



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:

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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.

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.

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.

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.

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.

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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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.

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;

- (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.

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

(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.

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.

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.

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;

- (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.

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.

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.

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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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

- (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;

- (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;

- (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.

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.**

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 36,468,000 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:

1. Mr. Wu Guoming is the executive Director of the Company.
2. 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:
 - (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.

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.

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;

- (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.

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.

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).

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.

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.

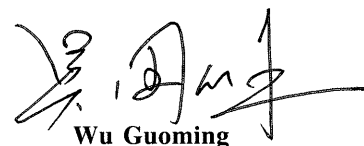
Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder, and the letter from the Independent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

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

A handwritten signature in black ink, appearing to be 'Wu Guoming' in Chinese characters, written in a cursive style.

Wu Guoming
Executive Director