FIRST

Unit 402B, 4/F
China Insurance Group Building
No.141 Des Voeux Road Central
Central, Hong Kong

29 December 2025

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation Agreement (together with the transactions contemplated therein, including the issue of the Capitalisation Shares under specific mandate) (the "**Transactions**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 29 December 2025 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 28 November 2025 (after trading hours of the Stock Exchange), the Company (as issuer), Mr. Hu (as creditor) (the "**Creditor**") and Oceanic Capital (as subscriber) (the "**Subscriber**") entered into the Loan Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Oceanic Capital has conditionally agreed to subscribe for, a total of 87,500,000 Capitalisation Shares at the price of HK$0.4 per Capitalisation Share for the settlement of Partial Loan owed by the Company to Mr. Hu. The subscription amount in the sum of HK$35,000,000 payable by Mr. Hu under the Loan Capitalisation Agreement shall be satisfied by setting off against an equivalent amount of the Partial Loan on a dollar-for-dollar basis.

Listing Rules implications

As at the Latest Practicable Date, Mr. Hu, an executive Director beneficially owns 208,171,000 Shares, consisting of a direct interest of 3,453,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited, a company 50% owned by him, representing in aggregate approximately 50.52% of the issued share capital of the Company. Therefore, Mr. Hu is a controlling Shareholder (as defined under the Listing Rules) and a connected person of the Company. Accordingly, the Loan Capitalisation Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Capitalisation Shares to be allotted and issued to Mr. Hu will be allotted and issued under the Specific Mandate to be obtained at the EGM. Mr. Hu and his associates shall abstain from voting in respect of the resolution approving the Loan Capitalisation Agreement and the transactions contemplated thereunder at the EGM. Mr. Hu, being an executive Director and the controlling Shareholder, has abstained from voting on the Board resolution approving the Loan Capitalisation Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director has a material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder and is required to abstain from voting on the Board resolutions in relation to the aforesaid matters. Further, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than Mr. Hu, Ms. Zhang, Resources Rich, no other Shareholder has any material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder and will be required to abstain from voting at the EGM in respect of the resolution approving the aforesaid matters (including the grant of the Specific Mandate).

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Zhong Yingjie, Christina and Mr. Lan Yadong, has been established to consider and advise the Independent Shareholders as to whether the terms of the Loan Capitalisation Agreement are fair and reasonable and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in favour of the Transactions. None of the members of the Independent Board Committee has any material interest in the Transactions.

We, First Global Corporate Finance Co., Limited ("**First Global**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. First Global is a licensed corporation licensed under the Securities and Futures Ordinance ("**SFO**") to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Jason Wong ("**Mr. Wong**") is the person signing off the opinion letter from First Global contained in the Circular. Mr. Wong has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2022. Mr. Wong has participated in and completed various independent financial advisory transactions in Hong Kong.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Transactions, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Transactions, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have reviewed the documents including but not limited to (i) the Loan Capitalisation Agreement; (ii) the announcement of the Company dated 28 November 2025 in relation to the proposed issue of new shares under specific mandate (the "**Announcement**"); (iii) the Circular and the Letter from the Board contained therein; (iv) the annual report of the Company for the year ended 31 March 2025, respectively (the "**2024/25 Annual Report**"); and (v) the relevant supporting documents in respect of the Transactions provided by the Company, including but not limited to historical documents and records, to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Shareholders will be informed should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted independent desktop search and confirmed that there was no material difference between our search result and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility of the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Transactions, we have considered the following principal factors and reasons:

I. Background of the Group

(i) Background information of the Group

The Group is principally engaged in solar energy business. The Company operates its businesses through two segments, including the manufacturing and sales of solar cooling intelligent technology products, using thermal cooling-stored pipes and sales of solar photovoltaic modules and components, as well as sales of refined oil and sales of liquefied natural gas (LNG). The Company is also engaged in the wholesale business of jewelry products.

(ii) Historical financial performance and position of the Group

Set out below is certain financial information of the Group for years ended 31 March 2024 ("**FY2024**") and 2025 ("**FY2025**") as extracted from the 2024/25 Annual Report:

	For the FY2025 (audited) *HK$'000*	**For the FY2024 (audited)** *HK$'000*
Sales of jewelry products	6,773	18,000
Sales of solar energy products	–	345
Sales of refined oil	61,905	64,857
Sales of LNG	159,427	105,347
Revenue	**228,105**	**188,549**
Gross Profit	**11,282**	**7,736**
Net Loss	**(18,033)**	**(31,029)**

Discussion on the Group's financial performance for the FY2025 as compared with that for the FY2024

Based on the 2024/25 Annual Report, the Group's revenue reached approximately HK$228.1 million for FY2025, with a year-on-year growth of approximately 21.0% as compared with revenue of approximately HK$188.5 million for FY2024. The Group's energy business mainly includes the sale of liquefied natural gas ("**LNG**"), refined oil and solar photovoltaic ("**PV**") intelligent technology products. In the Current Year, revenue from sales of LNG increased, while revenue from sales of refined oil and solar energy products decreased. As a result, revenue from the energy business increased from approximately HK$170.5 million for FY2024 to approximately HK$221.3 million for FY2025, representing an increase of 29.8%. The increase in revenue from the energy business is mainly due to the establishment of a new office in Shenzhen, which has enabled the Group to expand the LNG business to other cities in the PRC, thereby capitalizing on significant business growth opportunities. The revenue from the jewelry business decreased by approximately 62.4% from approximately HK$18.0 million for FY2024 to approximately HK$6.8 million for FY2025, which is mainly due to intense competition in Hong Kong's jewelry market and weakened consumer confidence.

Gross profit increased from approximately HK$7.7 million for FY2024 to approximately HK$11.3 million for FY2025, representing an increase of approximately 45.8%. The increase in gross profit mainly due to the expansion of the LNG product sales in Southern China, which benefited from higher profit margins.

The Group's loss for the year attributable to the owners of the Company decreased from approximately HK$31.1 million for FY2024 to approximately HK$19.2 million for FY2025, representing a decrease of approximately 38.3%.

	As at 31 March 2025	**As at 31 March 2024**
	HK$'000	*HK$'000*
Total Assets	263,827	259,322
Total Liabilities	251,950	231,494
Net Assets	11,877	27,828

Discussion on the Group's financial position as at 31 March 2025 as compared with that as at 31 March 2024

The total assets of the Group were approximately HK$259.3 million and HK$263.8 million as of 31 March 2024 and 31 March 2025, respectively, representing an approximately 1.7% increase, which is mainly attributable to the increase in deposits paid for purchasing LNG and the decrease in right of use assets. The total liabilities of the Group were approximately HK$231.5 million and HK$252.0 million at 31 March 2024 and 31 March 2025, respectively, representing an approximately 8.8% increase, which is mainly attributable to the increase in bank borrowings and convertible bonds.

The consolidated net assets decreasing by approximately 57.2%, from approximately HK$27.8 million as of 31 March 2024 to approximately HK$11.9 million as of 31 March 2025.

II. The Loan Capitalisation Agreement

(i) Background information of the Creditor

As at the Latest Practicable Date, Mr Hu is an executive Director and controlling Shareholder of the Company, beneficially owns 208,171,000 Shares, consisting of a direct interest of 3,453,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited, a company 50% owned by him, representing in aggregate approximately 50.52% of the issued share capital of the Company.

(ii) Background information of the Subscriber

Oceanic Capital (HK) Limited is incorporated in Samoa with limited liability which is wholly owned by Mr. Hu.

(iii) Reasons for and benefits of the Loan Capitalisation

Taking into account the Group's current financial position, the Group is not in a position to repay the amount due to Mr. Hu without tightening the existing financial resources. The Loan Capitalisation enables the Group to settle part of its existing liabilities without utilising the existing financial resources and can avoid cash outflows.

The Directors have considered other alternative means for raising funds to settle the Partial Loan, such as bank borrowings, share placement or rights issue. However, having taken into account that:

(i) debt financing and bank borrowing will inevitably increase the gearing ratio of the Group, which was approximately 452.8% as at 30 September 2025 and lenders generally require pledge of assets from the borrower;

(ii) the Loan Capitalisation will reduce the indebtedness of the Group;

(iii) other equity financing such as placing of new shares and rights issue, typically require an attractive discount to the prevailing market price of the shares. These options are generally more time-consuming and less cost-effective compared to Loan Capitalisation, with a rights issue taking approximately three months to complete. The Company also encounters additional challenges and time requirements in securing underwriters and/or placing agents. Moreover, underwriting and placing commissions are necessary for both placements and rights issues;

(iv) the Capitalisation Price represents a discount of approximately 3.61% to the closing price of HK$0.415 per Share as quoted on the Stock Exchange on 28 November 2025, being the date of the Loan Capitalisation Agreement and a discount of approximately 8.05% to the average closing price per Share of HK$0.435 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement; and

(v) the Loan Capitalisation demonstrates the support and solid confidence given by Mr. Hu to the Group.

The Directors consider that the Loan Capitalisation is a more desirable solution for the Group to settle the Partial Loan.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect to the existing Independent Shareholders, having considered (i) the Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position and the financial position of the Group; (ii) the capitalisation of the Loan can alleviate the repayment pressure of the Group and is beneficial to the business development of the Group; and (iii) the Capitalisation Price represents a discount of approximately 3.61% to the closing price of HK$0.415 per Share as quoted on the Stock Exchange on 28 November 2025, being the date of the Loan Capitalisation Agreement and a discount of approximately 8.05% to the average closing price per Share of HK$0.435 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement, the Directors are of the view that the dilution effect arising from the allotment and issue of the Capitalisation Shares is justifiable in this regard.

In view of the above, the Directors consider that the terms of the Loan Capitalisation Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms, accordingly, the Loan Capitalisation is in the interest of the Company and the Shareholders as a whole.

In assessing the fairness and reasonableness of the Loan Capitalisation, we have considered the Group's historical financial performance and position. According to the Annual Report 24/25, the Group's cash and cash equivalents balance was approximately HK$16.7 million and HK$16.3 million as at 31 March 2025 and 31 March 2024 respectively. This level of cash and cash equivalents is insufficient to settle the Loan with a principal amount of approximately HK$123.7 million, which includes a principal amount of approximately HK$113.6 million and accrued interest of approximately HK$10.1 million. Also, we were advised that the Group had incurred approximately HK$3.5 million in outstanding debts that are to be repaid within one year, and approximately HK$144.0 million that is to be repaid over the period of 1 to 5 years as at the Latest Practicable Date.

We have further considered the following factors: (i) the Group incurred continuous losses over the past two years, with net losses attributable to owners of the Company amounted to approximately HK$18.0 million in FY2025 and HK$31.0 million in FY2024, (ii) the Group experienced a substantial operating cash outflow of approximately HK$21.5 million in FY2025, compared to approximately HK$10.0 million recorded in FY2024. The increase in operating cash outflow, amounting to approximately HK$11.5 million, is mainly attributable to an increase in other receivables, deposits, and prepayments by approximately HK$14.3 million, which outweighs the increase in contract liabilities of approximately HK$5.4 million, compared to an operating cash outflow in FY2024 of approximately HK$10.0 million; and (iii) the Group continues to strategically expand its energy business with a commitment to diversifying its business.

Having taken into account the above factors and as discussed with the Management, we understand that the Group needs to utilise its existing cash and cash equivalents to finance and sustain its operations. As such, the Group is unable to repay the Loan without significantly compromising its liquidity position required for its normal business operations. The Loan Capitalisation enables the Group to settle its existing liabilities due to Mr. Hu without utilising the existing financial resources and helps avoid cash outflows.

As discussed with the Management, the Directors have also considered alternative means to settle the Loan, including a range of debt financing and equity financing methods.

In assessing the options for debt financing or bank borrowings, based on our discussion with the Management, we understand that the Company has considered the following factors: (i) additional bank borrowings will inevitably incur finance cost and further compromise the Group's financial position; (ii) securing further or new bank facilities could be difficult due to the historical loss-making performance of the Group; (iii) bank loans typically require asset pledges or collateral, which would impose limitation on the Group's operational flexibility; and (iv) the lengthy procedure for due diligence, risk assessments and negotiation with banks/lenders and therefore decided not to conduct further debt fundraising exercise. We have reviewed two email correspondences received from two distinct underwriters. We have been informed that one is unable to proceed, while the other is restricted to offering the placing and rights issue at a discount of 40% or greater. Having considered the above, in particular the Group's historical financial performance, we concur with the view of the Management that conducting further debt fundraising exercise may not be in the best interest of the Company under the Group's current circumstances.

With respect to other equity financing methods such as placement of new shares, rights issue or open offer, considering the Group's current financial performance, the limited liquidity of its shares, and the Company's market capitalisation, the Management believes in respect of rights issue or open offer, the subscription price would have to be set at a deep discount to the prevailing market price of the Shares in order to attract potential investors or existing Shareholders. In addition, rights issue or open offer of new Shares may also be subjected to underwriting uncertainty and market risks. These transactions typically involve extensive documentation and higher transaction costs, including underwriting commissions and associated fees for documentation and other professional services. For placing of new Shares to independent investors, it is challenging for a placement agent to secure independent third-party investors willing to subscribe to new Shares without applying a relatively substantial discount compared to the Capitalisation Price. Accordingly, the Directors consider that the Loan Capitalisation is an appropriate financing option for the Group as compared with other financing alternatives.

Having considered: (i) the Loan Capitalisation will allow the Company to settle the Partial Loan without imposing any substantial cash outflow so as to release the liquidity and working capital pressure of the Company; (ii) the severe shortage of cash and working capital for the repayment of the Loan; (iii) the financial position of the Group as mentioned above; and (iv) the Loan Capitalisation is an appropriate financing option for the Group as compared with other financing alternatives, we concur with the Directors' views that the terms of the Loan Capitalisation Agreement and the transaction contemplated thereunder, including the Loan Capitalisation through the issuance of new shares, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iv) Principal terms of the Loan Capitalisation Agreement

The principal terms of the Loan Capitalisation Agreement are as follows:

Date: 28 November 2025 (after trading hours)

Parties:
(1) the Company (as the issuer);
(2) Mr. Hu (as the creditor); and
(3) Oceanic Capital (as the subscriber).

Number of Capitalisation Shares

The Company has conditionally agreed to allot and issue, and Oceanic Capital has conditionally agreed to subscribe for 87,500,000 Capitalisation Shares at the Capitalisation Price of HK$0.4 per Capitalisation Share for the settlement of Partial Loan owed by the Company to Mr. Hu. The aggregate subscription price for all Capitalisation Shares payable by Oceanic Capital under the Loan Capitalisation Agreement shall be satisfied by capitalising and setting off against the Partial Loan upon Completion.

The 87,500,000 Capitalisation Shares represents (i) approximately 21.23% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 17.51% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares, assuming that there will be no change in the total number of issued Shares from the date of this announcement until completion of the Loan Capitalisation Agreement.

The aggregate nominal value of the Capitalisation Shares (with a par value of HK$0.01 each) shall be HK$875,000. The Capitalisation Shares to be allotted and issued to Oceanic Capital will be allotted and issued under the Specific Mandate to be obtained at the EGM.

Capitalisation Price

The Capitalisation Price of HK$0.4 per Capitalisation Share represents:

(i) a discount of approximately 16.67% to the closing price per Share of HK$0.48 as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 3.61% to the closing price of HK$0.415 per Share as quoted on the Stock Exchange on 28 November 2025, being the date of the Loan Capitalisation Agreement;

(iii) a discount of approximately 8.05% to the average closing price per Share of HK$0.435 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(iv) a discount of approximately 8.68% to the average closing price per Share of HK$0.438 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(v) a discount of approximately 16.49% over the average closing price per Share of HK$0.479 as quoted on the Stock Exchange for the last twenty consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(vi) a discount of approximately 18.17% over the average closing price per Share of HK$0.489 as quoted on the Stock Exchange for the last thirty consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(vii) a premium of approximately 3,900.00% over the unaudited consolidated net asset value per Share of HK$0.01 as at 30 September 2025;

(viii) a premium of approximately 1,233.33% over the consolidated net asset value attributable to the Shareholders of approximately HK$0.03 per Share as at 31 March 2025, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK$11,877,000 as at 31 March 2025 by 412,081,000 Shares in issue as at the date of the Capitalisation Agreement; and

(ix) the theoretical diluted price (as defined under Rule 10.44A of the Listing Rules) of HK$0.098 per Share.

The Capitalisation Price was arrived at on an arm's length basis between the Company and Mr. Hu, taking into account the recent trading performance of the shares, which had an average trading volume amounting to 0.01% of the total issued shares. Additionally, a downward trend in the Share price was noted. This assessment also considered the recent market conditions including a slight slump in the Hang Seng Index, which decreased from 26,384 on 17 November 2025 to 25,628 on 15 December 2025, as well as the current financial position, which shows a net current liability of HK$ 21.9 million, and the unfavorable business prospects of the Group, which indicate a revenue decrease of approximately 21.7%. The Directors (including the independent non-executive Directors) consider that the Capitalisation Price (which only represents a discount of approximately 3.61% to the closing price of HK$0.415 per Share as quoted on the Stock Exchange on 28 November 2025, being the date of the Loan Capitalisation Agreement and a discount of approximately 8.05% to the average closing price per Share of HK$0.435 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement) and the terms of the Loan Capitalisation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The amount of the total Capitalisation Price shall be satisfied by way of capitalising and setting off against the Partial Loan. In addition, the Group will use its internal resources to settle the professional fees and all related expenses which may be borne by the Company in connection with the Loan Capitalisation.

Conditions of the Loan Capitalisation

Completion of the Loan Capitalisation Agreement is conditional upon the fulfilment of the following conditions:

(i) the Board (other than Mr. Hu who shall abstain from voting due to his interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder) having passed and approved the Loan Capitalisation Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares);

(ii) the Independent Shareholders having approved and passed at the EGM the necessary resolutions to approve the Loan Capitalisation Agreement and the transaction contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares);

(iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Capitalisation Shares and such approval and permission having not subsequently been revoked or withdrawn prior to the commencement of dealings in the Capitalisation Shares on the Stock Exchange;

(iv) the representations and warrants given by the parties under the Loan Capitalisation Agreement being true and accurate and not misleading when made and remaining true and accurate and not misleading until the date of completion; and

(v) all other necessary prior consents and pre-approvals (if any) required to be obtained on the part of the Company in respect of Loan Capitalisation Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares) having been obtained.

Save for condition (iv) above which can be waived by Mr. Hu and Oceanic Capital by notice in writing to the Company, none of the above conditions may be waived by the Company or Mr. Hu or Oceanic Capital. As at the Latest Practicable Date, condition (i) is fulfilled. If the conditions set out above are not fulfilled on or before the Long Stop Date, the Loan Capitalisation Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of such Loan Capitalisation Agreement.

Completion

Completion of the Loan Capitalisation shall take place within seven (7) Business Days after satisfaction of the conditions precedent to the Loan Capitalisation Agreement (or such later date as may be agreed between the Company, Mr. Hu and Oceanic Capital in writing).

Ranking of the Capitalisation Shares

The Capitalisation Shares when allotted and issued, shall rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Capitalisation Shares including all dividends declared or payable or distribution made or proposed on or after the date of completion of the Loan Capitalisation. The Capitalisation Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

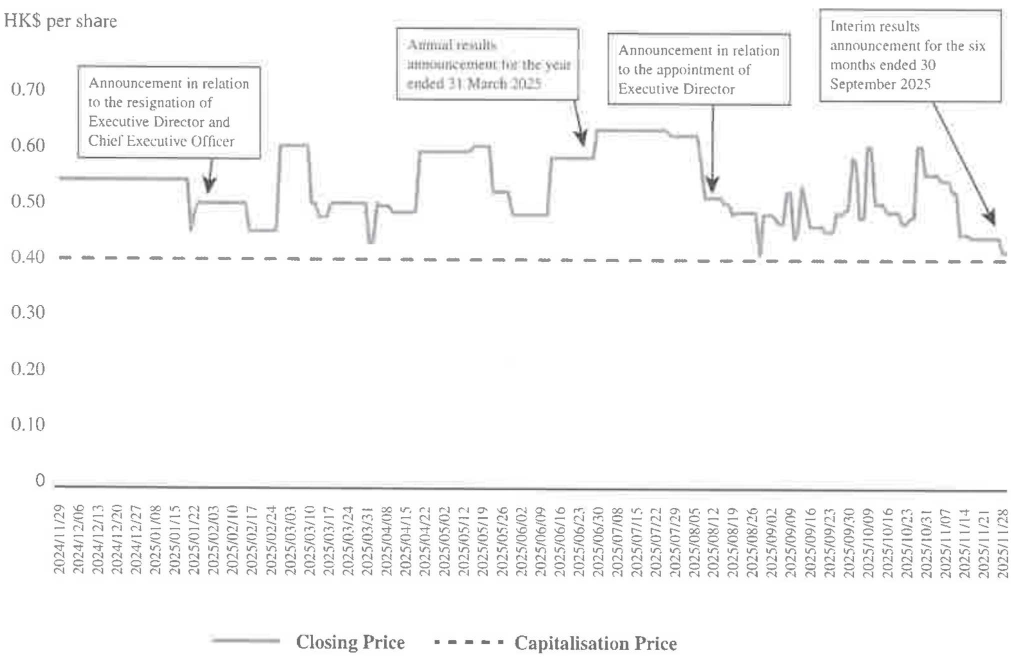
Our Evaluation of the principal terms of the Loan Capitalisation Agreement

As set out in the Letter from the Board, the Capitalisation Price was arrived at on an arm's length basis between the Company and Mr. Hu after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group.

In order to assess the fairness and reasonableness of the Capitalisation Price at HK$0.4, we have conducted the following assessments:

Historical Share price performance

We have reviewed the movement in historical closing prices and the chart below reflects the movement in closing prices from 29 November 2024 to the date of the Loan Capitalisation Agreement ("**Last Trading Date**"), being approximately a twelve-month trading period from the date of the Loan Capitalisation Agreement (the "**Review Period**"), which reflects the latest market conditions in the context of rapidly changing capital markets. We consider that the Review Period is adequate and representative to provide the fair comparison between the Issue Price and historical closing price, which allows a sufficient demonstration of the performance of Shares in response to prevailing market sentiment and operating conditions.



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the daily closing prices of the Shares ranged from HK$0.41 per Share (the "**Lowest Closing Price**") recorded on 27 August 2025 to HK$0.63 per Share (the "**Highest Closing Price**") recorded on 27 June 2025. The average daily closing price of the Shares during the Review Period was approximately HK$0.53 per Share (the "**Average Closing Price**").

As illustrated in the graph above, the closing price of the Shares remained relatively stable at HK$0.54 per Share for the majority of the Review Period from 29 November 2024 to 20 January 2025. On 21 January 2025, the price declined for the first time to HK$0.45 per Share and fluctuated slightly before stabilizing around HK$0.5 per Share until late February 2025.

A notable upward movement was observed in late February 2025, with the price peaking at HK$0.60 per Share on 26 February 2025 and remaining at this level until early March 2025. Subsequently, the price fell to HK$0.43 per Share on 31 March 2025 before rebounding to HK$0.495 per Share in early April 2025.

Between April 2025 and June 2025, the price saw moderate fluctuations, reaching HK$0.59 per Share by late April and peaking again at HK$0.63 per Share on 27 June 2025. The price remained at this peak until 22 July 2025 before gradually declining to HK$0.51 per Share on 7 August 2025.

A downward trend was observed from August 2025 onwards, with the price dropping to HK$0.44 per Share on 17 November 2025 and further declining to the HK$0.41 per Share by 27 November 2025.

It is noted that the Capitalisation Price of HK$0.4 is below the Lowest Closing Price during the Review Period but is consistent with the overall range of closing prices during this time. Specifically, the Capitalisation Price represents (i) a discount of approximately 36.51% over the Highest Closing Price during the Review Period; (ii) a discount of approximately 2.44% over the Lowest Closing Price during the Review Period; and (iii) a discount of approximately 24.1% over the Average Closing Price during the Review Period.

Taking into consideration that (i) the Capitalisation Price is lower than the range of historical closing prices during the Review Period; (ii) aligns with the general price trends of the Shares during the Review Period; and (iii) the trading liquidity of the Shares is relatively thin as discussed in the trading volume analysis below, we are of the view that the Capitalisation Price is fair and reasonable.

Trading liquidity of Shares

The following table sets out a summary of the average daily trading volume of the Shares with respect to the total number of issued Shares as at the respective month/period, during the Review Period from 28 November 2024 up to the Last Trading Date (the "**Liquidity Review Period**") given that (i) such period would provide us with the recent and relevant information to demonstrate the prevailing market practice prior to the date of the Loan Capitalisation Agreement under the prevailing market conditions and capital market sentiment; and (ii) we are able to identify sufficient and reasonable sample size for selection of Comparables within the Liquidity Review Period, showing a fair representation of the overall market perception during the past 12 months prior to entering the Loan Capitalisation Agreement.

Month/period	**Total Trading volume**	**Number of trading days**	**Average daily trading volume**	**Percentage of average trading volume to total number of Shares in issue** *(note)*
2024				
November (from 29 November to 30 November)	–	1	–	–
December	6,000	20	300	0.00007%
2025				
January	2,960,000	19	155,789	0.03781%
February	2,998,000	20	149,900	0.03638%
March	126,000	21	6,000	0.00146%
April	1,504,000	19	79,158	0.01921%
May	70,000	20	3,500	0.00085%
June	46,000	21	2,190	0.00053%
July	2,000	22	91	0.00002%
August	1,210,000	21	57,619	0.01398%
September	960,000	22	43,636	0.01059%
October	532,000	20	26,600	0.00646%
November (up to and including Last Trading Date)	182,000	20	9,100	0.00221%
			Minimum	0.00002%
			Maximum	0.03781%
			Average	0.01%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Calculated based on the total number of Shares in issue at the end of the respective month/period, where applicable.

As illustrated in the above table, during the Liquidity Review Period, the average daily trading volume for each month as a percentage to the then total number of shares in issue ranged from approximately 0.00002% to 0.03781% with an average of 0.01080%. Regarding to the relatively high trading volume in February 2025, we have discussed with the Management and they are not aware of any reason for such unusual high trading volume of the Shares during the aforesaid periods. Overall, we note that the trading liquidity of the Shares is relatively thin during the Liquidity Review Period, where 8 out of 12 months have a trading liquidity of below the average percentage of trading volume to the then total issued Shares (i.e. 0.01080%). Overall, this may hinder investors/underwriters or placing agent to participate when the Company attempts to conduct equity fundraising activities or is likely to result in a considerable discount to the prevailing market price of the Shares as incentive if such options were pursued. Therefore, the Management consider, and we concur, that it would be difficult for the Company to pursue a sizeable equity fundraising under terms that are favourable to the Company.

Comparable analysis on the Issue Price

To further assess the fairness and reasonableness of the Capitalisation Price, we have identified, to the best of our knowledge, effort and endeavor, an exhaustive list of eleven comparable transactions (the "**Comparables**") based on the following criteria:

(i) companies listed on the Stock Exchange; and

(ii) companies that had published announcements in relation to connected transactions involving loan capitalisation through subscription of new shares (excluding transactions involving (a) issue of new shares for capital restructuring purpose; and (b) whitewash waiver applications or general offer obligations under the Hong Kong Code on Takeovers and Mergers) under specific mandate since the beginning of 2025 and up to the Last Trading Date.

We also note that the relevant terms of the Comparables may vary due to differences in financial positions, business performance and prospects of the respective companies. Nevertheless, we consider that the above selection criteria is fair and reasonable as these captured transactions similar to the Loan Capitalisation (i.e. connected transactions involving loan capitalisation through subscription of new shares) conducted by companies similarly listed on the Stock Exchange and the Comparables reflect recent trend in the prevailing market condition and serve as a general reference. We set out our findings in the table below:

Date of initial announcement	Company Name and stock code	Premium/(Discount) of the capitalisation price over/to the closing price per share on/prior to the date of agreement	Premium/(Discount) of the capitalisation price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement	Premium/(Discount) of the capitalisation price over/to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement	Premium/(Discount) of the capitalisation price over/to the average closing price per share for the last twenty consecutive trading days prior to/up to and including the date of agreement	Premium/(Discount) of the capitalisation price over/to the average closing price per share for the last thirty consecutive trading days prior to/up to and including the date of agreement	Premium/(Discount) of the capitalisation price over/to the net asset value attributable to owners of the company per share *(Note 1)*
31 October 2025	JX Energy Ltd. (3395)	(1.6%)	(1.3%)	(2.6%)	(7.1%)	(13.3%)	Net liability
24 October 2025	Chuanglian Holdings Limited (2371) *(Note 2)*	8.6%	8.6%	8.6%	8.6%	5.6%	69.7%
20 October 2025	Zhonghua Gas Holdings Limited (8246)	8.9%	0.0%	(7.6%)	7.7%	15.3%	188.9%
26 September 2025	Sheng Tang Holdings Limited (8305)	(24.0%)	(18.1%)	(13.1%)	(6.3%)	(3.1%)	624.1%
25 August 2025	New Concepts Holdings Limited (2221) *(Note 3)*	13.6%	14.9%	12.4%	20.5%	28.2%	(42.8%)
18 June 2025	New City Development Group Limited (456)	(4.9%)	(7.5%)	(13.0%)	(11.2%)	(8.3%)	(84.2%)
29 April 2025	GoFintech Quantum Innovation Limited (290)	4.9%	2.6%	1.7%	(0.9%)	(1.4%)	774.5%
17 April 2025	China HK Power Smart Energy Group Limited (931)	0.0%	(0.5%)	(4.4%)	(16.7%)	(24.7%)	344.1%
7 April 2025	Regent Pacific Group Limited (575)	0.0%	15.8%	12.5%	10.7%	11.5%	Net liability
21 January 2025	Cornerstone Technologies Holdings Limited (8391)	0.0%	0.0%	(2.0%)	(2.0%)	(5.7%)	455.3%
17 January 2025	CHK Oil Limited (632)	5.1%	(5.0%)	(15.7%)	(16.3%)	(5.9%)	47.2%
	Maximum	13.6%	15.8%	12.5%	20.5%	28.2%	774.5%
	Minimum	(24.0%)	(18.1%)	(15.7%)	(16.7%)	(24.7%)	(84.2%)
	Average	1.0%	0.9%	(2.1%)	(1.2%)	(0.2%)	264.1%
	Median	0.0%	0.0%	(2.6%)	(2.0%)	(3.1%)	188.9%
28 November 2025	The Company	(3.6%)	(8.1%)	(8.7%)	(16.5%)	(18.2%)	1,233.3%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The calculation of net asset value per share is based on (i) the total net asset value attributable to the owners of the company according to the latest annual report, annual result announcement or interim report prior the date of announcement, and (ii) the number of shares outstanding as at the corresponding year/period end date.

2. The respective premiums are calculated based on the theoretical closing prices or number of shares outstanding after taking into account the share consolidation, as appropriate. For details, please refer to the announcement of Chuanglian Holdings Limited dated 24 October 2025.

3. The respective premiums/(discount) are calculated based on the theoretical closing prices or number of shares outstanding after taking into account the share consolidation, as appropriate. For details, please refer to the announcement of New Concepts Holdings Limited dated 25 August 2025.

As illustrated in the table above, we have identified eleven Comparables and noted that the capitalisation price of the Comparables ranged from:

(i) a discount of approximately 24.0% to a premium of approximately 13.6% to/over the respective closing prices of the shares on/prior to the date of the relevant agreement (the "**Range**"), with a median discount/premium of nil and an average premium of approximately 1.0%;

(ii) a discount of approximately 18.1% to a premium of approximately 15.8% to/over the respective average closing prices of the shares on the last five consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Five Days Range**"), with a median discount/premium of nil and an average premium of approximately 0.9%;

(iii) a discount of approximately 15.7% to a premium of approximately 12.5% to/over the respective average closing prices of the shares on the last ten consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Ten Days Range**"), with a median discount of approximately 2.6% and an average discount of approximately 2.1%;

(iv) a discount of approximately 16.7% to a premium of approximately 20.5% to/over the respective average closing prices of the shares on the last twenty consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Twenty Days Range**"), with a median discount of approximately 2.0% and an average discount of approximately 1.2%;

(v) a discount of approximately 24.7% to a premium of approximately 28.2% to/over the respective average closing prices of the shares on the last thirty consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Thirty Days Range**"), with a median discount of approximately 3.1% and an average discount of approximately 0.2%; and

(vi) a discount of approximately 84.2% to a premium of approximately 774.5% over their respective net asset value attributable to owners of the company per share (the "**NAV Range**"), with a median premium of approximately 188.9% and an average premium of approximately 264.1%.

We observed that the Capitalisation Price represents (i) a discount of approximately 3.6% over the Share closing price on the date of the Loan Capitalisation Agreement; (ii) a discount of approximately 8.1% over the average Share closing price for the last five consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement; (iii) a discount of approximately 8.7% over the average Share closing price for the last ten consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement; (iv) a discount of approximately 16.5% over the average Share closing price for the last twenty consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement; (v) a discount of approximately 18.2% over the average Share closing price for the last thirty consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement; and (vi) a premium of approximately 1,233.3% over the net asset value attributable to owners of the Company per Share.

The Capitalisation Price falls within the Range, Five Days Range, Ten Days Range, Twenty Days Range, and Thirty Days Range, except that the net asset value attributable to owners of the Company per Share is not within the NAV Range.

Considering that the Capitalisation Price reflects a significant premium over the net asset value per share, even though it is not within the NAV Range, the substantial premium over the net asset value attributable to owners of the company is significantly above the comparables' NAV Range, indicating value creation for shareholders, we consider this premium to be indicative of the attractiveness and reasonableness of the Capitalisation Price, which is favourable to the Company.

EFFECT OF THE LOAN CAPITALISATION AND THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately upon completion of the Loan Capitalisation and the allotment and issue of the Capitalisation Shares (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement until completion of the Loan Capitalisation):

Name of Shareholders	(a) As at the Latest Practicable Date		(b) Immediately upon completion of the Loan Capitalisation assuming no other changes to the issued share capital of the Company from the Latest Practicable Date until completion of the Loan Capitalisation	
	No. of shares	*Approximate %*	*No. of shares*	*Approximate %*
Resources Rich *(note i)*	204,718,000	49.68	204,718,000	40.98
Mr. Hu *(note ii)*	3,453,000	0.84	3,453,000	0.69
Mr. Hu Yishi *(note iii)*	2,736,000	0.66	2,736,000	0.55
Mr. Wu Hao *(note iv)*	9,836,000	2.39	9,836,000	1.97
Mr. Chan Wing Yuen, Hubert *(note v)*	7,100,000	1.72	7,100,000	1.43
Mr. Li Wei Qi, Jacky *(note vi)*	4,266,000	1.04	4,266,000	0.85
Oceanic Capital *(note vii)*	–	–	87,500,000	17.51
Sub-total	232,109,000	56.33	319,609,000	63.98
Public Shareholders				
Other Public Shareholders	179,972,000	43.67	179,972,000	36.02
Total	412,081,000	100.00	499,581,000	100.00

Notes:

(i) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu while the other 50% is owned by Mr. Hu Yishi. Mr. Hu and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.

(ii) Mr. Hu is an executive Director and had a direct interest of 3,453,000.

(iii) Mr. Hu Yishi had a direct interest of 2,736,000 Shares.

(iv) Mr. Wu Hao is an executive Director and chairman of the Board.

(v) Mr. Chan Wing Yuen, Hubert was an executive Director and chief executive officer of the Company and resigned on 24 January 2025.

(vi) Mr. Li Wei Qi, Jacky is an executive Director.

(vii) Oceanic Capital is incorporated in Samoa with limited liability which is wholly owned by Mr. Hu

POSSIBLE FINANCIAL EFFECTS OF THE LOAN CAPITALISATION

Earnings

As the Loan has an interest rate of 8% per annum, the Loan Capitalisation will enable the Group to save such interest expenses going forward, which can improve earnings of the Group.

Gearing and liquidity

Upon Completion, the Partial Loan (representing HK$35,000,000 of the Loan) would be set off and the remaining part of the Loan (representing HK$88,727,000 of the Loan) shall remain to be due and payable by the Company to Mr. Hu. As a result, indebtedness and liquidity position of the Group will be improved. In terms of gearing ratio (which was expressed as a percentage of total bank borrowings and loans from a shareholder and a controlling shareholder over total equity), assuming the Loan Capitalisation had taken place on 31 March 2025, the gearing ratio would be reduced from approximately 1,301.9% to approximately 1,007.2%. It should be noted that the above analysis is for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion. Overall, we note that the financial position of the Group would be improved as a result of the Loan Capitalisation.

RECOMMENDATION

In view of the above factors and reasons stated above, we are of the opinion that although the Loan Capitalisation Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, the terms of the Loan Capitalisation Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Loan Capitalisation Agreement.

Yours faithfully,
For and on behalf of
First Global Corporate Finance Co., Limited

Jason Wong
Executive Director

Mr. Jason Wong is currently an executive director and responsible officer of First Global Corporate Finance Co., Ltd. to carry out Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Wong has over 11 years of experience in the corporate finance industry, and has participated in the provision of financial advisory and independent financial advisory services for various connected transactions involving companies listed in Hong Kong.