
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Global Strategic Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular is for information purposes only and is being provided to you solely for the purposes of considering the resolutions to be voted upon at the EGM to be held on Wednesday, 11 June 2025. This circular does not constitute an offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for securities referred to in this circular.



環球戰略集團有限公司

GLOBAL STRATEGIC GROUP LIMITED

環球戰略集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8007)

**(I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-FULLY UNDERWRITTEN BASIS;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Underwriter to the Rights Issue



Rifa Securities Limited

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 12 to 43 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-30 of this circular.

It should be noted that the Consolidated Shares will be dealt in on an ex-rights basis from Monday, 16 June 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 27 June 2025 to Monday, 7 July 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 27 June 2025 to Monday, 7 July 2025 (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 Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at Meeting Room B, 4th Floor, Mei Jing Hotel, No. 356, Xinqu Avenue, Longhua District, Shenzhen, Guangdong, China on Wednesday, 11 June 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.globalstrategicgroup.com.hk). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harecourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its publication. This circular will also be published on the Company's website at www.globalstrategicgroup.com.hk.

27 May 2025

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Announcement”	the announcement of the Company dated 15 November 2024 in relation to, among other things, the Share Consolidation, the Rights Issue, and the closure of register of members
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above is hoisted in Hong Kong at any time 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 signal 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 open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Global Strategic Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8007)
“connected persons”	has the same meaning ascribed to it under the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company immediately upon the Share Consolidation becoming effective

DEFINITIONS

“controlling shareholder(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Share Consolidation, the Rights Issue and the Underwriting Agreement;
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended, supplemented and/or otherwise modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“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 the HKSCC, containing the practices, procedures and administrative or other requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Leung Oh Man, Martin, Dr. Chung Ling Cheong Dicky and Dr. Cheng Chak Ho, which will be established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Last Trading Day”	Friday, 15 November 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Day”	20 May 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 10 July 2025 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 and application for and payment for the excess Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Friday, 11 July 2025 or such later time or date for the termination of the Underwriting Agreement

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“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 provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus, PAL and EAF
“Prospectus Posting Date”	Wednesday, 25 June 2025 or such other date as may be agreed by the Company, being the expected date the Prospectus Documents will be made available and/or sent (as the case may be) to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“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”	Thursday, 24 June 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

DEFINITIONS

“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 182,344,000 new Consolidated Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders pursuant to the Rights Issue, assuming no change in the number of Consolidated Shares in issue on or before the Record Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares with par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share with par value of HK\$0.10 each
“Shareholder(s)”	holder(s) of issued Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained under the Underwriting Agreement untrue or inaccurate in a material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.28 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the SFC (as amended and supplemented from time to time)
“Underwriter”	Rifa Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO, and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the Underwriting Agreement dated 15 November 2024 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	up to 36,468,800 Rights Shares that are conditionally underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, representing 20% of the maximum number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or renouncee(s) or transferee(s) of the nil-paid Rights under PAL(s)
“Yichang Biaodian”	Yichang Biaodian Natural Gas Utilisation Co., Ltd* (宜昌市标典天然气利用股份有限公司), a non-wholly owned subsidiary of the Company which is engaged in natural gas supply operation
“%”	per cent.

* For identification purpose only

EXPECTED TIMETABLE

The expected timetable for the proposed Share Consolidation and the Rights Issue is set out below. The expected timetable is subject to the results of the EGM and has been prepared on the assumption that all the conditions to the Share Consolidation and the Rights Issue, will be fulfilled or otherwise waived, and is therefore for indicative purpose only.

All times and dates in this circular refer to Hong Kong local times and dates unless otherwise specified. In the event that any special circumstances arise, such dates and deadlines may be adjusted, extended or varied by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate in accordance with the GEM Listing Rules.

Event	Expected Date/Time
Despatch date of this circular with the notice of EGM and proxy form	Tuesday, 27 May 2025
Latest time for lodging transfer documents of the Existing Shares to qualify for attending and voting at the EGM	4:30 p.m. on Thursday, 5 June 2025
Closure of the register of members of the Company to determine the entitlements of the Shareholders to attend and vote at the EGM	Friday, 6 June 2025 to Wednesday, 11 June 2025 (both days inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Monday, 9 June 2025
Record date for attending and voting at the EGM	Wednesday, 11 June 2025
Date and time of the EGM	11:00 a.m. on Wednesday, 11 June 2025
Announcement of poll results of the EGM	Wednesday, 11 June 2025
Register of members of the Company re-opens	Thursday, 12 June 2025

EXPECTED TIMETABLE

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation, which are included in this circular, and therefore the dates are tentative.

Event	Expected Date/Time
Effective date of the Share Consolidation	Friday, 13 June 2025
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Friday, 13 June 2025
Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 13 June 2025
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 13 June 2025
First day for the free exchange of existing share certificates of the Existing Shares into new share certificates of the Consolidated Shares	Friday, 13 June 2025

The following events are conditional on the fulfilment of the conditions for the implementation of the Rights Issue, which are included in this circular, and therefore the dates are tentative.

Last day of dealings in the Consolidated Shares on a cum-rights basis of the Rights Issue	Friday, 13 June 2025
First day of dealings in the Consolidated Shares on a ex-rights basis of the Rights Issue	Monday, 16 June 2025
Latest time for the Shareholders to lodge transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Tuesday, 17 June 2025

EXPECTED TIMETABLE

Event	Expected Date/Time
Closure of the register of members of the Company to determine the entitlements to the Rights Issue	Wednesday, 18 June 2025 to Tuesday, 24 June 2025 (both days inclusive)
Record Date for determining entitlements to the Rights Issue	Tuesday, 24 June 2025
Register of members of the Company re-opens	Wednesday, 25 June 2025
Expected publication date of the Prospectus Documents (including the Prospectus, the PAL(s) and the EAF(s), and in the case of the Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 25 June 2025
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 27 June 2025
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Friday, 27 June 2025
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Friday, 27 June 2025
First day of dealings in nil-paid Rights Shares in the board lot size of 10,000 Rights Shares	Friday, 27 June 2025
Latest time for splitting of the PAL(s)	4:30 p.m. on Wednesday, 2 July 2025

EXPECTED TIMETABLE

Event	Expected Date/Time
Last day of dealings in nil-paid Rights Shares in the board lot size of 10,000 Rights Shares	Monday, 7 July 2025
Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for the excess Rights Shares	4:00 p.m. on Thursday, 10 July 2025
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 11 July 2025
Announcement of results of the Rights Issue	Thursday, 17 July 2025
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Friday, 18 July 2025
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 18 July 2025
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) ends	4:10 p.m. on Friday, 18 July 2025
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	Friday, 18 July 2025
Share certificates for fully-paid Rights Shares to be despatched	Friday, 18 July 2025

EXPECTED TIMETABLE

Event	Expected Date/Time
Expected commencement of dealings in fully-paid Rights Shares in the board lot size of 10,000 Rights Shares	9:00 a.m. on Monday, 21 July 2025
Latest time for free exchange of existing share certificates of the Existing Shares for new share certificates for the Consolidated Shares	4:00 p.m. on Tuesday, 22 July 2025

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” is announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 10 July 2025. Instead, the latest time for acceptance of and payment for the Rights Shares and application for and payment for the excess Rights Shares 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 Thursday, 10 July 2025. Instead, the latest time for acceptance of and payment for the Rights Shares and application for and payment for the excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Thursday, 10 July 2025, the dates mentioned in this section 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.

LETTER FROM THE BOARD



環球戰略集團有限公司

GLOBAL STRATEGIC GROUP LIMITED

環球戰略集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8007)

Executive Directors:

Mr. Wu Guoming

Mr. Wu Chunyao

Non-executive Director:

Ms. Chung Pei-Hsuan

Independent non-executive Directors:

Mr. Leung Oh Man, Martin

Dr. Chung Ling Cheong Dicky

Dr. Cheng Chak Ho

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Unit 52, 2/F, Fu Lee Loy Mansion

9-27 King Wah Road

North Point

Hong Kong

27 May 2025

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders*

Dear Sir/Madam,

**(I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-FULLY UNDERWRITTEN BASIS;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement of the Company dated 15 November 2024 in relation to, among other matters, the Share Consolidation, the Rights Issue and the closure of register of members and the announcements of the Company dated 27 December 2024, 24 January 2025, 11 March 2025, 25 March 2025 and 22 April 2025.

LETTER FROM THE BOARD

The purpose of this circular is to provide Shareholders with, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue and the Underwriting Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder; and (v) a notice convening the EGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares with par value of HK\$0.01 each be consolidated into one (1) Consolidated Share with par value of HK\$0.10 each.

Conditions of the Share Consolidation

The Share Consolidation is conditional on the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the Share Consolidation is expected to become effective on Friday, 13 June 2025, which is the second Business Day immediately after the date of the EGM.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Effect of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$80,000,000 divided into 8,000,000,000 Existing Shares with par value of HK\$0.01 each, of which 455,860,000 Existing Shares have been issued and are fully paid or credited as fully paid.

LETTER FROM THE BOARD

Immediately upon the Share Consolidation becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$80,000,000 divided into 800,000,000 Consolidated Shares with par value of HK\$0.10 each, of which 45,586,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, no share option has been granted under the Share Option Scheme since the refreshment of scheme mandate limit on 16 June 2022, and the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme is 45,586,000 Existing Shares.

Immediately upon the Share Consolidation becoming effective, and assuming there will be no change in the number of Existing Shares in issue and no grant of share options under the Share Option Scheme from the Latest Practicable Date to the effective date of the Share Consolidation, the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme will become 4,558,600 Consolidated Shares (as adjusted for the Share Consolidation).

Upon the Share Consolidation becoming effective, all the Consolidated Shares will rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

Listing and dealings

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

LETTER FROM THE BOARD

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Share arising from the Share Consolidation, if any, will be cancelled and will not be allocated to the Shareholders otherwise entitled thereto. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of its securities.

According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated in September 2024, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the closing price of an Existing Share of the Company was HK\$0.03, with the board lot size of 10,000 Existing Shares, the existing board lot value was only HK\$300, which was less than HK\$2,000. The Company's share prices have remained below HK\$0.10 and the value of each board lot has remained below HK\$2,000 most of the time for the past 9 months.

In view of the prolonged period of share prices approaching extremity, the Directors consider that the proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK\$0.30 per Consolidated Share and the expected market value of each board lot of HK\$3,000 (based on the current closing price of HK\$0.03 per Existing Share as at the Latest Practicable Date) and will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Accordingly, the Board is of the view that the proposed Share Consolidation is beneficial to and in the interest of the Company and the Shareholders as a whole, and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

As at the Latest Practicable Date, save for the proposed Rights Issue, the Company has no plan or intention to carry out any corporate actions which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the GEM Listing Rules as and when appropriate.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company has agreed to appoint Rifa Securities Limited, a designated broker which is an Independent Third Party, to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares, commencing from 9:00 a.m. on Friday, 27 June 2025 to 4:00 p.m. on Friday, 18 July 2025 (both days inclusive). Shareholders who wish to take advantage of this service may contact Mr. Veo Wu (telephone number: (852) 3900 1781) of Rifa Securities Limited at Level 7, 28 Hennessy Road, Wanchai, Hong Kong during office hours in the aforesaid period.

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Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers. Further details in respect of the matching service will be provided in the circular to be despatched by the Company to the Shareholders. Shareholders or potential investors should note that (i) the above odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (ii) odd lots might be sold below the market price.

Exchange of share certificates for the Consolidated Shares

Should the Share Consolidation become effective, Shareholders may submit share certificates for the Existing Shares to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Friday, 13 June 2025 to Tuesday, 22 July 2025, for new share certificates for the Consolidated Shares (on the basis of ten (10) Existing Shares for one (1) Consolidated Share) within the prescribed time.

Thereafter, all existing certificates of the Existing Shares will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for every one (1) Consolidated Share, and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher, payable by the Shareholders. The existing share certificates of the Existing Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Friday, 18 July 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. The new share certificates for the Consolidated Shares will be issued in the colour of green in order to distinguish them from the share certificates for the Existing Shares which are orange in colour.

PROPOSED RIGHTS ISSUE

Subject to the Share Consolidation becoming effective, the Board proposes to raise gross proceeds of up to approximately HK\$51.1 million before expenses by way of Rights Issue of up to 182,344,000 Rights Shares at the Subscription Price of HK\$0.28 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share held at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholder(s) (if any).

Further details of the Rights Issue are set out below:

Basis of the Rights Issue:	Four (4) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
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LETTER FROM THE BOARD

Subscription Price:	HK\$0.28 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue):	approximately HK\$0.27 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date:	455,860,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	45,586,000 Consolidated Shares
Number of Rights Shares to be issued under the Rights Issue:	Up to 182,344,000 Rights Shares (assuming there is no change to the total number of Shares in issue on or before the Record Date) The aggregate nominal value of the Rights Shares will be HK\$18,234,400
Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares:	Up to 227,930,000 Consolidated Shares (assuming there is no change to the total number of Shares in issue or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Maximum amount of funds to be raised before expenses (assuming the Rights Issue is fully subscribed):	Up to approximately HK\$51.1 million (assuming there is no change in the total number of Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Right of excess applications:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

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Assuming there is no change in the total 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, the number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) approximately 400% of the total issued share capital of the Company upon the Share Consolidation becoming effective; and (ii) approximately 80% of the issued share capital of the Company upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

Undertakings

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

Subscription Price

The Subscription Price of HK\$0.28 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 6.67% to the theoretical closing price of HK\$0.30 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.03 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 12.5% to the theoretical closing price of HK\$0.32 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 14.1% to the theoretical average closing price of HK\$0.326 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0326 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day;
- (iv) a discount of approximately 11.4% to the theoretical average closing price of HK\$0.316 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0316 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the Last Trading Day;

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- (v) a discount of approximately 3.2% to the theoretical ex-rights price of approximately HK\$0.2892 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 92.8% to the latest published audited consolidated net asset value per Consolidated Share as at 30 September 2024 of approximately HK\$3.89 based on the annual report of the Company published on 28 January 2025 for the year ended 30 September 2024 and the number of Consolidated Shares in issue upon the Share Consolidation becoming effective; and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 11.3% represented by the theoretical diluted price of approximately HK\$0.2892 per Consolidated Share to the benchmarked price of approximately HK\$0.326 per Consolidated Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.032 and the average closing price of approximately HK\$0.0326 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of this announcement).

The Subscription Price was determined by the Company with reference to (i) the prevailing market price of the Shares during the six months immediately preceding the Last Trading Day (the “**Review Period**”) which presented an overall downward trend; (ii) the current market conditions in Hong Kong taking into consideration the rather cautious investment sentiment of the general public investors in Hong Kong amid economic uncertainties; (iii) low liquidity of the Shares during the Review Period with the average daily trading volume of approximately 1,349,928 Shares, representing approximately 0.30% of the total number of issued Shares as at the Last Trading Day; and (iv) the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and the use of proceeds” below in this circular.

The Directors were aware of the fact that the Subscription Price represents a discount of approximately 92.8% to the latest published audited consolidated net asset value of approximately HK\$3.89 per Consolidated Share as at 30 September 2024. However, the Directors also note that the Shares had been traded on the Stock Exchange at an average trading price of around HK\$0.045 per Share during the Review Period and at an average trading price of around HK\$0.035 for the three months immediately preceding the Last Trading Day, representing an average discount of approximately 88.4% and 91.0% to the latest published audited consolidated net asset value of approximately HK\$3.89 per Consolidated Share as at 30 September 2024 (after taking into account the effect of the Share Consolidation), respectively. Considering that the Shares had been consistently traded at a substantial discount to the consolidated net asset value per Share during the Relevant Period and in particular during the three months immediately preceding the Last Trading Day, the Directors were of the view that, when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share.

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In view of the above, and considering that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company and participate in the future growth of the Company, and that the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market, the Board (excluding the members of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee of this circular) consider that 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.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the Share Consolidation having become effective by no later than the Prospectus Posting Date;
- (ii) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Share Consolidation, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (iii) the GEM Listing Committee granting and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and such listing and permission to deal not having been withdrawn or revoked;
- (iv) the provision to the Stock Exchange for authorisation and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (v) following registration, the Prospectus Documents be made available and/or sent (as the case may be) to the Qualifying Shareholders (and, where applicable, to the Non-Qualifying Shareholder(s), if any, for information purpose only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (vi) the Company having complied with the requirements under all applicable laws and regulations; and

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(vii) the Underwriting Agreement not being terminated pursuant to the terms thereof and remaining in full force and effect.

None of the above conditions can be waived. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

As the proposed Rights Issue is subject to the fulfillment of the above conditions, it may or may not proceed.

Qualifying Shareholders

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

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Tuesday, 17 June 2025. The register of members of the Company will be closed from Wednesday, 18 June 2025 to Tuesday, 24 June 2025 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Beneficial owners of the Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) or which are deposited in CCASS should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of the Shares whose Shares are registered in name of nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of the Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) or which are deposited in CCASS and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for completion of the relevant registration not later than 4:30 pm on Tuesday, 17 June 2025.

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Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. 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.

Rights of Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s), if any, under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL(s) and EAF(s) to the Non-Qualifying Shareholders (if any).

As at the Latest Practicable Date, there were 21 Overseas Shareholders with registered addresses situated in Australia, Italy, Macau, Malaysia, the PRC, Singapore, Switzerland, the United Kingdom and the United States of America (the “US”), who collectively held 2,775,228 Existing Shares in aggregate, representing approximately 0.61% of the entire issued share capital of the Company as at the Latest Practicable Date.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries with the legal advisers regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange and the feasibility of extending the offer of the Rights Shares to such Overseas Shareholders.

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The Company has been advised by the legal advisers in Italy, Macau, Malaysia, the PRC, Switzerland and the United Kingdom, under the applicable legislations of these jurisdictions, either (i) there is no legal restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in such jurisdictions, or (ii) the Rights Issue meets the relevant exemption requirements under the relevant applicable legislations of the relevant jurisdictions so that the Company would be exempt from obtaining approval from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions. Accordingly, the Rights Issue is extended to the Overseas Shareholders having registered addresses in Italy, Macau, Malaysia, the PRC, Switzerland and the United Kingdom, and such Overseas Shareholders are regarded as the Qualifying Shareholders.

The Company has also obtained advice from its legal advisers in Australia, Singapore and the US. Having considered the circumstances, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully paid forms) to the Overseas Shareholders located in Australia, Singapore and the US due to the time and costs involved in the registration or filing of the Prospectus Documents, and/or any required approvals by the relevant authorities in Australia, Singapore and the US, and/or additional steps that the Company and/or Overseas Shareholders would need to take to comply or satisfy with the relevant legal or regulatory requirements therein. Accordingly, any Shareholders whose addresses as shown on such register of members of the Company at the close of business on the Record Date is/are in Australia, Singapore and the US are regarded as Non-Qualifying Shareholders and are excluded from the Rights Issue.

The Company will continue to ascertain whether there are any other Overseas Shareholders (other than the aforesaid) as at the Record Date and, if applicable, will make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholder (if any) as at the Record Date.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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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, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

Basis of provisional allotment

The Rights Shares will be allotted on the basis of four (4) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholder 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 completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:00 p.m. on Thursday, 10 July 2025.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (b) reference will only be made to the number of excess Rights Shares being applied but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;

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- (c) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for; and
- (d) no preference will be given to applications for topping up odd lots to whole board lots.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for the excess Rights Shares may be rejected at the sole discretion of the Board.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

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.

Non-fully underwritten basis

The Rights Issue will proceed on a non-fully underwritten basis and be partially underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

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As the Rights Issue will proceed on a non-fully underwritten basis, Shareholder(s) who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or potentially result in the Company's non-compliance of the public float requirement under Rule 11.23(7) of the GEM Listing Rules. 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 by the Company to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (ii) does not result in the non-compliance of the public float requirement under Rule 11.23(7) of the GEM Listing Rules. Shares subject to scale down will be available for application as excess Rights Shares to other Qualifying Shareholders, and any subscription monies not utilised due to the scaled-down application of entitled Rights Shares or excess Rights Shares will be refunded to the affected applicants.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee of 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.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will remain in the board lots of 10,000 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 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 both their nil-paid and fully-paid forms) on the Stock Exchange, or such other dates as determined by HKSCC.

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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. 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 if they are in any doubt.

Stamp duty and other applicable fees and charges

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, SFC transaction levy, AFRC transaction levy and any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. 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 Shares or the Rights Shares.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or before Friday, 18 July 2025 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques are expected to be sent on or before Friday, 18 July 2025 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

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THE UNDERWRITING AGREEMENT

On 15 November 2024 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to, on a non-fully underwritten basis, partially underwrite up to 36,468,800 Rights Shares, representing 20% of the maximum number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

The principal terms of the Underwriting Agreement are as follows:

Date:	15 November 2024 (after trading hours)
Issuer:	the Company
Underwriter:	Rifa Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO, and its ordinary course of business includes underwriting of securities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with Rule 10.24A(1) of the GEM Listing Rules.

Underwriting commitment of the Underwriter and number of Underwritten Shares:	Pursuant to the Underwriting Agreement, the Underwritten Shares to be underwritten by the Underwriter shall be up to 36,468,800 Rights Shares, representing 20% of the maximum number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue.
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The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders.

Underwriting commission:	3% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares underwritten, subscribed for or procured subscription for by the Underwriter pursuant to the Underwriting Agreement.
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LETTER FROM THE BOARD

The terms of the Underwriting Agreement (including the commission and expenses) were determined after arm's length negotiations between the Underwriter and the Company by reference to the financial position of the Group, the size of the Rights Issue and the prevailing market conditions. The Directors (excluding the members of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee of this circular) consider that the terms of the Underwriting Agreement, including the commission and expenses charged, are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Underwriter may enter into sub-underwriting arrangements with sub-underwriters or appoint any persons to be sub-agents on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

The Underwriter has undertaken to the Company that, other than the transactions contemplated under the Underwriting Agreement and as disclosed (or will be disclosed) in the Announcement and/or the Prospectus Documents, save with the prior written consent of the Company, the Underwriter and its associates will not deal in the Shares or other securities of the Company from the date of the Underwriting Agreement up to the first day of dealings in the fully-paid Rights Shares, save that the Underwriter may, before the settlement date, enter into agreement with any other person in respect of: (a) sub-underwriting of the Rights Shares; and/or (b) subscription of any Underwritten Shares, so long as such transactions are in compliance with applicable laws and regulations.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "PROPOSED RIGHTS ISSUE" above.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by giving written notice to the Company to terminate the Underwriting Agreement if any of the following occurs prior to the Latest Time for Termination:

- (a) any of the following which, in the reasonable opinion of the Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); and

LETTER FROM THE BOARD

- (ii) the occurrence, happening, coming into effect or becoming public knowledge of:
 - (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of HK\$ is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten (10) consecutive Business Days (other than pending publication of the Announcement or any document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof;
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including, without limitation, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material assets of the Group;
- (c) any event of force majeure occurs, including, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, pandemic outbreak, terrorism, armed conflict, strike or lock-out;
- (d) the commencement by any third party of any litigation or claim against any member of the Group which is material to the Group taken as a whole;
- (e) any other material adverse change in relation to the business or the financial or trading position of the Group as a whole;
- (f) the Company commits a material breach of the Underwriting Agreement where, in the reasonable opinion of the Underwriter, such breach will or is likely to have a material and adverse effect on the business or the financial or trading position of the Group taken as a whole or is otherwise likely to have a material prejudicial effect on the Rights Issue;

LETTER FROM THE BOARD

- (g) the Underwriter receives notification from the Company of, or otherwise becomes aware of, the fact that any representation or warranty of the Company as set out in the Underwriting Agreement was, when given, untrue, inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that such untrue or inaccurate representation or warranty represents or is likely to present a material adverse change in the business or the financial or trading position of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;
- (h) any condition to enable the Rights Issue (in nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused;
- (i) any statement contained in the Announcement or any Prospectus Document has been shown to be untrue, inaccurate, incomplete or misleading in a material respect with reference to the date on which such statement was made; or
- (j) the Company shall, after any Specified Event has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents) in such manner and with such content as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company and in accordance with the GEM Listing Rules and/or the SFO.

Upon the giving of notice by the Underwriter pursuant to the Underwriting Agreement, all obligations of the parties to the Underwriting Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party thereto in respect of any antecedent breaches.

If the Underwriter exercises such right to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in natural gas supply, sales and leasing of equipment.

Having reviewed the latest audited consolidated financial statements of the Company for the year ended 30 September 2024, the Directors note that:

- (a) loss for the year ended 30 September 2024 was approximately HK\$10,766,000;

LETTER FROM THE BOARD

- (b) as at 30 September 2024, the Group's total borrowings comprised of (i) bank and other borrowings, (ii) due to directors, (iii) non-convertible bonds, (iv) lease liabilities, and (v) due to related parties totaling approximately HK\$147,499,000 compared to HK\$106,870,000 as at 30 September 2023; and
- (c) the Group's total gearing ratio as at 30 September 2024 was approximately 152% compared to 106% as at 30 September 2023.

In view of the financial conditions of the Group, the Directors consider that the Rights Issue represents a good opportunity to raise capital for its business operation and settlement of bonds.

Intended use of proceeds

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$51.1 million and the estimated net proceeds of the Rights Issue will be approximately HK\$48.8 million. The estimated expenses of the Rights Issue are approximately HK\$2.3 million, which include underwriting commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.268.

The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) approximately HK\$24 million (approximately 49% of the total net proceeds) for the redemption of outstanding bonds issued by the Company;
- (ii) approximately HK\$4 million (approximately 8% of the total net proceeds) for the payment of outstanding professional fees; and
- (iii) approximately HK\$20.8 million (approximately 43% of the total net proceeds) as general working capital of the Group to support and facilitate the Group's daily operations and cover the Group's essential expenditures including staff salaries and employees benefits, rental expenses, legal and professional fees, registrar fees, office overheads and other general and administrative expenses. Assuming full subscription under the Rights Issue, it is anticipated that these proceeds will be fully utilised within twelve (12) months following the completion of the Rights Issue.

In the event that there is an under-subscription of the Rights Issue, the net proceeds will be utilised for the above purposes on a pro-rata basis in the same proportion as aforementioned.

LETTER FROM THE BOARD

Fund-raising alternatives

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue including, but not limited to, debt financing, placing of new shares and open offer. The Board notes that debt financing such as bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Board is of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fundraising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s) (if any) should note that their shareholdings will be diluted.**

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company as at the date of this announcement to immediately after completion of the Rights Issue (a) as at the date of this announcement; (b) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; (c) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (d) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and 36,468,000 Underwritten Shares have been taken up by the Underwriter:

	As at the date of this announcement		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		Immediately upon completion of the Rights Issue assuming full acceptance of all Rights Shares by existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and 36,468,800 Underwritten Shares have been taken up by the Underwriter	
	Number of Existing Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %
Shareholders								
Wu Guoming (Note 1)	16,237,500	3.56	1,623,750	3.56	8,118,750	3.56	1,623,750	1.98
Public Shareholders								
The Underwriter and/or its subscriber(s) procured by it (Note 2)	–	0.00	–	0.00	–	0.00	36,468,800	44.44
Other public Shareholders	439,622,500	96.44	43,962,250	96.44	219,811,250	96.44	43,962,250	53.58
Total	455,860,000	100.00	45,586,000	100.00	227,930,000	100.00	82,054,800	100.00

Notes:

- Mr. Wu Guoming is the executive Director of the Company.
- This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter unconditionally and irrevocably undertakes to the Company that in the event the Underwriter or any of its sub-underwriters is called upon to subscribe or procure subscription of the Underwritten Shares:
 - without affecting the Underwriter's obligation to underwrite all the Underwritten Shares under the Underwriting Agreement, whether to underwrite the same by itself or procure sub-underwriting of the same, the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under rule 26 of the Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue;

LETTER FROM THE BOARD

- (b) the Underwriter shall and shall cause its sub-underwriters to use its best endeavours to ensure that (i) each of the sub-underwriters, subscribers or purchasers of the Underwritten Shares procured by it shall be an Independent Third Party, not acting in concert (within the meaning of the Takeovers Code) with, and not connected with the Company, any of the Directors, chief executives or substantial shareholders of the Company or their respective associates; and (ii) none of the persons to be procured by it and its sub-underwriters to subscribe for the Shares not taken up by the Qualifying Shareholders will be holding 10.0% or more of the total issued share capital of the Company immediately after completion of the Rights Issue; and
 - (c) the Underwriter shall and shall cause its sub-underwriters to use its best endeavours to ensure and procure that the minimum public float requirement under Rule 11.23 of the GEM Listing Rules be fulfilled by the Company upon completion of the Rights issue.
3. Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the GEM Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

The public float requirements under the GEM Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 11.23 of the GEM Listing Rules.

RISK FACTORS

The Directors are aware that the Group's business operations are exposed to a variety of risks and uncertainties. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group. These key risks are not exhaustive or comprehensive, and there may be additional risks not known by the Group or which may not appear significant now but could turn out to be so in the future.

LETTER FROM THE BOARD

Risks relating to the Group's business

Concentration risk associated with having majority of the Group's revenue generated from its natural gas operation

Majority of the revenue of the Group was generated from the segment of natural gas operations. For the year ended 30 September 2024, the sales of natural gas contributed to approximately 96.1% of the Group's total revenue. As the Group, through its non-wholly owned subsidiary, Yichang Biaodian, holds the exclusive right to supply natural gas in Yichang, Hubei, the PRC for 30 years, the Group anticipates that revenues from sales of natural gas will continue to represent a substantial portion of the Group's total revenue in the near future. Any interruption or adverse change to the Group's natural gas operation or any failure to mitigate such interruptions and changes, or any significant decline in the natural gas consumption in Yichang, Hubei could adversely affect our sales volume of natural gas which, in turn, may have a material adverse effect on the Group's business, profitability and results of operations.

Geographical risk associated with the Group's business operations being primarily based in the PRC

All of the Group's revenue are generated from business operations being based in the PRC and Hong Kong. Accordingly, the Group is subject to certain legal and operational risks associated with being based in or having all of the Group's in the PRC, including but not limited to legal, political and economic developments of the PRC. Any adverse changes in the business or economic conditions, policies of the PRC government, or the laws and regulations of the PRC could cause material adverse effects to the Group's business, financial conditions, results of operations and prospects.

Risks associated with the Group's natural gas operations

The Group's success mostly depends on the performance of its natural gas operations. Accordingly, the Group is subject to various risks associated with its natural gas operations, including but not limited to:

- (i) any potential change in the current policy of the PRC government in promoting the utilization of clean resources could materially affect the Group's natural gas operations and prospects;
- (ii) any droughts, heavy rainfall and changing precipitation patterns could lead to unstable water supply or even water shortages and thus affecting the business operations of the gas station, which relies on having enough water for filter cleansing and examination of facilities;

LETTER FROM THE BOARD

- (iii) any chances that the market may eliminate the reliance on natural gas by investing more in renewable electricity could materially affect the Group's natural gas operations and prospects if there are significant hurdles in the market development; and
- (iv) any uncertainty in the clean energy market can erode investors' confidence, reducing the Group's access to capital as investors seek more predictable and sustainable opportunities.

Financial risks

The Group's operations and activities are exposed to a variety of financial risks such as foreign currency risk and credit risk.

Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in RMB other than the functional currency of the Group's entities (i.e. HK\$). As at the Latest Practicable Date, the Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities, and the Group has not entered into any agreement or commit to any financial instruments to hedge on the exchange rate exposure relating to RMB. Any changes in the exchange rates may have an impact on the Group's financial condition, profitability and results of operations.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to certain credit risk from its operating activities (primarily trade and bills receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. In fact, the Group is also exposed to concentration of credit risk as 54% of the total trade and bills receivables at gross were due from the Group's three largest customers as at 30 September 2024, of which 29% came from the largest customer of the Group and all of the customers are located in the PRC.

EQUITY FUND-RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE (12) MONTHS

The Company had not carried out any equity fund-raising activities in the twelve (12) months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

The Share Consolidation

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolutions relating to the Share Consolidation at the EGM.

The Rights Issue

As the Rights Issue, if proceeded with, will increase the total number of the issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on 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 ordinary resolution to approve the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Wu Guoming, the executive Director of the Company, beneficially owns 16,237,500 Existing Shares in aggregate, representing approximately 3.56% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, Mr. Wu Guoming is required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Director or chief executive of the Company are interested in the Existing Shares of the Company as at the date of this announcement. Accordingly, save as disclosed above, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

LETTER FROM THE BOARD

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

EGM

The EGM will be held for the Shareholders to consider and, if thought fit, approve the proposed Share Consolidation, the proposed Rights Issue and the transactions contemplated thereunder.

A notice convening the EGM to be held at Meeting Room B, 4th Floor, Mei Jing Hotel, No. 356, Xinqu Avenue, Longhua District, Shenzhen, Guangdong, China on Wednesday, 11 June 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.globalstrategicgroup.com.hk).

Whether or not Shareholders are able to attend and vote at the EGM in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:00 a.m. on Monday, 9 June 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and the printed form of the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on Wednesday, 25 June 2025. The Prospectus Documents will also be made available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.globalstrategicgroup.com.hk). The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL(s) and EAF(s) to the Non-Qualifying Shareholders (if any).

LETTER FROM THE BOARD

VOTING BY WAY OF POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

In order to be eligible for attending and voting at the EGM, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Thursday, 5 June 2025.

The register of members of the Company will be closed from Friday, 6 June 2025 to Wednesday, 11 June 2025 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Wednesday, 18 June 2025 to Tuesday, 24 June 2025 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

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

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon the satisfaction of the conditions as set out in the section headed “Conditions of the Share Consolidation” in this announcement, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the GEM Listing Committee of 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 “Conditions of the Rights Issue” in this circular. It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed “Termination of the Underwriting Agreement” of this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

LETTER FROM THE BOARD

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Friday, 13 June 2025, and the Consolidated Shares will be dealt with on an ex-rights basis from Monday, 16 June 2025.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers. The Company will make further announcement(s) with regard to the status of the abovementioned transactions as and when appropriate pursuant to the requirements under the GEM Listing Rules, as appropriate.

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Leung Oh Man, Martin, Dr. Chung Ling Cheong Dicky and Dr. Cheng Chak Ho, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. In this connection, Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting.

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-30 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the members of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee of this circular) consider that the proposed Share Consolidation, the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee of this circular) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Global Strategic Group Limited
Wu Guoming
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders as to its opinion and recommendations in respect of the Rights Issue and the transactions contemplated thereunder.



環球戰略集團有限公司

GLOBAL STRATEGIC GROUP LIMITED

環球戰略集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8007)

27 May 2025

To the Independent Shareholders

Dear Sirs,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-FULLY UNDERWRITTEN BASIS**

We refer to the circular of the Company dated 27 May 2025 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages IFA-1 to IFA-30 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board, the letter from the Independent Financial Adviser and additional information in Appendix III as set out in the Circular.

Having considered the terms of the Rights Issue and the transactions contemplated thereunder, and having taken into account the advice from the Independent Financial Adviser, we are of the opinion that the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable insofar as the Company and the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

For and on behalf of the
Independent Board Committee

Mr. Leung Oh Man, Martin

*Independent
non-executive Director*

Dr. Chung Ling Cheong Dicky

*Independent
non-executive Director*

Dr. Cheng Chak Ho

*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder which has been prepared for the purpose of inclusion in this circular.

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

27 May 2025

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-FULLY UNDERWRITTEN BASIS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 27 May 2025 (the “**Circular**”), of which this letter forms a part of. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

With reference to the Letter from the Board, the Board proposes, subject to, among other things, the Share Consolidation becoming effective, to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) Consolidated Share held at the close of business on the Record Date at the Subscription Price of HK\$0.28 per Rights Share, to raise gross proceeds of approximately HK\$51.1 million before expenses by way of Rights Issue of up to 182,344,000 Rights Shares.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. As stated in the Letter from the Board, the Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date. Assuming there is no change in the total 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, the number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) approximately 400% of the total issued share capital of the Company upon the Share Consolidation becoming effective; and (ii) approximately 80% of the issued share capital of the Company upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

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Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-fully underwritten basis and be partially underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

GEM Listing Rules Implications

As the Rights Issue, if proceeded with, will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on 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 ordinary resolution to approve the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Wu Guoming, the executive Director of the Company, beneficially owns 16,237,500 Existing Shares in aggregate, representing approximately 3.56% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Wu Guoming is required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Director or chief executive of the Company are interested in the Existing Shares of the Company as at the Latest Practicable Date. Accordingly, save as disclosed above, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

Independent Board Committee

The Independent Board Committee, comprising all the three independent non-executive Directors, namely, Mr. Leung Oh Man, Martin, Dr. Chung Ling Cheong Dicky and Dr. Cheng Chak Ho, has been established to provide recommendations to the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

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As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Rights Issue. Accordingly, we are independent from the Company pursuant to the requirement under Rule 17.96 of the GEM Listing Rules and therefore we are qualified to give independent advice in respect of the Rights Issue and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

Shareholders will be informed by the Group and us as soon as possible if there is any material change to the information disclosed in this Circular during the period from the Latest Practicable Date up to the date of the EGM, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries and associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Group is principally engaged in natural gas supply, sales and leasing of equipment.

Set out below is a summary of the audited financial information of the Group for the three years ended 30 September 2024 (“FY2022”, “FY2023” and “FY2024”, respectively) as extracted from the annual reports of the Company for FY2023 and FY2024 (the “2024 Annual Report”):

(i) Financial performance

	For the year ended 30 September		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	136,241	166,077	221,212
– Natural gas operations	124,599	155,052	212,652
– Sales and leasing business	11,622	11,025	8,560
– Independent financial advisory	20	–	–
Gross profit	20,287	27,261	43,158
Other income	962	871	342
Other gains and losses	139	328	281
Selling and distribution costs	(8,731)	(9,800)	(13,808)
General and administrative expenses	(32,960)	(33,123)	(31,426)
Reversal of impairment loss on property, plant and equipment	21,012	20,343	–
Reversal of impairment loss on intangible assets	16,565	17,172	–
Reversal of impairment loss on right-of-use assets	178	158	–
Allowance for trade and bills receivables	(1,823)	(700)	(287)
Reversal of allowance for loan receivables	1,173	–	–
Allowance for deposits and other receivables	(13)	(295)	(92)
Allowance for due from non-controlling shareholders of a subsidiary and its related parties	–	(51)	(213)
(Allowance)/reversal of allowance for due from a related party	(6)	1	(22)
Finance costs	(2,603)	(4,921)	(6,602)
Share of loss from a joint venture	(49)	(76)	(34)
Profit/(loss) before tax	14,131	17,168	(8,703)
Income tax expense	(3,450)	(3,482)	(2,063)
Loss attributable to the Shareholders	(15,504)	(12,229)	(15,636)

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FY2024 compared to FY2023

Total revenue of the Group increased by approximately 33.2% from approximately HK\$166.1 million for FY2023 to approximately HK\$221.2 million for FY2024, primarily attributable to the increase in revenue from natural gas operations by approximately HK\$57.6 million benefiting from the expansion project of the Group's Baiyang Industrial Park in Yichang Gaoxin District and the exclusive gas supply operation rights within the park.

In line with the increase in total revenue, the Group's gross profit increased by approximately 58.3% from approximately HK\$27.3 million for FY2023 to approximately HK\$43.2 million for FY2024.

Despite the increase in revenue and gross profit as aforementioned, the Group's loss attributable to the Shareholders increased by approximately 27.9% from approximately HK\$12.2 million for FY2023 to approximately HK\$15.6 million for FY2024. Such increase was primarily attributable to (a) the increase in selling and distribution costs by approximately HK\$4.0 million mainly due to the increase in depreciation charge caused by the increase in carrying amount of non-current assets as a result of the reversal of impairment recognised in FY2023; (b) the absence of reversal of impairment loss on property, plant and equipment of approximately HK\$20.3 million and the absence of reversal of impairment loss on intangible assets of approximately HK\$17.2 million; and (c) the increase in finance costs by approximately HK\$1.7 million as a result of the increase in the balance of the Group's bank and other borrowings.

FY2023 compared to FY2022

Total revenue of the Group increased by approximately 21.9% from approximately HK\$136.2 million for FY2022 to approximately HK\$166.1 million for FY2023, primarily attributable to the increase in revenue from natural gas operations by approximately HK\$30.5 million mainly due to the increase in the volume of natural gas sales as no COVID-19 restrictions were imposed and industrial activities returned to normal during FY2023.

In line with the increase in total revenue, the Group's gross profit increased by approximately 34.4% from approximately HK\$20.3 million for FY2022 to approximately HK\$27.3 million for FY2023.

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The Group's loss attributable to the Shareholders decreased by approximately 21.1% from approximately HK\$15.5 million for FY2022 to approximately HK\$12.2 million for FY2023. Such decrease was primarily attributable to (a) the increase in revenue and gross profit as aforementioned; and (b) the decrease in allowance for trade and bills receivables by approximately HK\$1.1 million, which was partially offset by (a) the increase in selling and distribution costs by approximately HK\$1.1 million mainly due to the increase in depreciation charge upon reversal of impairment on non-current assets; (b) the absence of reversal of allowance for loan receivables by approximately HK\$1.2 million; and (c) the increase in finance costs by approximately HK\$2.3 million as a result of the increase in the balance of the Group's bank and other borrowings.

(ii) Financial position

	As at 30 September		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Non-current assets, including:	214,968	259,854	281,309
– Property, plant and equipment	121,577	161,075	155,451
– Right-of-use assets	3,495	7,908	10,395
– Intangible assets	80,976	90,771	88,214
– Deposits for acquisition of property, plant and equipment	8,737	–	27,182
Current assets, including:	24,889	39,484	57,184
– Trade and bills receivables	8,920	8,086	9,873
– Prepayments, deposits and other receivables	8,073	13,972	17,113
– Bank and cash balances	4,998	9,385	20,068
Total assets	239,857	299,338	338,493
Current liabilities, including:	75,911	132,228	161,251
– Accruals and other payables	40,608	58,296	56,101
– Contract liabilities	10,798	16,081	23,627
– Due to a non-controlling shareholder of a subsidiary and its related parties	–	–	336
– Due to related parties	9,888	4,579	9,145
– Due to directors	1,142	8,772	3,674
– Non-convertible bonds	7,852	19,757	15,621
– Bank and other borrowings	2,878	16,520	42,408

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	As at 30 September		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Non-current liabilities, including:	81,609	75,320	93,623
– Non-convertible bonds	8,900	3,000	21,637
– Bank and other borrowings	20,675	46,646	45,065
– Deferred tax liabilities	20,244	22,693	22,053
Total liabilities	157,520	207,548	254,874
Equity/(deficiency) attributable to the Shareholders	15,776	2,522	(12,075)

As at 30 September 2024, total assets of the Group amounted to approximately HK\$338.5 million, which mainly consisted of (a) property, plant and equipment of approximately HK\$155.5 million, primarily representing the pipeline, equipment, plant and machinery owned by the Group; (b) intangible assets of approximately HK\$88.2 million, representing the natural gas supply exclusive rights arose from the acquisition of Yichang Biaodian Natural Gas Utilisation Co. Ltd.* (宜昌市標典天然氣利用有限公司) (“**Yichang Biaodian**”); (c) deposits for acquisition of property, plant and equipment of approximately HK\$27.2 million; (d) prepayments, deposits and other receivables of approximately HK\$17.1 million; and (e) bank and cash balances of approximately HK\$20.1 million.

As at 30 September 2024, total liabilities of the Group amounted to approximately HK\$254.9 million, which mainly consisted of (a) accruals and other payables of approximately HK\$56.1 million; (b) contract liabilities of approximately HK\$23.6 million; (c) non-convertible bonds of approximately HK\$37.3 million which carried interests of 6% to 12% per annum; (d) bank and other borrowings of approximately HK\$87.5 million with an effective interest rate of 3.95% to 10.5% per annum; and (e) deferred tax liabilities of approximately HK\$22.1 million.

As at 30 September 2024, the Group recorded deficiency attributable to the Shareholders of approximately HK\$12.1 million.

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(iii) Overall comment

The Group has recorded consecutive losses attributable to the Shareholders during the three years ended 30 September 2024, primarily attributable to the increase in selling and distribution costs and finance costs, as well as the absence of reversal of impairment losses on property, plant and equipment, intangible assets and loan receivables. With reference to the 2024 Annual Report, benefiting from (a) the expansion project of Baiyang Industrial Park in Yichang Gaoxin District and the exclusive gas supply operation rights within the park; and (b) the recovery of the Chinese economy which will drive an increase in infrastructure construction and renovation projects, it is expected that the Group's two core businesses would grow in the foreseeable future. In addition, the management of the Group will be more cautious and conservative in seeking new potential merger and acquisition, business integration and expansion in order to sustain the growth and profitability of the Group.

2. Reasons for the Rights Issue and use of proceeds

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$51.1 million and the estimated net proceeds of the Rights Issue will be approximately HK\$48.8 million. The Company intends to use the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$24.0 million or 49.2% of the total net proceeds for the redemption of outstanding bonds issued by the Company;
- (ii) approximately HK\$4.0 million or 8.2% of the total net proceeds for the repayment of outstanding professional fees; and
- (iii) approximately HK\$20.8 million or 42.6% of the total net proceeds as the general working capital of the Group.

In the event that there is an under-subscription of the Rights Issue, the net proceeds will be utilised for the above purposes on a pro-rata basis in the same proportion as aforementioned.

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As stated in the section headed “1. Background of the Group” above, despite the increase in revenue and gross profit over the years, the Group has recorded consecutive losses attributable to the Shareholders during the three years ended 30 September 2024, primarily attributable to the increase in selling and distribution costs and finance costs, as well as the absence of reversal of impairment losses on property, plant and equipment, intangible assets and loan receivables. As at 30 September 2024, the Group was in a highly leveraged financial position, having total borrowings (including amount due to a non-controlling shareholder of a subsidiary and its related parties, due to related parties, due to directors, non-convertible bonds and bank and other borrowings) of approximately HK\$137.9 million with an effective interest rate of 3.95% to 12% per annum. On the other hand, the Group only had bank and cash balances of approximately HK\$20.1 million as at 30 September 2024, which were insufficient to cover even the current portion of total borrowings of approximately HK\$71.2 million. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Group encountered pressures on liquidity and is in need for fund raising to relieve its liquidity pressure and finance costs burden. In addition, as stated in the 2024 Annual Report, taking into account that (i) the Group incurred a net loss of approximately HK\$10.8 million for FY2024; (ii) the Group’s current liabilities exceeded its current assets by approximately HK\$104.1 million as at 30 September 2024; (iii) the Group had capital commitments of approximately HK\$14.5 million as at 30 September 2024, which represented the capital expenditure in respect of the acquisition of property, plant and equipment and development of systems and networks; and (iv) the Group was in default in respect of the principal amount of non-convertible bonds totaling HK\$550,000 as at 30 September 2024, the Group’s auditor was in doubt about the Group’s ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business and thus did not express an opinion on the consolidated financial statements of the Group for FY2024. As discussed in the section headed “1. Background of the Group” above, the Group has incurred general and administrative expenses of approximately HK\$30 million for each of the three years ended 30 September 2024. As such, we concur with the Directors that the total net proceeds of approximately HK\$20.8 million will support and facilitate the Group’s daily operations and cover the Group’s essential expenditures including staff salaries and employees benefits, rental expenses, legal and professional fees, registrar fees, office overheads and other general and administrative expenses. In this regard, the Rights Issue could provide sufficient funds at no borrowing costs for the Group to satisfy its funding needs in redemption of its outstanding bonds; and the conduction of the Group’s ordinary business.

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As stated in the Letter from the Board, the estimated expenses of the Rights Issue are approximately HK\$2.3 million, which include underwriting commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. As a public company listed on the Stock Exchange, the Group has also incurred other professional fees payable to the auditors, financial printer and etc. With reference to the 2024 Annual Report, the Group has incurred auditor's remuneration of approximately RMB1.3 million for FY2024. In view of the above and the low level of the Group's cash on hand, we concur with the Directors that the Group is in need for fund raising to pay for the outstanding professional fees. Although the Company had bank and cash balances of approximately HK\$20.1 million as at 30 September 2024 which has covered the outstanding professional fees, taking into account that the aforesaid cash balance was insufficient to cover the current portion of total borrowings of approximately HK\$71.2 million as at 30 September 2024 and the Group was in default in respect of the principal amount of non-convertible bonds totaling HK\$550,000 as at 30 September 2024, we consider that the Company's existing cash levels are insufficient to meet the Group's liquidity needs on repaying the borrowings and settling outstanding professional fees at the same time and thus the Company is need for fund raising for outstanding professional fees.

Fund-raising alternatives

As disclosed in the Letter from the Board, the Board has considered various fund-raising alternatives before resolving to the Rights Issue including, but not limited to, debt financing, placing of new shares and open offer.

The Board is of the view that debt financing such as bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. In this respect, we have discussed with the management of the Group and were advised that given the loss-making performance of the Company, the banks have been reducing their facilities to the Company. Given that (i) the funds raised through the Rights Issue would not be interest-bearing while the Group had been in a highly leveraged financial position with an effective interest rate of 3.95% to 12% per annum; (ii) the Group's finance costs have increased significantly from approximately RMB2.6 million for FY2022 to approximately RMB6.6 million for FY2024 so that debt financing would incur further interest burden on the Group and negatively affect the financial performance and gearing of the Group; and (iii) new borrowings, if there were a lender, may require the provision of security and collaterals and creditors will rank before the Shareholders, which would not be beneficial to the Shareholders as a whole, we agree that debt financing is not beneficial to the Company and the Rights Issue would allow the Company to strengthen its capital base and liquidity without incurring interest costs as it would through bank borrowing.

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With respect to equity financing alternatives, the Board considers that placing of new Shares would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. In this regard, we have discussed with the management of the Group and noted that the management of the Group have explored with financial institutions on the possibility of placing new shares and were given to understand that in light of the current market sentiment and the loss-making performance of the Company, the willingness of potential investors to participate in equity placements has been low and may not enable the Company to raise sufficient funds. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. As such, we consider that the Rights Issue is more favourable to the Shareholders as they have the flexibility of being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue. The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the financial burden to the Group. The Rights Issue also allows all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Taking into account (i) the unsatisfactory financial performance and the liquidity level of the Group; (ii) the funding requirement of the Group to relieve its liquidity pressure; (iii) the Group's auditor's concern on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business; (iv) that the Rights Issue will strengthen the capital base of the Group for further development of its existing businesses; and (iv) that the Rights Issue offers all Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables them to maintain their proportionate interests in the Company and continue to participate in the future development of the Company, we concur with the management of the Group that the Rights Issue is the most appropriate means of financing over the alternative fund-raising methods and is in the interest of the Company and the Shareholders as a whole.

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3. Principal terms of the Rights Issue

For details of the terms of the Rights Issue, please refer to the section headed “Proposed Rights Issue” in the Letter from the Board. Set out below are the principal terms of the Rights Issue:

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.28 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK\$0.27 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	455,860,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	45,586,000 Consolidated Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 182,344,000 Rights Shares (assuming there is no change to the total number of Shares in issue on or before the Record Date)
		The aggregate nominal value of the Rights Shares will be HK\$18,234,400
Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	Up to 227,930,000 Consolidated Shares (assuming there is no change to the total number of Shares in issue or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Maximum amount of funds to be raised before expenses (assuming the Rights Issue is fully subscribed)	:	Up to approximately HK\$51.1 million (assuming there is no change in the total number of Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

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As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

Assuming there is no change in the total 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, the number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) approximately 400% of the total issued share capital of the Company upon the Share Consolidation becoming effective; and (ii) approximately 80% of the issued share capital of the Company upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

4. Assessment of the Subscription Price

The Subscription Price of HK\$0.28 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, or where applicable, when a transferee of the nil-paid Rights Shares applies for the the Rights Shares. The Subscription Price was determined by the Company with reference to (i) the prevailing market price of the Shares during the six months immediately preceding the Last Trading Day, which presented an overall downward trend; (ii) the current market conditions in Hong Kong taking into consideration the rather cautious investment sentiment of the general public investors in Hong Kong amid economic uncertainties; (iii) low liquidity of the Shares for the six months immediately preceding the Last Trading Day with the average daily trading volume of approximately 1,349,928 Shares, representing approximately 0.30% of the total number of issued Shares as at the Last Trading Day; and (iv) the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and the use of proceeds” in the Letter from the Board.

The Subscription Price of HK\$0.28 per Rights Share represents:

- (i) a discount of approximately 6.67% to the theoretical closing price of HK\$0.30 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.03 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 12.50% to the theoretical closing price of HK\$0.32 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;

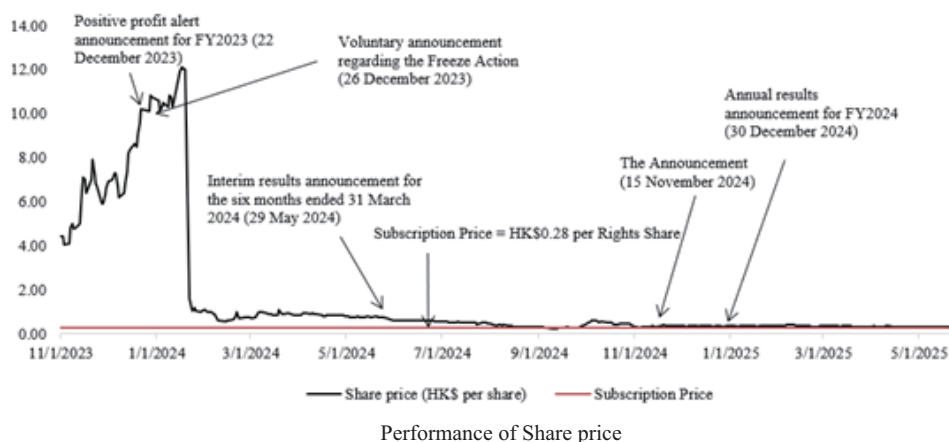
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- (iii) a discount of approximately 14.11% to the theoretical average closing price of HK\$0.326 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0326 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day;
- (iv) a discount of approximately 11.39% to the theoretical average closing price of HK\$0.316 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0316 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 3.18% to the theoretical ex-rights price of approximately HK\$0.2892 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 11.29% represented by the theoretical diluted price of approximately HK\$0.2892 per Consolidated Share to the benchmarked price of approximately HK\$0.326 per Consolidated Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.032 and the average closing price of approximately HK\$0.0326 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Announcement); and
- (vii) a premium of approximately HK\$0.54 to the net deficit attributable to the Shareholders per Consolidated Share as at 30 September 2024 of approximately HK\$0.26 based on the 2024 Annual Report and the number of Consolidated Shares in issue upon the Share Consolidation becoming effective.

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(i) Comparison with adjusted historical closing prices of the Consolidated Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily adjusted closing prices (as adjusted for the Share Consolidation) of the Consolidated Shares from 1 November 2023 to the Last Trading Day (i.e. 15 November 2024) (the “**Review Period**”), being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date, assuming the Share Consolidation became effective before the Review Period. We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Existing Shares. Although the adjusted closing prices of the Consolidated Shares experienced significant fluctuations in late 2023 and early 2024, they generally exhibited a downward trend since February 2024 and up to the Last Trading Day, we consider the Review Period is appropriate to illustrate the general trend and level of movement.



Source: the website of the Stock Exchange

As shown above, the adjusted closing prices of the Consolidated Shares were above the Subscription Price at the majority of time during the Review Period (i.e. 245 out of 257 days), ranging from HK\$0.20 on 11 September 2024 to HK\$12.10 on 17 January 2024. In other words, Subscription Price represents a premium of approximately 40.00% to a discount of approximately 97.69% over/to the adjusted closing prices of the Consolidated Shares.

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The adjusted closing prices of the Consolidated Shares generally exhibited an upward trend from HK\$4.40 per Consolidated Share on 1 November 2023 and reached the highest of HK\$12.10 per Consolidated Share on 17 January 2024. Thereafter, it dropped sharply to HK\$1.59 per Consolidated Share on 22 January 2024. Based on our discussion with the management of the Group, such significant decline in the adjusted closing price may be due to the Company's publication of a voluntary announcement regarding the frozen of the Group's shares of Yichang Biaodian Natural Gas Utilisation Co. Ltd.* (宜昌市標典天然氣利用有限公司) (“**Yichang Biaodian**”), a non-wholly owned subsidiary of the Company by Shanxi Province Changzhi Municipal Supervision Commission* (山西省長治市監察委員會) (the “**Freeze Action**”). As advised by the PRC legal counsel of the Group, the ordinary course of business of Yichang Biaodian would not be restricted or adversely affected by the Freeze Action. During the period of the Freeze Action, however, the Group is unable to undertake any filing related to changes in ownership of the frozen equity interests of Yichang Biaodian or the registration of any pledge of the frozen equity interests of Yichang Biaodian. From then on, the adjusted closing prices of the Consolidated Shares generally exhibited a downward trend and hit the lowest of HK\$0.20 per Consolidated Share on 11 September 2024.

As at the Last Trading Day and the Latest Practicable Date, the adjusted closing price of the Consolidated Shares closed at HK\$0.32 and HK\$0.30, respectively, to which the Subscription Price represents a discount of approximately 12.50% and 6.67%, respectively.

As discussed in the sub-section headed “(iii) Comparison with recent rights issue exercises” below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant share in order to increase the attractiveness and encourage shareholders to participate in the rights issue so as to meet the company's need for additional funding.

The mean and median of the adjusted closing prices of the Consolidated Shares during the Review Period amounted to HK\$2.18 per Consolidated Share and HK\$0.72 per Consolidated Share, respectively, to which the Subscription Price represents a discount of approximately 87.16% and 61.11%, respectively. In view that the price of the Consolidated Shares showed a general sliding trend during the Review Period, the loss-making position of the Company for the past few years, the material uncertainty in related to the Group's ability to continue as a going concern as stated in the 2024 Annual Report and the imminent financial needs of the Company to obtain further funding as general working capital for repayment of debts and development of its principal business, we consider that the discounts of the Subscription Price to the mean and median of the adjusted closing prices of the Consolidated Shares during the Review Period would encourage the Shareholders to reinvest in the Company through the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future development of the Group. For this reason, we are of the view that the aforesaid discounts as represented by the Subscription Price are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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(ii) *Historical trading liquidity of the Shares*

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the period from 1 November 2023 to the Latest Practicable Date:

	Number of trading days (Note 1)	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue (Note 2)	Approximate percentage of average daily trading volume to total number of Shares held by the public (Note 3)
2023				
November	22	18,367,493	4.0292%	4.1780%
December	19	36,510,345	8.0091%	8.3049%
2024				
January	22	29,520,655	6.4758%	6.7150%
February	19	7,699,927	1.6891%	1.7515%
March	20	3,821,879	0.8384%	0.8694%
April	20	1,670,182	0.3664%	0.3799%
May	21	960,754	0.2108%	0.2185%
June	19	672,651	0.1476%	0.1530%
July	22	601,729	0.1320%	0.1369%
August	22	1,163,075	0.2551%	0.2646%
September	19	2,590,025	0.5682%	0.5891%
October	21	2,309,118	0.5065%	0.5253%
November	21	1,023,723	0.2246%	0.2329%
December	20	1,026,292	0.2251%	0.2334%
2025				
January	19	1,348,903	0.2959%	0.3068%
February	20	698,838	0.1533%	0.1590%
March	21	1,029,081	0.2257%	0.2341%
April	19	1,367,926	0.3001%	0.3112%
From 2 May to the Latest Practicable Date	12	176,694	0.0388%	0.0402%

Source: the website of the Stock Exchange

Notes:

1. Number of trading days of the Shares represents number of trading days during the month or period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day (if applicable).
2. Based on the total number of the Shares in issue at the end of each month or period as disclosed in the monthly returns of the Company.
3. Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by Mr. Wu Guoming as at the Latest Practicable Date.

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As illustrated in the table above, the average daily trading volume for the respective month or period during the period from 1 November 2023 to the Latest Practicable Date ranged from approximately 176,694 Shares in the period from 2 May 2025 to the Latest Practicable Date to approximately 36,510,345 Shares in December 2023, representing approximately 0.0388% to 8.0091% of the total number of the Shares in issue and approximately 0.0402% to 8.3049% of the total number of the Shares held by the public, respectively.

The trading volume of the Shares was notably high in December 2023 and January 2024 as compared to other months/periods during the period from 1 November 2023 to the Latest Practicable Date, which may be attributable to the market reaction and/or knock-on effects of the Company's publication of a voluntary announcement in relation to the Freeze Action in December 2023. For details, please refer to the sub-section headed "(i) Comparison with adjusted historical closing prices of the Consolidated Shares" above. As at the Latest Practicable Date, no further action has been taken by Shanxi Province Changzhi Municipal Supervision Commission* (山西省長治市監察委員會) regarding the frozen equity interests of Yichang Biaodian. After considering the PRC legal counsel's opinion, the Directors are of the opinion that despite the Freeze Action, the Group's ability to direct the relevant activities of Yichang Biaodian remains unaffected, and therefore, the Group retains control over Yichang Biaodian. As such, such irregular trading volume of the Shares in December 2023 and January 2024 shall be in one-off nature.

The above statistics revealed that the trading liquidity of the Shares has not been high recently in the open market. On this basis and considering the financial position and performance of the Group, we are of the view that the Company is unlikely to be able to raise notable amount of funds via equity financing without a notable discount. As such, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholdings in the Company.

(iii) Comparison with recent rights issue exercises

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have further reviewed the rights issue exercises with excess application only and no compensatory arrangement which were initially announced by the companies listed on the GEM Board of the Stock Exchange during the period from 1 November 2023 up to the Last Trading Day (being approximately one year). We have identified an exhaustive list of 8 rights issue transactions (the "**Comparable Transactions**"). We consider that the aforesaid review period is adequate and appropriate to capture the recent market practice in relation to rights issue exercises under the prevailing market conditions, and provide a sufficient sample for comparison with the Rights Issue.

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Although the listed issuers involved in the Comparable Transactions have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, and includes rights issue transactions which are underwritten with different basis of entitlement, we consider that the Comparable Transactions can provide a general reference to the pricing trend of recent rights issue transactions under the current market conditions as well as a sufficient sample size for comparison purpose, so as to determine whether the Subscription Price is in line with those of recent rights issue transactions in the market.

Although the listed issuers involved in the Comparable Transactions may have different market capitalisation, given that the comparison analysis does not focus on market multiples such as price to earnings ratio or price to book value ratio, we are of the view that the market capitalisation should not be considered as a determinative factor alone. In respect of the fundraising scale, we consider that it is determined by the management of the listed issuers involved in the Comparable Transactions after taking into account of a complex of weighing factors, including but not limited to their historical financial position and financial performance, prospects of principal business, macroeconomics, and market sentiment to affect their share price and trading liquidity, and hence it should not be considered as a determinative factor alone as well. Nevertheless, as shown in the table below, we noted that the gross proceeds raised in the Comparable Transactions were in the range of approximately HK\$13.2 million to HK\$86.0 million, which was similar to that of the Rights Issue (i.e HK\$51.1 million). Based on the above, we consider that the selection criteria is fair and reasonable to benchmark the Rights Issue.

The details of the Comparable Transactions are set out below:

Date of Announcement	Company name (stock code)	Market capitalization on the Last Trading Day (HK\$ million)	Gross proceeds from the rights issue (HK\$ million)	Basis of entitlement	Premium/ (discount) of the	Premium/ (discount) of the	Premium/ (discount) of the	consolidated net asset value	Maximum dilution	Theoretical dilution effect	Underwriting commission
					subscription price over/to the average closing price	subscription price over/to the average closing price					
					Premium/ (discount) of the subscription price over/to the closing price on the last trading day	for the five previous consecutive trading days up to and including/ prior to the last trading day	theoretical ex-rights price based on the closing price on the last trading day				
					%	%	%	%	(Note 2)	(Note 3)	(Note 4)
8 October 2024	V & V Technology Holdings Limited (8113.HK)	72.7	13.4-24.2	1 for 2	(31.51)	(26.04)	(23.47)	(32.23)	33.33	10.50	N/A
4 October 2024	Palinda Group Holdings Limited (8179.HK)	225.7	71.7	1 for 2	(18.70)	(9.42)	(13.29)	(66.10)	33.33	6.23	N/A
14 August 2024	Ziyuanyuan Holdings Group Limited (8223.HK)	799.8	86.0	1 for 5	(66.44)	(66.49)	(62.26)	36.38	16.67	11.09	7.07
25 June 2024	Chong Fai Jewellery Group Holdings Company Limited (8537.HK)	52.8	27.0	3 for 1	(32.20)	(32.58)	(10.45)	(87.37)	75.00	24.58	N/A
16 May 2024	Futian Holdings Limited (8196.HK)	21.4	45.0	1 for 2	0.00	(10.71)	0.00	8.70	33.33	4.60	N/A
21 February 2024	Guen Holdings Limited (8121.HK)	21.5	17.3	2 for 1	(33.33)	(35.32)	(14.28)	(60.86)	66.67	23.55	7.07

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Date of Announcement	Company name (stock code)	Market capitalization on the Last Trading Day (HK\$ million)	Gross proceeds from the rights issue (HK\$ million)	Basis of entitlement	Premium/ (discount) of the subscription price over/to the average closing price	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days up to and including/ prior to the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days up to and including/ prior to the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days up to and including/ prior to the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days up to and including/ prior to the last trading day	Theoretical dilution effect (Note 3)	Underwriting commission (Note 4)
					Premium/ (discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (discount) of the subscription price over/to the closing price on the last trading day %		
9 February 2024	Wuxi Life International Holdings Group Limited (8148.HK)	114.5	30.5	2 for 1	(20.00)	(25.93)	(10.45)	380.00	66.67	10.45	N/A
21 November 2023	Gameone Holdings Limited (8282.HK)	19.8	13.2	1 for 2	6.80	8.27	4.46	(11.29)	33.33	0.00	3.00
				Maximum	6.80	8.27	4.46	380.00	75.00	24.58	7.07
				Minimum	(66.44)	(66.49)	(62.26)	(87.37)	16.67	0.00	3.00
				Average	(24.42)	(24.78)	(16.22)	20.90	44.79	11.38	5.71
				Median	(25.76)	(25.99)	(11.87)	(21.76)	33.33	10.48	7.07
	The Company	14.6	51.1	4 for 1	(12.50)	(14.11)	(3.18)	Net deficit	80.00	11.29	3.00

Source: the website of the Stock Exchange and Bloomberg

Notes:

- Theoretical ex-rights price is calculated as the sum of (a) the issuer's total market capitalisation by reference to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) and the number of issued shares immediately before the rights issue; and (b) the total funds to be raised from the rights issue, divided by the total number of shares as enlarged by the rights issue.
- The maximum dilution is calculated by the number of rights shares divided by the total number of issued shares as enlarged by the issue of the rights shares.
- The theoretical dilution effect is calculated in accordance with Rule 10.44A of the GEM Listing Rules.
- "N/A" denotes that the rights issue was conducted on a non-underwritten basis and therefore the underwriting commission is not applicable.

As set out in the table above, we note that it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices prior to the announcement of the rights issue and to the theoretical ex-rights price of the shares. We also note that:

- the subscription prices over/to the share price on the last trading day of the Comparable Transactions ranged from a discount of approximately 66.44% to a premium of approximately 6.80%, with an average and a median discount of approximately 24.42% and 25.76%, respectively. The discount of approximately 12.50% as represented by the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day is within the range of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions;

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- (b) the subscription prices over/to the average share price for the five previous consecutive trading days up to and including/prior to the last trading day of the Comparable Transactions ranged from a discount of approximately 66.49% to a premium of approximately 8.27%, with an average and a median discount of approximately 24.78% and 25.99%, respectively. The discount of approximately 14.11% as represented by the Subscription Price to the average adjusted closing price of the Consolidated Shares for the five previous consecutive trading days prior to the Last Trading Day is within the range of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions;
- (c) the subscription prices over/to the theoretical ex-rights price based on the closing price on last trading day of the Comparable Transactions ranged from a discount of approximately 62.26% to a premium of approximately 4.46%, with an average and a median discount of approximately 16.22% and 11.87%, respectively. The discount of approximately 3.18% as represented by the Subscription Price to the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day is within the range of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions;
- (d) the subscription prices over/to the consolidated net asset value of the Comparable Transactions ranged from a discount of approximately 87.37% to a premium of approximately 380.00%, with an average premium and a medium discount of approximately 20.90% and 21.76%, respectively. Although the premium of approximately HK\$0.54 as represented by the Subscription Price to the net deficit attributable to the Shareholders per Consolidated Share as at 30 September 2024 cannot be directly comparable to those of the Comparable Transactions, it is in line with the Comparable Transactions as there are also three Comparable Transactions whose subscription prices are in excess of net asset value per share; and
- (e) the theoretical dilution effect of the Comparable Transactions ranged from nil to approximately 24.58%, with an average and a medium dilution effect of approximately 11.38% and 10.48%, respectively. The theoretical dilution effect of the Rights Issue of approximately 11.29% is within the range of the Comparable Transactions and close to the average and median dilution effects of the Comparable Transactions.

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Given that (a) as shown in the table above, it is a common market practice that the subscription price of a rights issue represents a discount to (1) the closing price on the last trading day; (2) the average share price for the five previous consecutive trading days up to and including/prior to the last trading day; (3) the theoretical ex-rights price based on the closing price on the last trading day; and (4) the consolidated net asset value attributable to the shareholders; (b) a higher discount of the Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue; (c) the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; (d) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market; (e) the discounts of the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day, the average adjusted closing price of the Consolidated Shares for the five previous consecutive trading days prior to the Last Trading Day, and the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day are within the ranges of those of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions; (f) although the premium of approximately HK\$0.54 as represented by the Subscription Price to the net deficit attributable to the Shareholders per Consolidated Share as at 30 September 2024 cannot be directly comparable to those of the Comparable Transactions, it is in line with the Comparable Transactions as there are also three Comparable Transactions whose subscription prices are in excess of net asset value per share; (g) as discussed in the section headed “1. Background of the Group” above, the financial performance of the Group had been unsatisfactory in FY2024 as a result of the increase in selling and distribution costs and finance costs, as well as the absence of reversal of impairment losses on property, plant and equipment, intangible assets and loan receivables. As at 30 September 2024, the Group was in a highly leveraged financial position, having total borrowings (including amount due to a non-controlling shareholder of a subsidiary and its related parties, due to related parties, due to directors, non-convertible bonds and bank and other borrowings) of approximately HK\$137.9 million as compared to bank and cash balances of approximately HK\$20.1 million only. As the Group is in need to raise funds for working capital for its ordinary business and relieving its liquidity pressure, it is reasonable to set the Subscription Price with a discount to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take part in the Rights Issue; and (h) the theoretical dilution effect of the Rights Issue is within the range of the Comparable Transactions and close to the average and median dilution effects of the Comparable Transactions, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

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5. Principal terms of the Underwriting Agreement

On 15 November 2024 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to, on a non-fully underwritten basis, partially underwrite up to 36,468,800 Rights Shares, representing 20% of the maximum number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

For details of the terms of the Underwriting Agreement, please refer to the section headed “The Underwriting Agreement” in the Letter from the Board. Set out below are the principal terms of the Underwriting Agreement:

Date	:	15 November 2024 (after trading hours)
Issuer	:	The Company
Underwriter	:	Rifa Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO, and its ordinary course of business includes underwriting of securities.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with Rule 10.24A(1) of the GEM Listing Rules.

Underwriting commitment of the Underwriter and number of Underwritten Shares	:	Pursuant to the Underwriting Agreement, the Underwritten Shares to be underwritten by the Underwriter shall be up to 36,468,800 Rights Shares, representing 20% of the maximum number of 182,344,000 Rights Shares to be issued and allotted pursuant to the Rights Issue.
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The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders.

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Underwriting commission : 3% of the aggregate Subscription Price (the “**Underwriting Commission**”) in respect of the actual number of Underwritten Shares underwritten, subscribed for or procured subscription for by the Underwriter pursuant to the Underwriting Agreement.

With reference to the sub-section headed “4. Assessment of the Subscription Price – (iii) Comparison with recent rights issue exercises” above, among the 8 Comparable Transactions, there were three Comparable Transactions involving underwriting arrangement which we believe reflect the prevailing market trends under the current economic environment and thus fair and reasonable for the assessment of the Underwriting Commission under the Rights Issue.

As shown in the table above, we noted that the commission fees payable to the respective underwriters under the Comparable Transactions are based on certain percentage of the gross proceeds from the underwriting of the underwritten shares, which ranged from 3.00% to 7.07% with an average and a median of approximately 5.71% and 7.07%, respectively. Given (i) the Underwriting Commission was determined after arm’s length negotiation between the Underwriter and the Company by reference to the financial position of the Group, the size of the Rights Issue and the prevailing market conditions; and (ii) the Underwriting Commission of 3% falls within the relevant range of the Comparable Transactions and is lower than the average and the median of the Comparable Transactions, we consider that the Underwriting Commission to be fair and reasonable. As such, we are of the view that the terms of the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Pursuant to rule 10.31 of the GEM listing Rules, in every rights issue, the issuer must make arrangements to dispose of securities not subscribed by allottees under provisional letters of allotment or their renounces by either excess application or compensatory arrangement. As advised by the management of the Company, they have considered the two means and has adopted the excess application arrangement to dispose of the Unsubscribed Rights Shares, after considering that this arrangement offers all Qualifying Shareholders an opportunity to increase their shareholding interest in the Company in addition to their entitled portion at a discount to the closing price of the Shares. Taking into account that (i) the excess application or compensatory arrangements are just the different mechanism to provide the entitlements to the existing Shareholders for the unsubscribed shares; (ii) the Company has complied with the requirements under relevant GEM Listing Rules in disposing the Unsubscribed Rights Shares; and (iii) the excess application arrangement, instead of compensatory arrangement, allows all Qualifying Shareholders an opportunity to increase their shareholding interest in the Company in addition to their entitled portion at a discount to the closing price of the Shares, we concur with the Directors that the adoption of excess application arrangement under the Rights Issue is fair and reasonable.

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6. Potential dilution effect on the shareholding interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will not be diluted after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider to sell their nil-paid rights to subscribe for the Rights Shares in the market. However, they and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

For illustrative purposes only, assuming there is no further issue or repurchase of the Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; (iii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and 36,468,000 Underwritten Shares have been taken up by the Underwriter:

Shareholders	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and 36,468,000 Underwritten Shares have been taken up by the Underwriter	
	Number of Existing Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Wu Guoming (Note 1)	16,237,500	3.56	1,623,750	3.56	8,118,750	3.56	1,623,750	1.98
Public Shareholders								
The Underwriter and/or its subscriber(s) procured by it (Note 2)	–	0.00	–	0.00	–	0.00	36,468,000	44.44
Other public Shareholders	<u>439,622,500</u>	<u>96.44</u>	<u>43,962,250</u>	<u>96.44</u>	<u>219,811,250</u>	<u>96.44</u>	<u>43,962,250</u>	<u>53.58</u>
Total	<u><u>455,860,000</u></u>	<u><u>100.00</u></u>	<u><u>45,586,000</u></u>	<u><u>100.00</u></u>	<u><u>227,930,000</u></u>	<u><u>100.00</u></u>	<u><u>82,054,800</u></u>	<u><u>100.00</u></u>

Notes:

- Mr. Wu Guoming is the executive Director of the Company.
- This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter unconditionally and irrevocably undertakes to the Company that in the event the Underwriter or any of its sub-underwriters is called upon to subscribe or procure subscription of the Underwritten Shares:

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- (a) without affecting the Underwriter's obligation to underwrite all the Underwritten Shares under the Underwriting Agreement, whether to underwrite the same by itself or procure sub-underwriting of the same, the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under rule 26 of the Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue;
 - (b) the Underwriter shall and shall cause its sub-underwriters to use its best endeavours to ensure that (i) each of the sub-underwriters, subscribers or purchasers of the Underwritten Shares procured by it shall be an Independent Third Party, not acting in concert (within the meaning of the Takeovers Code) with, and not connected with the Company, any of the Directors, chief executives or substantial shareholders of the Company or their respective associates; and (ii) none of the persons to be procured by it and its sub-underwriters to subscribe for the Shares not taken up by the Qualifying Shareholders will be holding 10.0% or more of the total issued share capital of the Company immediately after completion of the Rights Issue; and
 - (c) the Underwriter shall and shall cause its sub-underwriters to use its best endeavours to ensure and procure that the minimum public float requirement under Rule 11.23 of the GEM Listing Rules be fulfilled by the Company upon completion of the Rights issue.
3. Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As set out in the table under the sub-section headed "4. Assessment of the Subscription Price – (iii) Comparison with recent rights issue exercises" above, the maximum dilution of the Comparable Transactions ranged from 16.67% to 75.00% with an average and a medium dilution of approximately 44.79% and 33.33%, respectively. For the Non-Qualifying Shareholders and those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue will be diluted by up to a maximum of 80.0%, which represents a higher dilution than the high end of the range of the Comparable Transactions. Taking into account that (i) the dilution magnitude of any rights issue depends solely on the extent of the basis of entitlement under such exercise, where the higher the offering ratio of rights shares to existing shares is, the greater the dilution on the existing shareholding would be; (ii) the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their proportionate Rights Shares; and (iii) the theoretical dilution effect of the Rights Issue is within the range of the Comparable Transactions and close to the average and median dilution effects of the Comparable Transactions, we consider the potential dilution effect of the Rights Issue to be acceptable.

In all cases of rights issue, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issue is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Independent Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; (iii) shareholding dilution is inherent in rights issue in general; and (iv) the positive impact on the financial position of the Group as a result of the Rights Issue as detailed in the section headed "7. Financial impact of the Rights Issue" below, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is justifiable.

7. Financial impact of the Rights Issue

(i) Net tangible assets

According to the unaudited pro forma financial information of the Group in Appendix II to the Circular, assuming that the Rights Issue had been completed and subscribed in full on 30 September 2024, the Group will record a turnaround from audited consolidated net tangible liabilities attributable to the Shareholders of approximately HK\$34.1 million as at 30 September 2024 to an unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders of approximately HK\$14.7 million immediately after the completion of the Rights Issue.

(ii) Liquidity

As at 30 September 2024, the Group had bank and cash balances of approximately HK\$20.1 million, current assets of approximately HK\$57.2 million and current liabilities of approximately HK\$161.3 million. Upon completion of the Rights Issue, bank and cash balances of the Group is expected to increase by the estimated net proceeds from the Right Issues of approximately HK\$48.8 million. The current ratio of the Group will increase from approximately 0.4 time to approximately 0.7 time. As such, the liquidity position of the Group would be improved upon completion of the Rights Issue.

(iii) Earnings

Given that the net proceeds from the Rights Issue will be used for (a) the redemption of outstanding bonds issued by the Company; (b) repayment of outstanding professional fees; and (c) general working capital, the Group may increase earnings resulting from the reduction of finance costs.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company upon completion of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

In arriving at our opinion and recommendation, we have considered the principal factors and reasons as discussed above and in particular the following:

- as at 30 September 2024, the Group was in a highly leveraged financial position, having total borrowings (including amount due to a non-controlling shareholder of a subsidiary and its related parties, due to related parties, due to directors, non-convertible bonds and bank and other borrowings) of approximately HK\$137.9 million as compared to bank and cash balances of approximately HK\$20.1 million only. The Group is in need to raise funds for working capital and relieving its liquidity pressure;
- the financial performance of the Group had been deteriorated in FY2024 and the Group's auditor was in doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business and thus did not express an opinion on the consolidated financial statements of the Group for FY2024;
- the Rights Issue is the most preferred option over other financing alternatives such as debt financing, placing of new Shares and open offer, as it will not result in a deterioration of the Group's gearing and allows all Qualifying Shareholders to participate in the fund-raising exercise for the future development of the Group with the flexibility of trading of rights entitlements in the market;
- the principal terms of the Rights Issue, in particular the Subscription Price, are fair and reasonable after considering the following:
 - it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices on the last trading day and to the theoretical ex-rights price of the shares;
 - the discount of the Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue given the current financial difficulties of the Group;
 - the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares;
 - those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market;

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- the discounts of the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day, the average adjusted closing price of the Consolidated Shares for the five previous consecutive trading days prior to the Last Trading Day, and the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day are within the ranges of those of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions; and
- although the premium of approximately HK\$0.54 as represented by the Subscription Price to the net deficit attributable to the Shareholders per Consolidated Share as at 30 September 2024 cannot be directly comparable to those of the Comparable Transactions, it is in line with the Comparable Transactions as there are also three Comparable Transactions whose subscription prices are in excess of net asset value per share;
- the Underwriting Commission under the Underwriting Agreement, being part of the Rights Issue, is in line with those charged in the Comparable Transactions;
- the dilution effect on the shareholding interests of public Shareholders, which will be potentially diluted by up to a maximum of 80.0% following completion of the Rights Issue, is considered to be acceptable given (i) the current financial position of the Group; (ii) that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable as mentioned above; and (iii) that the Rights Issue is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue. Meanwhile, the Rights Issue does not result in a theoretical dilution effect of 25% or more on its own, complying with the GEM Listing Rules; and
- the Rights Issue is expected to bring an overall positive financial impact on the Group and improve the liquidity and gearing of the Group, which is in line with the interests of Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we consider that the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Rights Issue and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Group, are nevertheless in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial information of the Group for the three years ended 30 September 2024, together with the notes thereto, are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.globalstrategicgroup.com.hk), respectively:

- (i) the annual report of the Company for the year ended 30 September 2022 published on 30 December 2022, from pages 62 to 201:
(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1230/2022123002152.pdf>)
- (ii) the annual report of the Company for the year ended 30 September 2023 published on 1 January 2024, from pages 151 to 285:
(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0101/2024010100055.pdf>)
- (iii) the annual report of the Company for the year ended 30 September 2024 published on 28 January 2025, from pages 154 to 277:
(<https://www1.hkexnews.hk/listedco/listconews/gem/2025/0128/2025012800715.pdf>)

2. STATEMENT OF INDEBTEDNESS

At the close of business on 1 April 2025, the Group had the following indebtedness:

	<i>HK\$'000</i>
Non-convertible bonds with interest bearing of 6-12% (unsecured)	
– principal – current	17,274
– principal – non-current	26,160
– interest payable	3,289
Bank and other borrowings (secured)	
– bank borrowings (<i>note (i)</i>)	69,696
– other borrowings (<i>note (ii)</i>)	22,761
Lease liabilities	929
Due to related parties (unsecured)	13,001
Due to directors (unsecured)	3,644
	<u>156,754</u>

Note:

- (i) Bank borrowings are secured by the pledge of natural gas supply exclusive rights of Yichang Biaodian, and a property owned by Mr. Xiong, a key management personnel of Yichang Biaodian and his spouse. The bank borrowings are also jointly guaranteed by Mr. Xiong and the non-controlling shareholders of Yichang Biaodian.
- (ii) Other borrowings are secured by the pledge of property, plant and equipment of Yichang Biaodian and Shanghai Senchou and guaranteed by the certain non-controlling shareholders of Yichang Biaodian.

Contingent Liabilities

As at 1 April 2025, a subsidiary of the Company is defendant in a lawsuit relating to a claim from an ex-director of the Company for:

- (i) unsettled reward for his service rendered to the Group in 2015 which to be settled in term of building located in the PRC and accrued interest; and
- (ii) related legal cost for disputes regarding the ownership of the building located in the PRC.

The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of the case and with reference to legal advice.

Save as disclosed above, the Group did not have any other material contingent liabilities.

Operating Lease Commitment

As at 1 April 2025, the outstanding lease commitments relating to the office of the Group amounted to approximately HK\$55,000.

Capital Commitment

As at 1 April 2025, the Group had capital commitment of HK\$12,641,000 in respect of the acquisition of property, plant and equipment.

Disclaimers

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 1 April 2025, the Group did not have any material debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantees.

3. WORKING CAPITAL STATEMENT

The directors would like to draw attention to the fact that the sufficiency of working capital of the Group in the next twelve months from the date of this Circular would depend upon the following:

- (i) whether the continuous financial support from Mr. Wu Guoming (“**Mr. Wu**”), the shareholder and the director of the Company, who has agreed to provide sufficient funds to the Group so that the Group will be able to meet all current obligations as they fall due in the foreseeable future. Mr. Wu has confirmed that he will not withdraw such financial support and guarantee in the foreseeable future, and has also agreed to pledge his various properties in Tianjin and Shanghai, the PRC, as collaterals, if necessary, to borrow funds to provide financial support to the Group; and
- (ii) whether the Rights Issue can be successfully proceeded.

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for at least twelve months from the date of this Circular on the assumptions as stated (i) and (ii) above, and are of the opinion that the Group has sufficient working capital for its present requirement, that is for at least the next twelve months from the date of the Circular in the absence of any unforeseen circumstances.

Reference is made to the Company’s annual report for the year ended 30 September 2024 (the “**2024 Annual Report**”). According to the 2024 Annual Report, the auditor’s report on the Group’s consolidated financial statements for the year ended 30 September 2024 expressed a disclaimer of opinion regarding material uncertainty related to its going concern.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 September 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking forward, the management of the Group believes that the economy will recover in an orderly manner in the coming year, which is expected to have a positive impact on the Group’s two core businesses.

Natural gas operations

In respect of the Group's natural gas business, beginning in 2023, the expansion project of Baiyang Industrial Park* (白洋工業園) in the Yichang Gaoxin District* (宜昌高新區) has gradually started, and several large chemical companies have settled in or about to move into the park. As Yichang Biaodian holds the exclusive gas supply operation rights within the park, it is expected to welcome a wave of new customers in the coming years. Considering the benefits from the expansion project of Baiyang Industrial Park and the thirty-year exclusive gas supply operation rights held by Yichang Biaodian in Yichang, Hubei which will only be expired up to 2041 to 2044, the management of the Group believes that the revenue of the Group's natural gas operations segment will continue to grow in the coming year.

Sales and leasing business

The management of the Group believes that the steady economy of the PRC will drive an increase in infrastructure construction and renovation projects, which will in turn lead to an increase in leasing business income.

The management will be more cautious and conservative in seeking new potential merger and acquisition, business integration and expansion in order to sustain the growth and profitability of the Group.

Liquidity and financial prospects

In respect of improving the Group's liquidity and its financial position, the Board is prepared to (i) implement stronger measures aiming at improving the liquidity and financial position of the Group, including but not limited to closely monitoring the operating costs; (ii) review and shorten the reporting intervals and improving follow up measures on receivables collection; (iii) negotiate with non-convertible bondholders to extend the maturity date of the Group's non-convertible bonds; and (iv) negotiate with the Group's suppliers and related companies to extend the payment terms.

* For identification purpose only

Other financial information

Reference is made to the annual report of the Company for the year ended 30 September 2024 (the “**2024 Annual Report**”), in which the auditor of the Company issued a disclaimer of opinion. The auditor of the Company took the view that the events and conditions set out in note 2 to the consolidated financial statements as part of the 2024 Annual Report indicated the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. The Company has implemented measures to address the matters identified in the disclaimer of opinion. Further announcement(s) will be made by the Company pursuant to the GEM Listing Rules as and when appropriate.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix D1B and Paragraph 29 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible liabilities of the Group as at 30 September 2024 extracted from the Group's published annual report for the year ended 30 September 2024, adjusted as described below:

	Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 September 2024 (Note 1) HK\$'000	Unaudited estimated net proceeds from the Rights Issue (Note 2) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 (Note 3) HK\$'000
	<u>(34,129)</u>	<u>48,868</u>	<u>14,739</u>
Audited consolidated net tangible liabilities per Existing Share immediately before completion of the Rights Issue (Note 4)			<u>(HK\$0.075)</u>
Unaudited pro forma adjusted consolidated net tangible assets per adjusted share immediately after completion of the Rights Issue (Note 5)			<u>HK\$0.023</u>

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company at 30 September 2024 of approximately HK\$34,129,000 is based on the audited consolidated net liabilities of the Group attributable to the equity holders of the Company at 30 September 2024 of approximately HK\$12,075,000 adjusted to exclude the intangible assets of approximately HK\$22,054,000 after excluding the portion of the intangible assets attributable to the non-controlling interests of the Group approximately HK\$66,160,000 as shown on the audited consolidated statement of financial position of the Group as at 30 September 2024 which is extracted from the published annual report of the Group for the year ended 30 September 2024.
2. The estimated net proceeds from the Rights Issue are based on 182,344,000 Rights Shares at the Subscription Price of HK\$0.28 per Rights Share, after deduction of estimated share issue related expenses (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) payable by the Company of approximately HK\$2,188,000.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue represents the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 September 2024 plus the estimated net proceeds from the Rights Issue as set out in Note 2 above, as appropriate.
4. The audited consolidated net tangible assets per existing Share before completion of the Rights Issue is determined based on the amount as disclosed in note 1 above, divided by 455,860,000 Shares immediately before completion of the Rights Issue.
5. The unaudited pro forma adjusted consolidated net tangible assets per adjusted share immediately after completion of the Rights Issue is determined based on the amount as disclosed in note 3 above, divided by 638,204,000 adjusted shares, assuming that the 182,344,000 Rights Shares were issued as at 30 September 2024.
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2024.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.



27 May 2025

The Board of Directors
Global Strategic Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Global Strategic Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 September 2024 and related notes as set out on pages II-1 to II-2 of Appendix II to the circular issued by the Company dated 27 May 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue (as defined in the Circular) on the Group’s audited consolidated net tangible assets as at 30 September 2024 as if the transaction had been taken place at 30 September 2024. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s audited consolidated financial statements as included in the annual report for the year ended 30 September 2024.

Directors’ Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 13 of Appendix D1B and paragraph 29 of Chapter 4 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 7 “Preparation of Unaudited pro forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) 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.

The firm applies Hong Kong Standard on Quality Management 1, 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 29(7) of Chapter 4 of the Listing Rules, on the 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 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 Circular" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 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 pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction 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 event or transaction at 30 September 2024 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 in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, 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 judgement, 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 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

Set out below is the authorised and issued share capital of the Company, assuming there is no other change in the number of Existing Shares or Consolidated Shares (as the case may be) from the Latest Practicable Date up to the completion of the Rights Issue, (a) as at the Latest Practicable Date; (b) immediately upon completion of the Share Consolidation; and (c) immediately upon completion of the Rights Issue:

(a) As at the Latest Practicable Date

Authorised: HK\$

<u>8,000,000,000</u>	Existing Shares of HK\$0.01 each	<u>80,000,000</u>
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Issued and fully paid up:

<u>455,860,000</u>	Existing Shares of HK\$0.01 each	<u>4,558,600</u>
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(b) Immediately upon completion of the Share Consolidation

Authorised: HK\$

<u>800,000,000</u>	Consolidated Shares of HK\$0.10 each	<u>80,000,000</u>
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Issued and fully paid up:

<u>45,586,000</u>	Consolidated Shares of HK\$0.10 each	<u>4,558,600</u>
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(c) Immediately upon completion of the Rights Issue

Authorised: HK\$

<u>800,000,000</u>	Consolidated Shares of HK\$0.10 each	<u>80,000,000</u>
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Issued and fully paid up:

45,586,000	Consolidated Shares of HK\$0.10 each	4,558,600
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<u>182,344,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>18,234,400</u>
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<u>227,930,000</u>	Total enlarged number of Consolidated Shares upon completion of the Rights Issue	<u>22,793,000</u>
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The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. 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.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares, 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. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

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 IN THE SHARES

(a) Directors and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares of the Company

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Mr. Wu Guoming	Beneficial owner	16,237,500	3.56%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company has registered any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have 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 to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial shareholders' interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no persons (other than the Directors or chief executive of the Company) had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest 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 30 September 2024 (being the date to which the latest published audited financial statements of the Company were made up); and (ii) there was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, the controlling shareholders or their respective associates had any business or interest which competes or may compete, either directly or indirectly, with the businesses of the Group, or have or may have any other conflicts of interest with the Group.

6. DIRECTORS' SERVICE CONTRACTS

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

7. CLAIMS AND LITIGATION

On 25 March 2024, Global Billion Trading (Shenzhen) Limited* (环球进亿贸易(深圳)有限公司)(“**Shenzhen Global**”) has been in dispute with a former director of the Company regarding (i) unsettled reward for his service rendered to the Group in 2015 which to be settled in term of building located in the PRC and accrued interest; and (ii) related legal cost for disputes regarding the ownership of the building located in the PRC. Legal proceedings were initiated by the former director (the “**Shenzhen Plaintiff**”). On 28 August 2024, the Court in Shenzhen concluded that the evidence to support the claims requested by the Shenzhen Plaintiff was invalid. On 5 September 2024, the Shenzhen Plaintiff lodged an appeal against the decision made by the Court. On 28 February 2025, the Court in Shenzhen concluded that the appeal be dismissed and the judgment of the first instance be upheld.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim 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.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the placing agreement entered into between the Company and the placing agent, Rifa Securities Limited, on 7 September 2023, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 91,172,000 placing shares to not less than six (6) places who and whose ultimate beneficial owners shall be independent third parties at the placing price of HK\$0.245 per placing share, which was subsequently terminated on 28 September 2023. For further details, please refer to the announcements of the Company dated 7 September 2023 and 28 September 2023;
- (b) the placing agreement and the supplemental placing agreement entered into between the Company and the placing agent, Leeds Securities Investment Limited, on 19 December 2023 and 9 January 2024, respectively, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 91,172,000 placing shares to not less than six (6) places who and whose ultimate beneficial owners shall be independent third parties at the adjusted placing price of HK\$0.88 per placing share, which was subsequently terminated on 29 January 2024. For further details, please refer to the announcements of the Company dated 19 December 2023, 9 January 2024 and 29 January 2024;
- (c) the placing agreement and the supplemental placing agreement entered into between the Company and the placing agent, Leeds Securities Investment Limited, on 5 March 2024 and 26 March 2024, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 91,172,000 placing shares to not less than six (6) places who and whose ultimate beneficial owners shall be independent third parties at the adjusted placing price of HK\$0.077 per placing share, which was subsequently terminated on 22 April 2024. For further details, please refer to the announcements of the Company dated 5 March 2024, 26 March 2024 and 22 April 2024; and
- (d) the Underwriting Agreement.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts which have given advice which is contained in this Scheme Document:

Name	Qualification
Rainbow Capital (HK) Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
RSM Hong Kong	Certified Public Accountants Registered Public Interest Entity Auditor

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

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

As at the Latest Practicable Date, none of the above experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 30 September 2024 (being the date to which the latest published audited accounts of the Company were made up).

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**Board of Directors***Executive Directors:*

Mr. Wu Guoming

Mr. Wu Chunyao

Non-executive Director:

Ms. Chung Pei-Hsuan

Independent non-executive Directors:

Mr. Leung Oh Man, Martin

Dr. Chung Ling Cheong Dicky

Dr. Cheng Chak Ho

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Unit 52, 2/F., Fu Lee Loy Mansion 9-27 King Wah Road North Point Hong Kong
Business address of all Directors, senior management and authorised representatives	Unit 52, 2/F., Fu Lee Loy Mansion 9-27 King Wah Road North Point Hong Kong
Authorised representatives	Mr. Wu Guoming Mr. Ngai Tsz Hin Michael
Company secretary	Mr. Ngai Tsz Hin Michael
Principal share registrar and transfer office in the Cayman Islands	The R&H Trust Co. Ltd. Windward 1 Regatta Office Park PO Box 897 Grand Cayman KY1-1103 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 bankers	DBS Bank Ltd. 18/F, The Center 99 Queen's Road Central Hong Kong Agricultural Bank of China Limited No. 69 Jianguomennei Street Dongcheng District Beijing, PRC Hubei Zhijiang Rural Commercial Bank Company Limited No. 59, Youyi Avenue Zhijiang City, Hubei Province PRC
Auditor and reporting accountant	RSM Hong Kong <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 29/F, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Legal adviser to the Company as to Hong Kong laws	Khoo & Co. Suite 3902, 39/F Central Plaza 18 Harbour Road Wanchai, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Rainbow Capital (HK) Limited Office No. 710, 7/F, Wing On House 71 Des Voeux Road Central Central, Hong Kong
Underwriter	Rifa Securities Limited Level 7, 28 Hennessy Road Hong Kong

11. EXPENSES

The expenses in connection with the proposed Rights Issue and the transactions contemplated respectively thereunder, including underwriting commission, printing, registration, translation, legal, financial advisory, accounting and other professional fees, charges and related expenses are estimated to be approximately HK\$2.3 million, which are payable by the Company.

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wu Guoming (吳國明) (“**Mr. Wu**”), aged 59, has been the executive Director since 30 April 2018. He holds a degree in Business Management from Wuhan University, a degree in Civil Engineering from China University of Petroleum and a degree in Economic Management from Shanghai Jiao Tong University. Mr. Wu was the engineering manager and the deputy general manager at Shanghai Guangda Construction Decoration Engineering Company* (上海光大建築裝飾工程公司). Since 2001, Mr. Wu has been the general manager and the chairman of Shanghai Guangda Basic Engineering Co., Ltd (上海廣大基礎工程有限公司). Furthermore, Mr. Wu is the director of China Civil Engineering Society (中國土木工程學會) and a construction technology committee member of Chinese Institution of Soil Mechanics and Geotechnical Engineering – China Civil Engineering Society (中國土木工程學會土力學及岩土工程分會). Mr. Wu has vast experience in business management and construction business development.

Mr. Wu Chunyao (武春耀), aged 31, has been the executive Director since 30 October 2023. He has over 10 years of experience in business management, operation and provision of consultation services. He was a unit manager of Beijing Bozheng Xinda Investment Consulting Co., Ltd.* (北京博正信達投資顧問有限公司) from 2012 to 2014. He also works as a vice president of Shanghai Chunfeng Financial Information Services Co., Ltd.* (上海春峰金融信息服務有限公司). From 2015 to 2016, he was a general manager of Hunan Zhihao Information Consulting Service Co., Ltd.* (湖南智浩信息諮詢服務有限公司).

For the executive Directors’ interests in the Shares of the Company within the meaning of Part XV of the SFO, please refer to the paragraph headed “3. DISCLOSURE OF INTERESTS IN THE SHARES” above in this appendix.

Non-executive Directors

Ms. Chung Pei-Hsuan (鍾珮瑄)(“**Ms. Chung**”), aged 42, has been the non-executive Director since 31 December 2024. Ms. Chung graduated with a Diploma in Information Technology from Overseas Chinese University in 2002. Following her graduation, she accrued over 20 years of experience in financial management and accounting. Her career has encompassed roles where she successfully implemented financial controls, prepared consolidated financial statements, and managed budgeting processes. Throughout her career, Ms. Chung has worked with companies in various industries, contributing to effective financial oversight and compliance.

Independent non-executive Directors

Mr. Leung Oh Man, Martin (梁傲文)(“**Mr. Leung**”), aged 44, has been the independent non-executive Director since 16 October 2014. He is the chairman of the audit committee and a member of the human resources and remuneration committee and the nomination committee of the Board. Mr. Leung had been serving as an independent non-executive director of KNT Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1025) from 31 January 2019 to 12 March 2025. Mr. Leung holds a Bachelor’s Degree of Commerce in Accounting and Finance from the University of Toronto in Canada. Mr. Leung is the general manager of TL Property Consultants International Ltd. (“**TLP**”), a consultancy group principally engaged in asset management of real estate sector. Prior to joining TLP, he had worked at a multinational accounting and auditing firm for about 8 years. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Surveyors.

Dr. Chung Ling Cheong Dicky (鍾翎昌)(“**Dr. Chung**”), aged 51, has been the independent non-executive Director since 16 June 2021. He is the chairman of the human resources and remuneration committee and the nomination and a member of the audit committee of the Board. Dr. Chung obtained a doctor degree in Queen’s University of Brighton on 2012. Dr. Chung possess over 19 years of experience in trading, corporate finance, technology application and human resources management. Dr. Chung was an independent non-executive director and the chairman of remuneration committee and member to each of the audit committee and nomination committee of Dragon King Group Holdings Limited from 14 November 2022 to 28 February 2023, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8493). Dr. Chung has worked in various organisation including Technology, Media and Telecommunications companies. Dr. Chung was a director of TVNET.HK since 2004 and a chairman of China Dragon Foundation Creature Fuel Technology (International) Limited from 2007 to 2015.

Dr. Cheng Chak Ho (鄭澤豪) (“**Dr. Cheng**”), aged 55, has been the independent non-executive Director since 30 October 2023. He is a member of the audit committee, the human resources and remuneration committee and the nomination committee of the Board. Dr. Cheng holds a doctoral degree of Philosophy in Economics from the University of Brighton, a Master degree in Urban Design from the University of Hong Kong, a Master of Science in Engineering (Mechanical Engineering) and a Master of Business Administration in Finance. He has over 29 years of experiences in various kinds of valuation included but not limited to real estate valuation, business valuation, plant and machinery valuation and forensic valuation. He has been involved in over 100 IPOs and M&A cases over the last ten years. He had been an independent non-executive director of Polyard Petroleum International Group Limited (previous stock code: 8011) from 1 April 2021 to 29 April 2024, a company which was listed on GEM of the Stock Exchange and delisted on 29 April 2024, and he was an independent non-executive director of North Mining Shares Company Limited (stock code: 0433), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited from 12 April 2001 to 1 April 2022. He is a Fellow of Chartered Institute of Management Accountants, Certified Management Accountants Australia, Association of International Accountants, Institute of Public Accountants, Institute of Financial Accountants, The Royal Society of Medicine, The Royal Statistical Society, Federation of Hong Kong Industries, The Hong Kong Institute of Directors, The Hong Kong Institute of Environmentalists, The Society of Operations Engineers, and Institution of Plant Engineers. He is also Member of The Hong Kong Institution of Surveyors, The Certified Public Accountants Association, The Society of Chartered Environmentalists, Hong Kong Institute of Engineers, the China Real Estate Appraisers and Agents, American Society of Civil Engineers, The Institute of Engineering and Technology, The American Society For Microbiology, The Institute of Electrical and Electronics Engineers, Institute of Industrial and Systems Engineers, American Society of Mechanical Engineers, Hong Kong Institute of Arbitrators and the Society of Petroleum Engineers.

Company secretary

Mr. Ngai Tsz Hin Michael (倪子軒) (“**Mr. Ngai**”), aged 36, has been the company secretary and one of the authorised representatives of the Company since 1 July 2021. Mr. Ngai has over ten years of experience in legal industry and had obtained his Bachelor of Laws and postgraduate certificate in laws from City University of Hong Kong in 2011 and 2012, respectively. He is a practicing solicitor in Hong Kong, and currently a partner of Khoo & Co., and the principal of Michael Ngai & Co. He also serves as a company secretary of various companies listed on the Stock Exchange. Mr. Ngai had taken no less than 15 hours of relevant professional training during the year ended 30 September 2024.

13. 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. Leung Oh Man, Martin, Dr. Chung Ling Cheong Dicky and Dr. Cheng Chak Ho. Mr. Leung, who has appropriate professional qualifications and experience in accounting matters, has been the chairman of the Audit Committee since 16 October 2014. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the paragraph headed “12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT” above in this appendix.

The Audit Committee is responsible for, among other things, having relationship with the Company’s auditors, reviewing the Group’s financial information and its financial reporting, financial reporting system, risk management and internal control systems and corporate governance, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting function. The Audit Committee reports to the Board any significant issues relating to its terms of reference.

14. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (c) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group’s business.

- (d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

15. 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.globalstrategicgroup.com.hk) for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 30 September 2022, 2023 and 2024;
- (c) the letter from the Board (the text of which is set out on pages 12 to 43 of this circular);
- (d) the letter from the Independent Board Committee to the Independent Shareholders (the text of which is set out on pages IBC-1 to IBC-2 of this circular);
- (e) the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders (the text of which is set out on pages IFA-1 to IFA-30 of this circular);
- (f) the accountants' report on the unaudited pro forma financial information of the Group set out in Appendix II to this circular;
- (g) the material contract(s) referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix pertaining to the Rights Issue, namely the Underwriting Agreement;
- (h) the written consents of the experts referred to in the paragraph headed "9. EXPERTS AND CONSENTS" in this appendix; and
- (i) this circular.

* For identification purpose only

NOTICE OF EGM



環球戰略集團有限公司

GLOBAL STRATEGIC GROUP LIMITED

環球戰略集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8007)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders (the “**Shareholder(s)**”) of Global Strategic Group Limited (the “**Company**”) will be held at Meeting Room B, 4th Floor, Mei Jing Hotel, No. 356, Xinqu Avenue, Longhua District, Shenzhen, Guangdong, China on Wednesday, 11 June 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolutions of the Company. The capitalised terms defined in the circular of the Company dated 27 May 2025 (the “**Circular**”) of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTIONS

1. “**THAT**, subject to and conditional upon the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the circular of the Company dated 27 May 2025 (the “**Circular**”), with effect from the second business day after the date on which this resolution is passed by the Shareholders, being a day on which the Shares of the Company are traded on the Stock Exchange:–
 - (a) every ten (10) issued and unissued Existing Shares with par value of HK\$0.01 each in the share capital in the Company be consolidated into one (1) Consolidated Share with par value of HK\$0.10 each, and such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be cancelled and will not be allocated to the Shareholders otherwise entitled thereto; and

NOTICE OF EGM

- (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Share Consolidation.”
2. “**THAT**, subject to and conditional upon the passing of the resolution numbered 1 as set out above, and the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the Circular:–
- (a) the allotment and issue by way of rights issue of up to 182,344,000 Rights Shares at the Subscription Price of HK\$0.28 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share (the “**Rights Issue**”) held by the Shareholders (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company at the close of business on Tuesday, 24 June 2025 for determining the entitlements to the Rights Issue (the “**Record Date**”), other than the Shareholder(s) whose registered address(es) as shown on such register at that time are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers of the Company, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place (the “**Non-Qualifying Shareholders**”), on and subject to the terms and conditions as set out in the Circular, be and is hereby approved;
- (b) the underwriting agreement dated 15 November 2024 (the “**Underwriting Agreement**”) entered into between the Company and Rifa Securities Limited in relation to the underwriting arrangement in respect of the Rights Issue (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

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- (c) any one or more Directors be and is/are hereby authorised to allot and issue the Rights Shares pursuant to the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Directors may (i) make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as he/she/they may deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and (ii) offer for application under forms of excess application for any Rights Shares provisionally allotted but not accepted, and to do all such acts and things as he/she/they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

Yours faithfully,
By Order of the Board
Global Strategic Group Limited
Wu Guoming
Executive Director

Hong Kong, 27 May 2025

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in Circular shall have the same meanings when used in this notice.
2. Voting at the EGM will be taken by poll as required under the GEM Listing Rules.
3. The register of members of the Company will be closed from Friday, 6 June 2025 to Wednesday, 11 June 2025 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM. In order to be eligible for attending and voting at the EGM, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Thursday, 5 June 2025.
4. Any Shareholder of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and to vote on his/her behalf. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and to vote on his/her behalf. A proxy need not be a Shareholder of the Company.

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5. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
6. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
7. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM, and in such event the instrument appointing a proxy shall be deemed to be revoked.
8. The English text of this notice of extraordinary general meeting shall prevail over the Chinese text in case of inconsistency.
9. If a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is in force at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the Company’s website at www.globalstrategicgroup.com.hk and the website of the Stock Exchange at www.hkexnews.hk to notify members of the date, time and place of the rescheduled EGM.
10. If member has any particular access requirements or needs special arrangements for participating at the meeting, please contact the Hong Kong branch share registrar and transfer office of the Company.
11. As at the date hereof, the executive Directors are Mr. Wu Guoming and Mr. Wu Chunyao; the non-executive Director is Ms. Chung Pei-Hsuan; and the independent non-executive Directors are Mr. Leung Oh Man, Martin, Dr. Chung Ling Cheong Dicky and Dr. Cheng Chak Ho.