integral part of the Potential Acquisition. Upon entering into the corresponding offtake arrangement, existing salespersons of the Group's coal operations will be fully in charge of the coals to be off-taken from the Target Company.

Exclusivity

Shanghai Wealthy Ocean was entitled to an initial exclusivity period of 90 days from 3 August 2026, or such extended period as agreed in writing. Such exclusivity period was further extended by 90 days to 30 January 2027 (the "**Exclusivity Period**") pursuant to a supplemental memorandum of understanding entered into between the Purchaser and the Sellers on 30 October 2026. During the Exclusivity Period, the Sellers shall not, without the Shanghai Wealthy Ocean's prior written consent, directly or indirectly engage in negotiations or discussions with any third party in respect of any transaction competing with the Potential Acquisition.

The Irrevocable Undertaking

In addition to the MOUs, both Sellers have irrevocably undertaken to the Purchaser under the Irrevocable Undertaking dated 21 September 2026 that, subject to the Purchaser providing to the Sellers the Funding Confirmation (i.e. written confirmation evidencing the availability of funding of not less than HK$200.0 million necessary to complete the Potential Acquisition):

(i) the Sellers shall dispose of and transfer to the Purchaser the agreed equity interest in the Target Company pursuant to the MOUs, notwithstanding any withdrawal or termination rights that may otherwise be afforded to either Seller under the MOUs; or

(ii) in any event that the Potential Acquisition cannot proceed, the Sellers shall procure the Target Company to enter into the Coal Supply Agreement with the Purchaser with a term of 5 years, an advance payment of RMB100.0 million (equivalent to approximately HK$116.0 million) will be payable by the Purchaser to the Target Company. The annual coal supply quantity will be 400,000 tonnes of the Target Company's coal output, with a discount of the higher of (i) 25% towards the market spot price referencing to the Ordos Coal Price Index; or (ii) RMB100 per tonne.

The Purchaser shall pay an advance payment of RMB100.0 million (equivalent to approximately HK$116.0 million) to the Target Company upon the signing of the Coal Supply Agreement. Based on the current selling price of the coal products of the Target Company of approximately RMB400 per tonne and the annual supply quantity of 400,000 tonnes under the Coal Supply Agreement, the advanced payment of RMB100.0 million (equivalent to approximately HK$116.0 million) is expected to be fully offset against the coal purchase price within one year from the date of the Coal Supply Agreement. The Group expects that the working capital requirements for the annual purchase of coal products pursuant to the Coal Supply Agreement and their subsequent sales based on the discounted unit price of RMB300 per tonne, would be approximately RMB120.0 million (equivalent to approximately HK$139.2 million).

Information on the Target Company

The Target Company is a company incorporated under the laws of the PRC in 2008 with limited liability and is principally engaged in the production and sale of coal. The Target Company owns the mining rights (i.e. allow the owner of the mining license to exploit and sell the coal resources) and other relevant operating facilities and properties in relation to the Target Coal Mine. The mining licence obtained by the Target Company, with an allowed annual production capacity of 2,400,000 tonnes, is valid until 18 July 2036.

As at the Latest Practicable Date, the Target Company is owned as to 40% by Ordos Yusheng, as to 33% by Hainan Shidong, and as to 27% by Lingshui Wanxing. Lingshui Wanxing is owned as to 5% by Mr. Yuan Huxiao, as to 5% by Mr. Yuan Xinkuan, and as to 90% by Mr. Yuan Zhiqiang. Information on Ordos Yusheng and Hainan Shidong is set out in the paragraph headed "Information about the Sellers" below.

The MOUs were entered into with Ordos Yusheng and Hainan Shidong, which respectively hold 40% and 33% of the equity interests in the Target Company and, in aggregate, represent 73% of its total equity interests. Such shareholding is more than sufficient to facilitate the proposed transfer of up to 40% of the equity interests in the Target Company contemplated under the Potential Acquisition. Although Ordos Yusheng alone holds a sufficient equity interest to accommodate the proposed transfer, Hainan Shidong was also included as a party to the MOUs given its status as a substantial shareholder of the Target Company. As the Group is acquiring a minority equity interest in the Target Company, the participation of Hainan Shidong (a company owned and controlled by a shareholder group that is different from those of Ordos Yusheng and Lingshui Wanxing) provides an additional level of commitment (thereby included all the shareholders of the Target Company) and transaction certainty in respect of the Potential Acquisition, facilitates the negotiation of key commercial terms and demonstrates the support of another principal shareholder for the proposed strategic cooperation.

Although Lingshui Wanxing is not a party to the MOUs, it is ultimately controlled by Mr. Yuan Zhiqiang and Mr. Yuan Huxiao, who hold 90% and 5% equity interests in Lingshui Wanxing, respectively, as well as holding 10.575% and 89.425% of Ordos Yusheng indirectly, respectively. Accordingly, Lingshui Wanxing and its controlling shareholder are fully aware of, and supportive of, the proposed transaction structure and the principal terms of the MOUs. The Directors therefore consider that the absence of Lingshui Wanxing (under same control of the principal shareholders of Ordos Yusheng) as a contracting party to the MOUs does not adversely affect the validity of the agreed framework or the parties' commitment to pursuing the Potential Acquisition. The Sellers will jointly or singly sell their corresponding equity interests in the Target Company to be mutually agreed among themselves based on the final terms and conditions of the Potential Acquisition.

In light of the foregoing, and taking into account that the MOUs have been entered into with shareholders collectively holding a controlling interest in the Target Company, the Directors are of the view that the MOUs establish an appropriate and commercially reasonable framework for advancing the Potential Acquisition and adequately safeguard the interests of the Company and its Shareholders.

To the best knowledge of the Directors, information and belief having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are Independent Third Parties.

Financial Information of the Target Company

Set out below is the summary of the financial information of the Target Company for FY2024, FY2025 and HY2026 prepared in accordance with the China Accounting Standards for Business Enterprises:

	HY2026	**FY2025**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	65,346	434,199	514,013
Net profit before tax	2,044	193,655	277,169
Net profit after tax	198	144,176	207,877
Dividends declared to the shareholders of the Target Company	–	130,000	210,000

	As at 30 June	**As at 31 December**	
	2026	**2025**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	243,286	318,471	331,060
Net assets	145,945	197,309	201,603

The financial information of the Target Company for FY2024 and FY2025 reflected the mining operations conducted in the old open-pit mining area of the Target Coal Mine, which were completed by January 2026. The Target Coal Mine recorded coal outputs of approximately 1,473,600 tonnes in 2024 and approximately 1,364,000 tonnes in 2025. The Target Company has produced over 30 million tonnes of coal since its establishment in 2008.

The new open-pit mining area of the Target Coal Mine, within the existing mining permit, is currently under preparation, with trial operations have commenced in October 2026 and full-scale production scheduled for December 2026. In May and June 2026, the Target Coal Mine was granted respectively: (i) the approval regarding the safety of the designed facilities by Inner Mongolia Autonomous Region Mine Safety Supervision Bureau; and (ii) the approval for the construction of the new open-pit mining area by Ordos City Energy Bureau. Subsequently in September 2026, the Target Coal Mine was granted the approval regarding the Modification of Safety Facility Design by Inner Mongolia Autonomous Region Mine Safety Supervision Bureau. Currently, the trial operations have begun in accordance with the above schedule.

After site visit and due diligence conducted by the Company and the competent person (as required by the Listing Rules) engaged by the Company, it is concluded that the coal seams under the new mining area are continuous with the old mining area. Based on the Company's technical judgement and coal mining business experiences, the migration to a new mining area upon completion of extraction of an old mining area is a routine practice in coal mining operation based on the mining design and operational planning of a coal mine. This process has been consistently followed at the Group's Inner Mongolia Coal Mine 958. The Company is of the view that there will be no additional technical inputs required to commence the open-pit mining operations in the new mining area adjacent to the old mining area. As such, there are no foreseeable technical and regulatory burdens at present that will hinder the commencement of mining operations of the new mining area.

Given that the Target Coal Mine has been granted the relevant approvals and taking into account the latest progress as aforementioned, the Directors are of the view that the full-scale production of the new open-pit mining operations in December 2026 is achievable.

In the event of any delay in the commencement of operations of the new open-pit mining area, the final valuation will be adjusted and reflected in the consideration of the Potential Acquisition. Furthermore, appropriate representations and warranties will be included in the formal equity transfer agreement to safeguard the interests of the Group.

For HY2026, the Target Company generated revenue from approximately 105,000 tonnes produced from the new open-pit mining area whereas approximately 160,000 tonnes of coals were produced in July 2026 from the new open-pit mining area in the preparation stage. It is anticipated that both the revenue and profit of the Target Company for the year ending 31 December 2026 will be lower than those recorded for FY2025, reflecting the transitional phase between the completion of the old open-pit mining area and the ramp-up of production in the new open-pit mining area.

Save for the interests in the Target Coal Mine, the Target Company has no other investments or major assets as at the Latest Practicable Date.

Information about the Sellers

Ordos Yusheng

Ordos Yusheng Trading Company Limited*(鄂爾多斯市昱晟商貿有限責任公司), a company established under the laws of the PRC with limited liability and a shareholder holding 40% of equity interest in the Target Company. Ordos Yusheng is ultimately owned as to 89.425% by Mr. Yuan Huxiao and 10.575% by Mr. Yuan Zhiqiang. Mr. Yuan Huxiao has over 20 years of coal mining operations experience. He joined the Target Company in 2009 and is currently the manager of the Target Company.

Hainan Shidong

Hainan Shidong Investment Company Limited*(海南石東投資有限公司), a company established under the laws of the PRC with limited liability and a shareholder holding 33% of equity interest in the Target Company. Hainan Shidong is ultimately owned as to 90% by Mr. Ma Jun and 10% by Ms. Zeng Hongmei. Mr. Ma Jun is an entrepreneur and Ms. Zeng Hongmei is the spouse of Mr. Ma Jun.

To the best knowledge of the Directors, each of the Sellers and their respective ultimate beneficial owners are Independent Third Parties.

Information on the Target Coal Mine

The Target Coal Mine is located in Dongsheng District of Ordos City, Inner Mongolia Region, the PRC. The mining license obtained by the Target Company, with an allowed annual production capacity of 2,400,000 tonnes, is valid until 18 July 2036.

Pursuant to 2025 reserve assessment report (2025年儲量核實報告) compiled by Inner Mongolia Rongtong Engineering Survey Co., Ltd. *(內蒙古榮通工程勘測有限責任公司) in 2026, the Target Coal Mine has an estimated coal resources (indicated and inferred resources under Chinese Classification for Mineral Resources and Mineral Reserves) of approximately 61.3 million tonnes.

Reasons for and benefits of entering into the MOUs and the Potential Acquisition

As stated in the 2025 Annual Report, further to the issues of the aged infrastructures and machinery, the tightened industry regulatory requirement and declines in coal resources of Inner Mongolia Coal Mine 958 also created difficulties to the Group's current coal mining operations.

Upon completion of the Potential Acquisition, 20% to 40% equity interests in the Target Company will be accounted for as an associate in the consolidated accounts of the Group. Despite the non-controlling stake to be acquired, the Directors consider that the Potential Acquisition remains crucial to the Group's existing coal mining business as part of its coal business development for the reasons set out below.

The Group's coal resources and reserves

Currently, the Group produces coals of lower calorific values of approximately 2,700-2,800 kcal/kg as compared to higher calorific values of approximately 4,000 kcal/kg of the coals produced by the Target Company. By locking in a minority equity interest in the Target Company, through the coal offtake arrangement the Group will be able to blend and market coal products from both coal mines. This approach will elevate the quality profile of the Group's coal products and strengthen its market competitiveness. Higher calorific values of coal products will command stronger pricing power to the Group for better profit margins and improve efficiency for our end users, as a result reinforce the Group's position in the coal market in the Inner Mongolia region, the PRC.

In this case, the Potential Acquisition is expected to create strategic value to the Group by increasing coal resources and reserves in the Inner Mongolia region, the PRC without paying upfront coal resource fees, thereby strengthening the geological foundation of the Group's coal business in the region immediately.

Financial benefits

Importantly, the Target Coal Mine is currently in operation, generating stable revenues and maintaining profitability as disclosed in the above paragraph headed "Financial Information of the Target Company". This operating track record provides assurance that the Group, through its minority equity interest in the Target Company, will be entitled to the cashflow from the Dividend Distribution promptly upon completion of the Potential Acquisition.

In addition, the Group will secure a stable coal offtake supply at prices discounted to the market spot price referencing to the Ordos Coal Price Index. By referencing market spot prices, the arrangement avoids arbitrary or fixed pricing and ensures that the Group's procurement costs reflect real time market conditions, thereby remaining commercially fair and transparent.

As abovementioned, the Group currently produces coal with a lower calorific value of approximately 2,700–2,800 kcal/kg, whereas the Target Company produces coal with a calorific value of approximately 4,000 kcal/kg. By entering into the coal offtake arrangement under the Potential Acquisition, the Group will be able to blend its existing coal products with the off-taken coals (the "**Off-Taken Coals**") to raise the calorific values of its coal products to around 3,200 kcal/kg. When there is currently no public or transparent market price data available for coals of calorific values lower than 3,200 kcal/kg, the blending of the Off-Taken Coals will enable the Group's coal products to be marketed with reference to public benchmark prices, thereby improving marketability and pricing power of the Group's coal products. Taken together, the discounted procurement terms and the pricing uplift from higher calorific coal products will potentially enhance the Group's profitability, quality profile of its coal products, and thus reinforces the Group's competitive position in the coal market in Inner Mongolia region, the PRC.

The Group has an extensive operating history in the coal mining industry in Inner Mongolia region, the PRC, supported by experienced management and maintains a well-established business model in the production and sale of coals. Accordingly, the Group does not currently expect that the coal offtake arrangement will result in any substantial selling and distribution expenses, nor any material administrative costs associated with the implementation of the coal offtake arrangement, which would give rise to any adverse impact on the Group's profitability.

The participation interest plus offtake structure of the Potential Acquisition will therefore offer additional and stable source of coal supply to the Group, which will enhance its existing income stream and create positive cash flow from both the coal offtake arrangement and the Dividend Distribution, generating long term values to the Shareholders.

Market opportunities

Recently, Inner Mongolia region, the PRC is increasingly recognised as an emerging hub for AI and advanced technology industries, supported by abundant energy resources and infrastructure development. According to China Daily, Inner Mongolia region is rapidly positioning itself as a global-scale AI computing centre cluster. Giant technology companies of China have been establishing their AI computing centres in the region. The Potential Acquisition would strengthen the Company's coal resources and reserves while positioning it to benefit from such regional economic transformation, thereby enhancing long-term competitiveness of the Group aligning with its strategic commercial objectives.

Balancing compliance certainty with the Group's commercial objectives

The decision to pursue a non-controlling stake reflects careful consideration of regulatory requirements under the National Security Measures. The National Security Measures do not prescribe quantitative thresholds nor definitive criteria for determining whether a coal mine's resources will constitute "important energy and resources related to national security". As advised by the Company's PRC legal adviser, the determination depends on whether the investment could affect national security, taking into account factors such as reserves, production capacity, scarcity, regional energy supply, and proximity to sensitive areas.

In addition, the National Security Review would be a prolonged process to the completion of acquisition of controlling equity interests or obtaining de facto controls in coal mines in the PRC which are classified as "important energy and resources related to national security", whereas Hong Kong enterprises (including Hong Kong listed companies) are classified as foreign investors and required to comply with the National Security Measures as advised by the Company's PRC legal advisers.

In light of the applicable statutory requirements, the Company has been advised that acquisition of minority equity interests in the Target Company represents a feasible and certain transaction structure for the Potential Acquisition in a timely manner. By structuring the transaction as a non-controlling interest investment, the Company will be able to mitigate regulatory risk, avoid triggering heightened scrutiny, circumvent a lengthy and uncertain national security review process and balance compliance with the Company's commercial objectives, ensuring that the Potential Acquisition is viable and remains in the best interests of the Company and its Shareholders as a whole.

Management and governance

As aforementioned, although the equity interest in the Target Company to be acquired will be accounted for as an associate of the Group and the Target Company will continue to be managed by the existing management of the Target Company upon completion of the Potential Acquisition, the shareholders' agreement and amended articles of association to be entered into will secure the Purchaser's governance participation. The Purchaser will be entitled to all shareholders' rights as protected by the PRC Company Law. This governance framework ensures that the Group has visibility and influence over the Target Company's operations, while preserving the independence of its existing business.

By combining operational stability with compliant transaction structuring, the Potential Acquisition is expected to deliver long-term shareholder value while aligning with regulatory requirements and the Group's strategic growth objectives. The Directors consider that the acquisition of a minority interest in the Target Company is strategically justified. It secures governance participation, reliable offtake, and product synergies, while mitigating regulatory risk. Importantly, the Potential Acquisition complements the Group's existing operations, enlarging the asset base and revenue profile, and reinforcing long-term Shareholder value.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company: (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming all Qualifying Shareholders have fully taken up their respective entitlements to the Rights Shares ("**Scenario I**"); and (iii) immediately upon completion of the Rights Issue and the Placing, assuming no subscriptions by Qualifying Shareholders and all Placing Shares are placed with Independent Third Parties pursuant to the Placing ("**Scenario II**"), on the assumption that there is no other change to the Company's shareholding structure prior to completion of the Rights Issue:

	As at the Latest Practicable Date		**Scenario I**		**Scenario II**	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Name of Shareholders						
Ms. Ji *(note)*	64,000	0.03	512,000	0.03	64,000	0.00
Liu Chang Deng	32,015,431	13.04	256,123,448	13.04	32,015,431	1.63
Placees	–	–	–	–	1,718,758,412	87.50
Other public shareholders	213,457,485	86.93	1,707,659,880	86.93	213,457,485	10.87
Total	245,536,916	100.00	1,964,295,328	100.00	1,964,295,328	100.00

Note: Ms. Ji is a non-executive Director.

Shareholders and public investors of the Company should note that the above mentioned shareholding changes are for illustration purposes only. The actual changes to the Company's shareholding structure upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

EQUITY FUND RAISING ACTIVITY(IES) OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past twelve (12) months immediately preceding the Latest Practicable Date.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded on the Stock Exchange in board lot of 4,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Shares to 5,000 Shares with effect from 9:00 a.m. on Wednesday, 11 November 2026. The Company will arrange odd lot matching services in order to facilitate the trading of odd lots.

The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in June 2026 has stated that, among others, taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK$1,000; and issuer of applicable securities that are not using any of the eight standardised board lot units (1, 50, 100, 500, 1,000, 2,000, 5,000 and 10,000 share(s)) are required to do so by changing their board lot units within six months after completing the Uncertificated Securities Market transition process.

As at the Latest Practicable Date, based on the closing price of HK$0.320 per Share, the market value of each existing board lot of 4,000 Shares is HK$1,280. Upon the Change in Board Lot Size becoming effective, and based on the closing price per Share of HK$0.320 as at the Latest Practicable Date, the market value of each board lot of 5,000 Shares is calculated to be HK$1,600. Shareholders should note that Shareholders' approval is not required for the Change in Board Lot Size.

Arrangement on odd lots trading and matching services

To facilitate the trading of odd lots of Shares which will arise upon the Change in Board Lot Size, the Company will procure an arrangement with an agent to stand in the market to provide matching services for the sale and purchase of odd lots of Shares on a best effort basis during the period from Wednesday, 11 November 2026 to Monday, 21 December 2026 (both days inclusive). Shareholders who wish to take advantage of this facility should contact the Odd Lot Team of One China Securities Limited at telephone number: (852) 3188 2676 during office hours (i.e. Monday to Friday 9:00 a.m. to 4:00 p.m.) of such period. Holders of Shares in odd lots should note that the matching services mentioned above are on a "best effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its/their own professional advisers.

Free exchange of existing share certificates

Shareholders may, between 9:00 a.m. and 4:30 p.m., on any Business Day during the period from Wednesday, 28 October 2026 to Thursday, 3 December 2026 (both days inclusive), submit their existing share certificates in board lots of 4,000 Shares to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in exchange for new share certificates in board lot of 5,000 Shares, at the expense of the Company.

After the expiry of the aforesaid period, the existing share certificates will be accepted for exchange only upon payment of a fee of HK$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued in board lot of 5,000 Shares or each existing share certificate submitted, whichever number of share certificates involved is higher. It is expected that the new share certificates will be available for collection by the Shareholders from the Registrar within ten business days after delivery of the existing share certificates to the Registrar for exchange purposes.

As from Wednesday, 11 November 2026, any new share certificates will be issued in board lots of 5,000 Shares each (except for odd lots of the Shares or where the Registrar is otherwise instructed). All the existing share certificates in board lots of 4,000 Shares will continue to be evidence of legal title to such Shares and be valid for transfer, delivery, trading and settlement purposes. Save and except for the change in the number of Shares for each board lot, the new share certificates will have the same format and colour as the existing share certificates.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50 % within the 12-month period immediately preceding the Latest Practicable Date, the Rights Issue is subject to approval by the Independent Shareholders by way of poll at the EGM. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be conditional upon approval by the Independent Shareholders in general meeting by a resolution in respect of which any controlling shareholders and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the Rights Issue at the EGM.

As at the date of the EGM, Ms. Ji was interested in 64,000 Shares, representing approximately 0.03% of the issued share capital of the Company. Accordingly, Ms. Ji has abstained from voting in favour of the resolution approving the Rights Issue at the EGM.

At the EGM held on Tuesday, 27 October 2026, the resolution approving, among other things, the Rights Issue (including the Placing Agreement) and the transactions contemplated thereunder was duly passed by the Independent Shareholders by way of poll, details of which were disclosed in the poll results announcement of the Company dated Tuesday, 27 October 2026.

The Rights Issue would not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) as the Subscription Price of HK$0.280 per Rights Share is higher than the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK$0.260 per Share.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Proposed Rights Issue – Conditions of the Rights Issue" in this Prospectus.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s).

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Grand Ocean Advanced Resources Company Limited
Ng Ying Kit
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for three years ended 31 December 2023, 2024 and 2025 and six months ended 30 June 2026, together with the accompanying notes to the financial statements are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.grandocean65.com).

- Annual report for the year ended 31 December 2023 (pages 74 to 128):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042502987.pdf

- Annual report for the year ended 31 December 2024 (pages 84 to 142):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0729/2025072900863.pdf

- Annual report for the year ended 31 December 2025 (pages 84 to 140):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0428/2026042802772.pdf

- Interim report for the six months ended 30 June 2026 (pages 13 to 30):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0917/2026091701027.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following indebtedness:

Lease liabilities

As at 30 September 2026, the Group had lease liabilities of approximately HK$3,270,000, which were unsecured and unguaranteed.

Save as aforesaid and apart from intra-group liabilities, normal trade payables, as at the close of business on 30 September 2026, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or other borrowings, mortgages, charges, guarantees or contingent liabilities.

Save as disclosed above, the Directors have confirmed that there has been no material change in the indebtedness of the Group since 30 September 2026 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, after taking into account its presently available financial resources, including funds internally generated from operations, and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its operations for at least the next twelve (12) months from the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGE

As disclosed in the 2026 Interim Report, the Group recorded net loss of approximately HK$10.8 million for HY2026, as compared to net loss of approximately HK$8.1 million for the corresponding period in 2025, which was mainly due to the decline in both production output of the Group's coal products, revenue, and gross profit of the Group compared with the corresponding period in 2025.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the 2026 Interim Report, the Group's Inner Mongolia Coal Mine 958 continues to face operational pressures arising from stringent local regulatory requirements. Profitability remains constrained by the depletion of coal reserves and the rising operational costs associated with aged infrastructure and machinery after approximately 15 years of use. Accordingly, it is imperative for the Group to upgrade its existing infrastructure and acquire new mining equipment, which will necessitate significant capital expenditures.

Over the years, the Group has actively evaluated viable investment opportunities across both domestic and international mining and energy markets with the objective of diversifying revenue streams and strengthening its business portfolio.

In light of the foregoing, the Board considers the Rights Issue both timely and necessary. The Rights Issue will enable the Group to meet the financing requirements of the Potential Acquisition, fund the necessary capital investments in Inner Mongolia Coal Mine 958, and reinforce the Group's operating working capital base, while providing Shareholders with an equal opportunity to participate in growth of the Group.

Looking ahead, the Group will continue to implement cost control measures and enhance funding management in order to strengthen its financial position and support future business opportunities, including the Potential Acquisition. The Board remains committed to expanding the Group's business scope and improving overall development, with the aim of generating diversified returns and enhancing Shareholder value.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the "**Unaudited Pro Forma Financial Information**") which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants, to illustrate the effect of the Rights Issue, on the consolidated net tangible assets of the Group as if the Rights Issue had been taken place on 30 June 2026.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net assets of the Group attributable to owners of the Company as at 30 June 2026 as extracted from the Group's unaudited condensed consolidated interim financial statements set out in the published interim report of the Company for the six months ended 30 June 2026, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared by the directors of the Company for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 30 June 2026 or any future date.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 *HK$'000* *(Note 1)*	**Estimated net proceeds from the Rights Issue** *HK$'000* *(Note 2)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 immediately after completion of the Rights Issue** *HK$'000*	**Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2026 before completion of the Rights Issue** *HK$* *(Note 3)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2026 immediately after completion of the Rights Issue** *HK$* *(Note 4)*
Based on maximum number of 1,718,758,412 Rights Shares to be issued at Subscription Price of HK$0.280 per Rights Share	89,911	479,752	569,663	0.37	0.29

Notes:

1. The amount of unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 was approximately HK$89,911,000, which is calculated on the basis of the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2026 of approximately HK$101,106,000, adjusted by intangible assets of approximately HK$11,195,000 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2026, as extracted from the published interim report of the Company for the six months ended 30 June 2026.

2. The estimated net proceeds from the Rights Issue of approximately HK$479,752,000 are calculated based on 1,718,758,412 Rights Shares (assuming the Rights Issue is subscribed in full and no change in the number of Shares in issue on or before the Record Date) to be issued at the Subscription Price of HK$0.280 per Rights Share, after deduction of the estimated costs directly attributable to the Rights Issue of approximately HK$1,500,000.

3. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share before the completion of the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 of approximately HK$89,911,000 as set out in note 1 above, divided by 245,536,916 Shares in issue as at 30 June 2026.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 immediately after the Rights Issue had been taken place of approximately HK$569,663,000 divided by 1,964,295,328 Shares which comprise 245,536,916 Shares in issue as at 30 June 2026 and 1,718,758,412 Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is subscribed in full and no change in the number of Shares in issue on or before the Record Date), as if the Rights Issue had been completed on 30 June 2026.

5. Save as disclosed in the above notes, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2026.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the accountants' report received from Suya WWC CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of inclusion in this prospectus.

To the Board of Directors of Grand Ocean Advanced Resources Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Grand Ocean Advanced Resources Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2026, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out in Appendix II of the prospectus dated 9 November 2026 (the "**Prospectus**"). The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of seven (7) rights shares for every one (1) share held on the Record Date (as defined in the Prospectus) (the "**Proposed Rights Issue**") on the Group's unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2026 as if the Proposed Rights Issue had taken place at 30 June 2026. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2026, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 (Revised 2026), "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Proposed Rights Issue on unadjusted financial information of the Group as if the Proposed Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

SUYA WWC CPA Limited
Certified Public Accountants

So Wing Chiu
Practising Certificate Number: P07841
Hong Kong, 9 November 2026

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming no change in the number of issued Shares from the Latest Practicable Date to completion of the Rights Issue and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(i) As at the Latest Practicable Date

Authorised:		*HK$*
10,000,000,000	Shares of HK$0.1 each	1,000,000,000

Issued and fully paid:		*HK$*
245,536,916	Shares of HK$0.1 each	24,553,691

(ii) Immediately after completion of the Rights Issue (assuming no change in the number of issued Shares from the Latest Practicable Date to completion of the Rights Issue and full acceptance of Rights Shares by all Qualifying Shareholders)

Authorised:		*HK$*
10,000,000,000	Shares of HK$0.1 each	1,000,000,000

Issued and fully paid:		*HK$*
245,536,916	Shares of HK$0.1 each	24,553,691
1,718,758,412	Rights Shares to be allotted and issued under the Rights Issue	171,875,841
1,964,295,328	Shares in issue immediately upon completion of the Rights Issue	196,429,532

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully-paid or credited as fully-paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Company will apply to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company does not hold any treasury shares (as defined in the Listing Rules).

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants or other similar rights which confer any right to convert into or subscribe for Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

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

(a) Director's and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO, and none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or (ii) which 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 Issuers as set out in Appendix C3 to the Listing Rules:

Name of Director	Capacity/ Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the total issued share capital of the Company
Ms. Ji	Beneficial owner	64,000	0.03%

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as known to the Directors or the chief executive of the Company, the following corporations or individuals (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying 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 be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or which were recorded in the register to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange:

Name	Capacity/ Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the total issued share capital of the Company
Mr. Liu Chang Deng	Beneficial owner	32,015,431	13.04%
Mr. Liu Changyou	Beneficial owner	15,843,600	6.45%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares or underlying 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 is, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had any material interest in business which competed or may compete, either directly or indirectly, with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors has or had any interest, either directly or indirectly, in any assets which have, since 31 December 2025, being the date to which the latest published audited consolidated financial statements were made up, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the Latest Practicable Date and are or may be material:

(i) the Placing Agreement;

(ii) the MOUs; and

(iii) the placing agreement dated 5 September 2025 (as supplemented by the supplemental placing agreement dated 26 September 2025) entered into between the Company and Imperium International Securities Limited as placing agent, pursuant to which the Company conditionally agreed to place, through the placing agent on a best efforts basis, up to 40,920,000 placing shares to not less than six independent placees at the placing price of HK$0.335 per placing share.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions, letters or advice contained in this Prospectus:

Name	Qualification
Suya WWC CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Company were made up.

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion herein of its letter(s), opinion(s) or report(s), and reference to its name in the form and context in which they are respectively appear.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	*Executive Director* Mr. Ng Ying Kit *Non-executive Director* Ms. Ji Yuan *Independent non-executive Directors* Mr. Chang Xuejun Ms. Liu Luqing Mr. Lam Tze Chung
Audit committee	Mr. Lam Tze Chung *(Chairman)* Mr. Chang Xuejun Ms. Liu Luqing
Nomination committee	Ms. Liu Luqing *(Chairlady)* Mr. Ng Ying Kit Mr. Lam Tze Chung

Remuneration committee	Mr. Chang Xuejun *(Chairman)* Ms. Ji Yuan Ms. Liu Luqing
Authorised representatives	Mr. Ng Ying Kit Ms. Cheng On Yi
Company secretary	Ms. Cheng On Yi *A member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales*
Head office and principal place of business	8/F Hip Shing Hong Centre No. 55 Des Voeux Road Central Central Hong Kong
Registered office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Business address of all Directors and authorised representatives	8/F Hip Shing Hong Centre No. 55 Des Voeux Road Central Central Hong Kong
Principal share registrar and transfer office	Suntera (Cayman) Limited Suite 3204, Unit 2A Block 3, Building D P.O. Box 1586 Gardenia Court Camana Bay Grand Cayman KY1-1110 Cayman Islands

Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	Hang Seng Bank Limited
Financial adviser to the Company	BaoQiao Partners Capital Limited Room C01, 26/F United Centre, 95 Queensway Admiralty Hong Kong
Legal adviser to the Company to Hong Kong laws	ZM Lawyers 20th Floor, Central 88 Nos. 88 – 98 Des Voeux Road Central Central Hong Kong
Legal adviser as to PRC laws	East & Concord Partners 20/F Landmark Building Tower 1 8 Dongsanhuan Beilu Chaoyang District Beijing China LI & PARTNERS (SHENZHEN) 10/F, Hantang Building O.C.T, Nanshan District Shenzhen China
Reporting accountant in relation to the Rights Issue	Suya WWC CPA Limited Unit 4, 27/F Wu Chung House 213 Queen's Road East Wanchai Hong Kong
Placing Agent	DL Securities (HK) Limited 21/F, DL Tower 92 Wellington Street Central Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Mr. Ng Ying Kit ("**Mr. Ng**"), aged 48, joined the Company as the vice president of the business development and corporate finance division in June 2014, and was appointed as an executive Director and the compliance officer of the Company in February 2015. He is mainly responsible for the business development and corporate finance function of the Group and holds directorships in various subsidiaries of the Company. Mr. Ng has more than 20 years of experience in corporate finance and investment banking and has considerable experience in mergers and acquisitions, debt and equity financing and corporate strategic planning. Prior to joining the Company, he held senior management position in a Hong Kong listed company overseeing corporate finance function. Mr. Ng graduated from the University of Hong Kong with a Bachelor's degree in Electrical and Electronic Engineering. Mr. Ng has been an independent non-executive director of TBK & Sons Holdings Limited ("**TBK**") (stock code: 1960), a company listed on the Main Board of the Stock Exchange, since October 2020.

Non-executive Director

Ms. Ji Yuan ("**Ms. Ji**"), aged 36, was appointed as a non-executive Director of the Company and a member of remuneration committee of the Board on 15 July 2026. Ms. Ji graduated from Jinan University in Guangzhou, the PRC with a bachelor's degree in English (Language and Literature) in June 2013. She is currently the vice president of International Business Digital Technology Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1782). From February 2025 to August 2025, she served as the assistant to the chief executive officer of International Security Technology Ltd.(國際安全技術有限公司) in Hong Kong. From October 2024 to January 2025, she served as the business management director of the Company. From May 2019 to August 2024, she served as the office director and presidential assistant of Shenzhen Huazhenglian Industrial Co., Ltd.(深圳市華正聯實業有限公司) in the PRC.

Independent non-executive Directors

Mr. Lam Tze Chung ("**Mr. Lam**"), aged 54, was appointed as an independent non-executive Director of the Company and a member of each of the audit committee and nomination committee of the Board on 7 August 2026. Mr. Lam has over 21 years of experience in accounting and financial management gained from working in various listed companies in Hong Kong. Mr. Lam is currently the chief financial officer of TBK, a company listed on the Main Board of the Stock Exchange (Stock Code: 1960). Prior to this, he was the finance manager of TBK from September 2019 to April 2022. Additionally, he was the company secretary of Hong Kong Life Sciences and Technologies Group Limited (a company, whose shares were formerly listed on the GEM of the Stock Exchange) from March 2013 to May 2019. He also previously served as the senior accountant of China Energy Development Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 228) from June 2006 to June 2016.

Mr. Chang Xuejun ("**Mr. Chang**"), aged 56, was appointed as an independent non-executive Director of the Company and a member of each of the audit committee, the remuneration committee and the nomination committee of the Board on 17 March 2016. Mr. Chang was re-designated to the chairman from a member of the Remuneration Committee and the Nomination Committee on 22 January 2020 and he ceased to be the chairman and member of the Nomination Committee on 23 November 2020. Mr. Chang is a qualified lawyer in the PRC. He graduated from Northwest University of Political Science and Law in Xi'an City, the PRC in 1993. Mr. Chang has more than 30 years' legal experience. He had been working as a secretary and assistant judge at the Intermediate People's Court in Lanzhou City, Gansu Province, the PRC from August 1993 to May 1999. He has joined LI & PARTNERS Attorneys at Law in Shenzhen, the PRC as a lawyer since May 1999. Mr. Chang is currently the partner of LI & PARTNERS Attorneys at Law in Shenzhen, the PRC.

Ms. Liu Luqing ("**Ms. Liu**"), aged 31, was appointed as an independent non-executive Director of the Company and a member of each of the audit committee, the remuneration committee and the nomination committee of the Board on 15 July 2026. Ms. Liu graduated from The Open University of Fujian in the PRC, earning a higher educational diploma in e-commerce in July 2017. She also obtained a bachelor's degree in accounting from Jilin University in the PRC in January 2023. From January 2025 to July 2025, she served as the project manager in the marketing department of Fujian branch of State Grid International Leasing Company Ltd.(國網國際融資租賃有限公司), in the PRC. Prior to this, she held several positions at Fujian Hongshun Leasing Co., Ltd.*(福建宏順租賃有限公司) in the PRC, specifically, serving in the marketing department and the finance and risk management departments from September 2018 to September 2024.

Senior Management

Ms. Cheng On Yi ("**Ms. Cheng**"), aged 35, the group financial controller and company secretary of the Company. She joined the Company and was appointed to the positions in July 2022. Ms. Cheng obtained a bachelor's degree in business administration from the City University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England & Wales. Ms. Cheng has over 10 years of experience in finance, accounting and auditing listed companies in Hong Kong. Prior to joining the Company, Ms. Cheng serviced as a senior manager in an international audit firm.

Mr. Wang Yun Lung ("**Mr. Wang**"), aged 62, the financial director of Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited, the Company's indirect non-wholly owned subsidiary. Mr. Wang graduated from the Jilin Radio and TV University in the PRC in 1989 with major in financial accounting. Prior to joining the Group in August 2007, Mr. Wang served as financial controller in construction and technology development companies and has more than 25 years of experience in financial management.

12. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the "**Audit Committee**") comprised all of the independent non-executive Directors, namely Mr. Lam Tze Chung (the chairman of the Audit Committee), Mr. Chang Xuejun and Ms. Liu Luqing. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed "11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT" in this appendix. The primary duties of the Audit Committee are to review the financial information of the Group, to oversee the financial reporting system, risk management and internal control systems to ensure the integrity of the consolidated financial statements of the Group and the effectiveness of internal control and risk management systems of the Group.

13. EXPENSES

The expenses payable by the Company in connection with the Rights Issue, including financial adviser fees, independent financial adviser fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK$1.5 million.

14. MISCELLANEOUS

(i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(ii) As at the Latest Practicable Date, the Group had no significant exposure to foreign exchange liabilities.

(iii) In the event of any inconsistency, the English texts of this Prospectus and the PAL shall prevail over their respective Chinese texts.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "9. EXPERT AND CONSENT" in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. LEGAL EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grandocean65.com) during the period of 14 days from the date of this Prospectus:

(a) the Letter from the Board, the text of which is set out on pages 8 to 49 of this Prospectus;

(b) the independent reporting accountant's report on the unaudited pro forma financial information of the Group issued by Suya WWC CPA Limited, the text of which is set out in Appendix II to this Prospectus;

(c) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix;

(d) the written consent referred to in the paragraph headed "9. EXPERT AND CONSENT" in this appendix; and

(e) the Prospectus Documents.