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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Global Strategic Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited consolidated interim results of the Group for the six months ended 31 March 2022. This announcement, containing the full text of the 2021/2022 interim report of the Company (the “**2021/2022 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to the information to accompany preliminary announcement of interim results. Printed version of the 2021/2022 Interim Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

By order of the Board

Global Strategic Group Limited

Wang Wenzhou

Executive Director and Chief Executive Officer

Hong Kong, 13 May 2022

As at the date of this announcement, the Executive Directors are Mr. Wang Wenzhou (Chief Executive Officer), Mr. Wu Guoming and Mr. Duan Fanfan; and the Independent Non-executive Directors are Mr. Leung Oh Man, Martin, Mr. Sun Zhi Jun and Dr. Chung Ling Cheong Dicky.

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the day of its posting and the Company’s website at www.globalstrategicgroup.com.hk.



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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This report, for which the directors (the “**Directors**”) of Global Strategic Group Limited (the “**Company**” and its subsidiaries, collectively referred to as the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Group for the three and six months ended 31 March 2022 with comparative unaudited figures for the corresponding period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 31 MARCH 2022


		Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
	Notes				
Revenue	4	40,943	15,671	70,623	31,410
Cost of sales		<u>(28,820)</u>	<u>(12,595)</u>	<u>(55,848)</u>	<u>(26,175)</u>
Gross profit		12,123	3,076	14,775	5,235
Other income	6(a)	1,653	731	1,746	2,077
Other gains and losses	6(b)	–	37	–	37
Selling and distribution costs		(2,213)	(2,282)	(4,401)	(4,257)
General and administrative expenses		(6,079)	(9,020)	(14,625)	(19,452)
(Allowance)/reversal of allowance on trade receivables		(1,148)	431	(1,148)	431
Reversal of allowance on other receivables		–	672	–	672
(Allowance)/reversal of allowance on loan receivables		(1,362)	250	(1,362)	250
Allowance on bond receivables		–	(359)	–	(359)
Profit/(loss) from operations		2,974	(6,464)	(5,015)	(15,366)
Finance costs	6(c)	(633)	(1,018)	(1,458)	(2,405)
Profit/(loss) before tax		2,341	(7,482)	(6,473)	(17,771)
Income tax credit	5	185	213	362	311
Profit/(loss) for the period	6(d)	2,526	(7,269)	(6,111)	(17,460)

	Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
Notes				
Other comprehensive income, after tax				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences arising on translation of financial statements to presentation currency	(941)	2,955	(235)	10,598
Other comprehensive income for the period, net of tax	(941)	2,955	(235)	10,598
Total comprehensive income for the period	1,585	(4,314)	(6,346)	(6,862)
(Loss)/profit for the period attributable to:				
Owners of the Company	(823)	(5,987)	(8,830)	(14,870)
Non-controlling interests	3,349	(1,282)	2,719	(2,590)
	2,526	(7,269)	(6,111)	(17,460)
Total comprehensive income for the period attributable to:				
Owners of the Company	(2,255)	(3,922)	(10,236)	(6,822)
Non-controlling interests	3,840	(392)	3,890	(40)
	1,585	(4,314)	(6,346)	(6,862)
		(Re-presented)		(Re-presented)
Loss per share				
8 Basic (HK cents per share)	(0.18)	(5.52)	(1.94)	(13.70)
Diluted (HK cents per share)	(0.18)	(5.52)	(1.94)	(13.70)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

		At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
	Notes		
Non-current assets			
Property, plant and equipment	9	111,366	112,246
Right-of-use assets		3,215	2,055
Goodwill		—	—
Intangible assets	10	71,457	71,031
Deposit for acquisition of property, plant and equipment		—	3,582
		186,038	188,914
Current assets			
Inventories		1,119	797
Trade receivables	11	5,732	6,576
Bill receivables		3,701	—
Prepayments, deposits and other receivables	12	8,963	13,794
Loan receivables	13	1,200	4,310
Bond receivables	14	—	—
Due from related parties	24(d)	383	1,591
Due from a director	24(d)	51	—
Value-added tax recoverable		4,378	5,850
Bank and cash balances		4,084	23,411
		29,611	56,329
Current liabilities			
Trade payables	15	770	873
Accruals and other payables	16	49,014	51,874
Contract liabilities		6,187	6,352
Lease liabilities		1,369	1,405
Due to related parties	24(d)	1,250	1,218
Due to directors		1,528	3,011
Non-convertible bonds	17	11,693	27,166
Bank borrowings	18	13,169	7,680
Current tax liabilities		—	19
		84,980	99,598



		At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
	Notes		
Net current liabilities		(55,369)	(43,269)
Total assets less current liabilities		130,669	145,645
Non-current liabilities			
Due to non-controlling shareholders of a subsidiary and its related parties		44,055	44,423
Lease liabilities		1,135	445
Bank borrowings	18	1,329	10,387
Deferred tax liabilities		17,864	17,758
		64,383	73,013
		66,286	72,632
CAPITAL AND RESERVES			
Share capital	19	4,559	4,559
Reserves		15,314	23,296
Equity attributable to owners of the Company		19,873	27,855
Non-controlling interests ("NCI")		46,413	44,777
Total equity		66,286	72,632

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Attributable to owners of the Company						Total NCI	Total equity
	Share capital HK\$'000	Capital reserve HK\$'000 (note)	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	HK\$'000
At 1 October 2020 (audited)	45,586	7,540	293,640	12,255	(4,087)	(365,135)	(10,201)	33,747
Total comprehensive income for the period	—	—	—	—	8,048	(14,870)	(6,822)	(6,862)
At 31 March 2021 (unaudited)	45,586	7,540	293,640	12,255	3,961	(380,005)	(17,023)	26,885
	Share capital HK\$'000	Capital reserve HK\$'000 (note)	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total equity HK\$'000
At 1 October 2021 (audited)	4,559	7,540	346,252	12,255	(1,308)	(341,443)	27,855	72,632
Total comprehensive income for the period	—	—	—	—	(1,406)	(8,830)	(10,236)	(6,346)
Acquisition of NCI	—	—	—	—	97	2,157	2,254	—
At 31 March 2022 (unaudited)	4,559	7,540	346,252	12,255	(2,617)	(348,116)	19,873	66,286

Note:

The capital reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value allocated to the separable net assets of the subsidiaries at the date of acquisition arisen from a group reorganisation in March 2000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
Notes		
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	7,166	(94)
Acquisition of property, plant and equipment	(1,156)	(2,778)
Interest received	541	2
Decrease in loan and bond receivables	1,300	6,470
Deposits for acquisition of property, plant and equipment	—	(119)
NET CASH GENERATED FROM INVESTING ACTIVITIES	685	3,575
Repayment to non-controlling shareholders of a subsidiary and its related parties, net of	(1,551)	(4,708)
New bank borrowings raised	—	3,936
Movements in balances with directors, net of	(1,595)	(1,621)
Repayment of lease liabilities	(1,074)	(608)
Repayment of non-convertible bonds	(15,338)	(3,415)
Repayment of bank borrowings	(4,010)	(1,873)
Interest paid	(1,500)	(1,056)
NET CASH USED IN FINANCING ACTIVITIES	(25,068)	(9,345)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,217)	(5,864)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	23,411	1,978
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(2,110)	6,076
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	4,084	2,190
Bank and cash balances	4,084	2,190

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the six months ended 31 March 2022 ("**Financial Information**") has been prepared by the Directors of the Company in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

This Financial Information should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this Financial Information are consistent with those used in the annual financial statements for the year ended 30 September 2021 except as stated below.


The Directors have given careful consideration to the going concern of the Group in light of the fact that the Group incurred a net loss of HK\$6,111,000 the six months ended 31 March 2022, and, as of that date, the Group had net current liabilities of HK\$55,369,000 and taking into account of capital commitments and other commitment as of that date.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

During the period, holders of non-convertible bonds with principal amounts in aggregate of HK\$10,912,000, have signed letters of intent with the Company agreeing to extend the maturity date by one year once the bonds mature.

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cashflow forecast of the Group prepared and after taking into consideration the following:

- (i) Mr. Wu Guoming ("**Mr. Wu**"), a shareholder and a director of the Company, and Mr. Wang Wenzhou ("**Mr. Wang**"), a director of the Company, have agreed to provide continuous financial support to the Group for the foreseeable future;

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- (ii) the Company will consider certain ways to raise funds from the markets; and
 - (iii) having regard to measures to tighten controls over expenses and to better manage the Group's working capital.

The Directors of the Company therefore consider it appropriate to adopt the going concern basis in preparing this Financial Information. Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in this Financial Information.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 October 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The accounting policies applied in this Financial Information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 September 2021. A number of new or amended standards are effective from 1 October 2021 but they do not have a material effect on the Group's financial statements.

3. SEGMENT INFORMATION

The Group has three (2021: three) operating and reportable segments as follow:

Natural gas operations	Including investment in natural gas projects, sales of natural gas, natural gas cooking appliance and accessories and pipeline installation
Sales and leasing business*	Including services rendered from sales and leasing of steel support axial force servo system and technology support
Independent financial advisory	Including services rendered from independent financial advisory and insurance brokerage business

- * The name of this segment was "leasing business" prior to 31 March 2022. The name was changed due to the recent business expansion.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

(a) Information about operating segment profit or loss, assets and liabilities:

	Natural gas operations <i>HK\$'000</i> Unaudited	Sales and leasing business <i>HK\$'000</i> Unaudited	Independent financial advisory <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
Six months ended				
31 March 2022:				
Revenue from external customers	<u>62,374</u>	<u>8,231</u>	<u>18</u>	<u>70,623</u>
Segment profit/(loss)	<u>3,344</u>	<u>(308)</u>	<u>(14)</u>	<u>3,022</u>
As at 31 March 2022:				
Segment assets	<u>182,037</u>	<u>24,417</u>	<u>12</u>	<u>206,466</u>
Segment liabilities	<u>(120,585)</u>	<u>(8,661)</u>	<u>(931)</u>	<u>(130,177)</u>
Six months ended				
31 March 2021:				
Revenue from external customers	<u>27,178</u>	<u>4,107</u>	<u>125</u>	<u>31,410</u>
Segment (loss)/profit	<u>(4,531)</u>	<u>1,117</u>	<u>(267)</u>	<u>(3,681)</u>
As at 30 September 2021:				
	Audited	Audited	Audited	Audited
Segment assets	182,423	26,748	15	209,186
Segment liabilities	<u>(126,379)</u>	<u>(8,167)</u>	<u>(935)</u>	<u>(135,481)</u>

(b) Reconciliations of segment profit or loss:

	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
Total profit or loss of reportable segments	3,022	(3,681)
Unallocated amounts:		
Other income	1,744	1,924
General and administrative expenses	(9,071)	(15,326)
Allowance on bond receivables	–	(359)
(Allowance)/reversal of allowance on loan receivables	(1,362)	250
Reversal of allowance on other receivables	–	666
Finance costs	(806)	(1,245)
	<hr/>	<hr/>
Consolidated loss before tax	(6,473)	(17,771)

4. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the period is as follows:

	Three months ended 31 March 2022 <i>HK\$'000</i> Unaudited	Three months ended 31 March 2021 <i>HK\$'000</i> Unaudited	Six months ended 31 March 2022 <i>HK\$'000</i> Unaudited	Six months ended 31 March 2021 <i>HK\$'000</i> Unaudited
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products or service lines				
– Sales of natural gas	32,838	11,635	60,296	26,560
– Sales of steel support axial force servo systems	4,807	–	5,895	–
– Rendering of services	3,293	665	4,072	1,401
– Commission income	3	47	18	125
	<u>40,941</u>	<u>12,347</u>	<u>70,281</u>	<u>28,086</u>
Revenue from other sources				
– Leasing income	<u>2</u>	<u>3,324</u>	<u>342</u>	<u>3,324</u>
	<u>40,943</u>	<u>15,671</u>	<u>70,623</u>	<u>31,410</u>

For the six months ended 31 March	Sales of natural gas		Sales of steel support axial force servo systems		Pipeline installation services		Provision of technology support services		Independent financial advisory		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Primary geographical markets												
– The People's Republic of China ("PRC") except Hong Kong	60,296	26,560	5,895	–	2,078	618	1,994	783	–	–	70,263	27,961
– Hong Kong	–	–	–	–	–	–	–	–	18	125	18	125
Revenue from external customers	60,296	26,560	5,895	–	2,078	618	1,994	783	18	125	70,281	28,086
Timing of revenue recognition												
Products and services transferred at a point in time	–	–	5,895	–	2,078	618	–	–	18	125	7,991	743
Products and services transferred over time	60,296	26,560	–	–	–	–	1,994	783	–	–	62,290	27,343
Total	60,296	26,560	5,895	–	2,078	618	1,994	783	18	125	70,281	28,086

For the three months ended 31 March	Sales of natural gas		Sales of steel support axial force servo systems		Pipeline installation services		Provision of technology support services		Independent financial advisory		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Primary geographical markets												
– The PRC except Hong Kong	32,838	11,635	4,807	–	1,627	10	1,666	655	–	–	40,938	12,300
– Hong Kong	–	–	–	–	–	–	–	–	3	47	3	47
Revenue from external customers	32,838	11,635	4,807	–	1,627	10	1,666	655	3	47	40,941	12,347
Timing of revenue recognition												
Products and services transferred at a point in time	–	–	4,807	–	1,627	10	–	–	3	47	6,437	57
Products and services transferred over time	32,838	11,635	–	–	–	–	1,666	655	–	–	34,504	12,290
Total	32,838	11,635	4,807	–	1,627	10	1,666	655	3	47	40,941	12,347

5. INCOME TAX CREDIT

	Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
Current tax				
PRC Enterprises Income Tax	–	–	7	45
Deferred tax	<u>(185)</u>	<u>(213)</u>	<u>(369)</u>	<u>(356)</u>
	<u>(185)</u>	<u>(213)</u>	<u>(362)</u>	<u>(311)</u>

Pursuant to the rules and regulations of the Cayman Islands, Samoa, Seychelles and the British Virgin Islands, the Group is not subject to any income tax in these regions.

Under the Law of the PRC on Enterprise Income Tax (the “EIT”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2021: 25%). The tax rate of Hong Kong Profits Tax in respect of Hong Kong subsidiaries is 16.5% (2021: 16.5%).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 31 March 2022 (2021: Nil).

6. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is arrived at after charging/(crediting):

	Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
(a) Other income				
Bank interest income	(1)	(2)	(1)	(2)
Interest income from bond receivables	–	(140)	–	(361)
Interest income from loan to third parties	(1)	(573)	(93)	(1,111)
Government grants (note)	–	(7)	–	(516)
Net exchange gain	(1,651)	–	(1,651)	–
Others	–	(9)	(1)	(87)
	<u>(1,653)</u>	<u>(731)</u>	<u>(1,746)</u>	<u>(2,077)</u>
(b) Other gains and losses				
Gain on disposal of property, plant and equipment	–	(37)	–	(37)
	<u>–</u>	<u>(37)</u>	<u>–</u>	<u>(37)</u>
(c) Finance costs				
Interest on bank borrowings	268	503	651	948
Imputed interest on loan from non-controlling shareholders and its related parties	–	54	–	212
Interest on non-convertible bonds	324	435	694	1,183
Interest on lease liabilities	41	26	113	62
	<u>633</u>	<u>1,018</u>	<u>1,458</u>	<u>2,405</u>

Note:

During the period ended 31 March 2021, the Group recognised government grants of HK\$516,000 relating to Employment Support Scheme provided by the Hong Kong government in respect of COVID-19.

	Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
(d) Other items				
Amortisation of intangible assets (included in selling and distribution cost)	742	853	1,476	1,425
Employee benefits expenses (including directors' remuneration)				
– Salaries, bonus and allowance	3,171	3,410	5,977	6,088
– Retirement benefit scheme contributions	131	126	262	221
	3,302	3,536	6,239	6,309
Cost of inventories sold	26,855	10,036	49,887	22,592
Depreciation of property, plant and equipment	2,628	2,344	4,348	4,496
Depreciation of right-of-use assets (included in general and administrative expenses)	475	253	816	755
Gain on disposal of property, plant and equipment	–	(37)	–	(37)
Expenses related to short-term lease (included in general and administrative expenses)	37	24	75	49
Net exchange (gain)/loss	(2,069)	2,627	(1,651)	6,482

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 31 March 2022 (2021: Nil)

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the following:

	Unaudited			
	Three months ended 31 March 2022 HK\$'000	Three months ended 31 March 2021 HK\$'000	Six months ended 31 March 2022 HK\$'000	Six months ended 31 March 2021 HK\$'000
Loss for the period				
Loss for the purpose of calculating basic loss per share	<u>(823)</u>	<u>(5,987)</u>	<u>(8,830)</u>	<u>(14,870)</u>
Number of shares	'000	'000 (Re-presented)	'000	'000 (Re-presented)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>455,860</u>	<u>108,538</u>	<u>455,860</u>	<u>108,538</u>

The weighted average number of ordinary shares for prior period has been adjusted retrospectively to reflect the effect of rights issue during the year ended 30 September 2021.

(b) Diluted loss per share

No diluted loss per share for the six months ended 31 March 2022 and 2021 and the three months ended 31 March 2022 and 2021 are presented as the Company had no potential ordinary shares outstanding.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 March 2022, the Group acquired property, plant and equipment of approximately HK\$1,632,000 (2021: HK\$3,136,000). During the six months ended 31 March 2021, the Group disposed property, plant and equipment of approximately HK\$15,000, in exchange for a motor vehicle of HK\$179,000.

10. INTANGIBLE ASSETS

As at 31 March 2022, the amounts solely represented the natural gas supply exclusive rights arose from the acquisition of 宜昌市標典天然氣利用有限公司 (Yichang Biaodian Natural Gas Utilisation Co., Ltd) ("**Yichang Biaodian**") with a carrying amount of HK\$71,457,000 (at 30 September 2021: HK\$71,031,000) before impairment. This intangible asset is amortised over the remaining contractual period of 30 years till the years ranging from 2041 to 2044.

Prior to the year ended 30 September 2021, as there was continuous loss made by Yichang Biaodian and indication of impairment exists, the Group performed impairment assessment on natural gas supply exclusive rights and other assets which belong to the cash-generating unit ("**CGU**") of Yichang Biaodian.

The recoverable amount of the CGU has been determined on the basis of its value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors. Yichang Biaodian's cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate as at 30 September 2021. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in which Yichang Biaodian operates. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on Yichang Biaodian's past performance and management's expectations for the market development. The pre-tax rate used to discount the forecast cash flows from the Group's is 13.23% as at 30 September 2021.

The management reviewed the cash flow forecast by comparing against Yichang Biaodian's actual performance for the period and considered that no further impairment required as its performance reached to budget.

11. TRADE RECEIVABLES

	At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
Current		
Trade receivables (<i>note</i>)	13,327	12,840
Less: impairment losses	(7,595)	(6,264)
	<u>5,732</u>	<u>6,576</u>

Note:

Generally there is no credit period for customers of sales of natural gas as the customers need to prepay before the usage of the natural gas. For a few specific customers they can use the gas on credit and the Group allows an average credit period of 60 days (year ended 30 September 2021: 60 days). The Group recognises revenue for natural gas pipeline installation service when the installation is completed and the Group allows an average credit period of 180 days (year ended 30 September 2021: 180 days) upon completion. For leasing business, the Group allows an average credit period of 30 days (year ended 30 September 2021: 30 days) upon recognition. For independent financial advisory, the Group allows an average credit period of 30 days (year ended 30 September 2021: 30 days) upon service rendered.

The ageing analysis of trade receivables at the end of the reporting period based on goods or services delivered is as follows:

	At 31 March 2022 <i>HK\$'000</i> Unaudited	At 30 September 2021 <i>HK\$'000</i> Audited
0 to 90 days	3,796	1,451
91 to 180 days	193	1,891
181 to 366 days	1,743	3,234
	<u>5,732</u>	<u>6,576</u>

Before accepting any new customer, the Group's finance and sales management team would assess the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly with reference to past settlement history. The Group's finance and sales management team considers trade receivables that are neither past due nor impaired to be of good credit quality as continuous repayments have been received.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 March 2022 <i>HK\$'000</i> Unaudited	At 30 September 2021 <i>HK\$'000</i> Audited
Deposits	812	807
Prepayments	6,939	12,474
Others	1,212	513
	<u>8,963</u>	<u>13,794</u>

13. LOAN RECEIVABLES

The Group granted loans to an independent third parties during the six months ended 31 March 2022, which principal amount of HK\$3,700,000 has been overdue and additional allowance of HK\$1,362,000 was recognised by the management during the period. Loan receivables are unsecured and are charged on effective interest rate mutually agreed with the contracting parties, at a fixed rate of 12% (year ended 30 September 2021: ranging from 12% to 20%) per annum. The borrowers are obliged to settle the amounts according to the terms set out in the relevant agreements.

The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly by the management.

14. BOND RECEIVABLES

On 2 April 2019, the Group subscribed bonds from a listed company ("**Bond Issuer**") with principal amount of HK\$3,000,000. The bonds were unsecured and interest-bearing at fixed rates of 10% per annum. The carrying amount of HK\$3,300,000 was receivable on 2 April 2020. The bonds could be redeemed by Bond Issuer at 100% of the outstanding principal amount, together with accrued interest up to settlement date. Upon the maturity date, Bond Issuer did not repay the interest and principal.

On 4 May 2020, Bond Issuer issued bonds with principal amount of HK\$7,280,000 at fixed interest rate of 12% per annum to the Group for taking up the settlement obligation of one of its subsidiaries' bonds subscribed by the Group. The carrying amount of HK\$8,153,600 will be receivable on 3 May 2021. The bonds can be redeemed by Bond Issuer at 100% of the outstanding principal amount, together with accrued interest up to settlement date.

On 5 June 2020, Bond Issuer announced that it has entered into liquidation process, the management of the Company considered the recoverability of these bonds was remote and full impairment was made accordingly.

15. TRADE PAYABLES

Generally, there is no credit period for suppliers of natural gas as the Group need to prepay before the purchase of the natural gas. For liquefied natural gas, the credit period granted by supplier to the Group was 30 days. For other business, the credit period granted by supplier to the Group ranged from 60 to 180 days.

The ageing analysis of trade payables, based on date of receipt of goods, is as follows:

	At 31 March 2022 <i>HK\$'000</i> Unaudited	At 30 September 2021 <i>HK\$'000</i> Audited
0 to 30 days	–	–
31 to 60 days	–	–
Over 60 days	770	873
	770	873

The trade payables are non-interest bearing and normally settled on 30 to 180 days terms.

16. ACCRUALS AND OTHER PAYABLES

	At 31 March 2022 <i>HK\$'000</i> Unaudited	At 30 September 2021 <i>HK\$'000</i> Audited
Payable for construction in progress	34,128	34,469
Receipt in advance (<i>note</i>)	2,126	2,070
Other payables and accruals	12,760	15,335
	49,014	51,874

Note:

The amounts represented deposits received for disposal of building of the Group from an independent third party.

17. NON-CONVERTIBLE BONDS

	At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
Non-convertible bonds, analysed as current liabilities	11,693	27,166

From 18 October 2018 to 9 November 2018, the Group issued fixed rate non-convertible bonds with total principal amount of HK\$9,500,000 to independent third parties. The non-convertible bonds are unsecured and interest-bearing at fixed rates ranging from 12% to 14% per annum in arrears and will be repayable on dates ranging from 17 October 2019 to 8 November 2019. The aggregate outstanding principal amount as at 30 September 2021 amounted to HK\$4,144,000 and HK\$4,144,000 bonds in aggregate have been overdue as at 30 September 2021. During the six months ended 31 March 2022, bonds of HK\$1,744,000 in aggregate have been settled and bonds of HK\$900,000 have been renewed with maturity on 30 September 2022. Interest-bearing bonds (12% per annum in arrears) of HK\$2,000,000 with maturity date on 30 September 2022 (“**HK\$2 Million Bond**”) were issued to replace the bonds with principal amounts in aggregate of HK\$1,500,000 originally issued during the aforesaid period, together with the other bond held by the same bondholder as mentioned below. Holders of these bonds have further signed letters of intent with the Company agreeing to further extend the maturity date to 30 September 2023. The aggregate outstanding principal amount as at 31 March 2022 amounted to HK\$2,900,000.

On 29 November 2018, the Group issued fixed rate non-convertible bonds with principal amount of HK\$3,000,000 to an independent third party. The non-convertible bonds are interest-bearing at fixed rate of 12% per annum in arrears with maturity on 28 November 2020. The bonds were unconditionally and irrevocably secured by personal guarantee provided by a former director of the Company. On 29 November 2020, the Company issued a new bond with principal amount of HK\$3,360,000 with the maturity date on 28 May 2021 to replace the overdue bond together with accrued interest. On 29 May 2021, the Company issued another new bond with principal amount of HK\$3,562,000 with the maturity date on 28 October 2021 to replace the bond issued on 29 November 2020 together with accrued interest. The outstanding principal amount as at 30 September 2021 amounted to HK\$3,529,000. During the six months ended 31 March 2022, a new bond with principal amount of HK\$3,562,000 with maturity on 28 February 2022 has been issued to replace this overdue bond. The bondholder also signed a letter of intent to further extend the maturity date to 28 February 2023. The outstanding principal amount as at 31 March 2022 amounted to HK\$3,562,000.

From 14 February 2019 to 23 September 2019, the Group issued fixed rate non-convertible bonds with principal amount in aggregate of HK\$20,561,000 to certain independent third parties. The non-convertible bonds are unsecured and interest-bearing at fixed rates ranging from 6% to 20% per annum in arrears and are repayable on dates ranging from 22 December 2019 to 9 September 2020. During the year ended 30 September 2020, bonds with principal amount in aggregate of HK\$9,360,000 have been extended by six months to two years upon maturity. During the year ended 30 September 2021, bonds of HK\$8,612,000 in aggregate have been settled and interest-bearing bonds (4% per annum in arrears) of HK\$1,524,000 with maturity date on 27 October 2021 were issued to replace the bonds with principal amounts in aggregate of HK\$1,484,000 together with the accrued interest. The aggregate outstanding principal amount as at 30 September 2021 amounted to HK\$10,334,000 in which bonds of HK\$5,810,000 in aggregate were overdue as of 30 September 2021. During the six months ended 31 March 2022, bonds with principal amounts of HK\$5,434,000 have been settled and overdue balances of HK\$700,000 have been renewed with maturity date extended to 30 September 2022. The bondholders with principal amounts in aggregate of HK\$3,700,000, including the aforementioned HK\$700,000 bonds, signed letters of intent to further extend the maturity to dates ranging from 10 March 2023 to 30 September 2023. Bonds with principal amount of HK\$500,000 was replaced by way of issuance of the HK\$2 Million Bond as mentioned above. The aggregate outstanding principal amount as at 31 March 2022 amounted to HK\$4,050,000 and HK\$2,350,000 bonds in aggregate have been overdue as at 31 March 2022.

On 4 June 2020, the holder of a tranche of convertible bond with principal amount of HK\$20,000,000 did not exercise the rights to convert or redeem the convertible bond upon maturity. The convertible bondholder and the Company agreed to settle the outstanding convertible bond by way of issuance of a tranche of non-convertible bonds of principal amount of HK\$20,800,000 with interest rate of 6% per annum and maturity date on 3 December 2020. The outstanding principal amount as at 30 September 2021 amounted to HK\$4,000,000 which was overdue as of 30 September 2021. During the six months ended 31 March 2022, the outstanding balance was settled.

From 16 October 2019 to 28 August 2020, the Group issued fixed rate non-convertible bonds with principal amount in aggregate of HK\$7,262,000 to certain independent third parties, of which bonds with principal amount of HK\$1,000,000 were unconditionally and irrevocably secured by personal guarantee provided by a former director of the Company. The non-convertible bonds are unsecured and interest-bearing at fixed rates ranging from 6% to 18% per annum in arrears and are repayable on dates ranging from 15 October 2020 to 27 August 2021. During the year ended 30 September 2020, maturity dates of bonds of HK\$1,500,000 in aggregate have been further extended to dates ranging from 15 January 2022 to 13 February 2022. During the year ended 30 September 2021, bonds of HK\$3,005,000 in aggregate have been settled and interest-bearing bond (12% per annum in arrears) of HK\$1,116,000 with maturity on 5 August 2021 were issued to replace the bonds with principal amounts in aggregate of HK\$1,018,000 together with the accrued interest. The aggregate outstanding principal amount as at 30 September 2021 amounted to HK\$4,399,000 in which bonds of HK\$2,899,000 in aggregate were overdue as of 30 September 2021. During the six months ended 31 March 2022, bonds of HK\$2,649,000 have been settled and bond of HK\$250,000 has been renewed with maturity on 30 September 2022. The bondholders of HK\$1,750,000 including the aforementioned HK\$250,000 bond, signed letters of intent with the Company agreeing to further extend the maturity to dates ranging from 15 January 2023 to 30 September 2023. The aggregate outstanding principal amount as at 31 March 2022 amounted to HK\$750,000 and HK\$500,000 bonds in aggregate have been overdue as at 31 March 2022.

The carrying amounts of the non-convertible bonds issued approximate their fair values.

Non-convertible bonds issued at fixed interest rates expose the Group to fair value interest rate risk.

18. BANK BORROWINGS

	At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
Bank borrowings (note (a))	<u>14,498</u>	<u>18,067</u>

The bank borrowings are repayable as follows:

	At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
Within one year	<u>13,169</u>	<u>7,680</u>
More than one year, but not exceeding two years	<u>78</u>	9,169
More than two years, but not more than five years	<u>1,251</u>	<u>1,218</u>
	<u>1,329</u>	10,387
	<u>14,498</u>	18,067
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(13,169)</u>	<u>(7,680)</u>
Amount due for settlement after 12 months	<u>1,329</u>	10,387

Notes:

- (a) Bank borrowings of HK\$11,254,000 (at 30 September 2021: HK\$13,393,000) are secured by several properties owned by non-controlling interests of Yichang Biaodian, including Mr. Xiong Songgan ("Mr. Xiong"), a key management personnel of Yichang Biaodian, and his spouse, and a company held and controlled by Mr. Xiong. The bank borrowings are also jointly guaranteed by non-controlling interests of Yichang Biaodian, including Hubei Biaodian, Mr. Xiong and his spouse and Mr. Li.

Bank borrowings of HK\$175,000 as at 30 September 2021 are secured by a property owned by non-controlling interests of Yichang Biaodian, including Mr. Xiong and his spouse. The bank borrowings are also jointly guaranteed by a subsidiary of the Group and the non-controlling shareholders of Yichang Biaodian.

- (b) The amounts are based on scheduled repayment dates set out in the respective loan agreements.

The effective interest rate of the Group's bank borrowings is 5.00% to 12.24% (at 30 September 2021: 5.00% to 15.00%).

The Group's bank borrowings carried interest based on the benchmark interest rate issued by the People's Bank of China during the period/year. Interest rate will be adjusted if the benchmark interest rate changes, thus exposing the Group to cash flow interest rate risk.

19. SHARE CAPITAL

	At 31 March 2022		At 30 September 2021	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
	Unaudited	Unaudited	Audited	Audited
Authorised:				
Ordinary shares of HK\$0.01 (2021: HK\$0.5) each	8,000,000	80,000	160,000	80,000
Capital reduction (note (a))	—	—	7,840,000	—
	<u>8,000,000</u>	<u>80,000</u>	<u>8,000,000</u>	<u>80,000</u>
Ordinary shares of HK\$0.01 each	<u>8,000,000</u>	<u>80,000</u>	<u>8,000,000</u>	<u>80,000</u>
Issued and fully paid:				
At beginning of period/year	455,860	4,559	91,172	45,586
Capital reduction (note (a))	—	—	—	(44,674)
Rights issue (note (b))	—	—	364,688	3,647
	<u>455,860</u>	<u>4,559</u>	<u>455,860</u>	<u>4,559</u>
At end of period/year	<u>455,860</u>	<u>4,559</u>	<u>455,860</u>	<u>4,559</u>

Notes:

- (a) On 4 August 2021, the Company announced that an order confirming the capital reduction granted by the court from Cayman Islands on 3 August 2021 (Cayman Islands time), the nominal value of each of the Company's issued share was reduced from HK\$0.5 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each issued share and the existing issued share capital of HK\$45,586,000 was reduced by approximately HK\$44,674,000 to approximately HK\$912,000 comprising 91,172,000 shares of HK\$0.01 each with effect from 4 August 2021. As a result, an amount of HK\$44,674,000 was credited to accumulated losses on 4 August 2021. Upon the completion of capital reduction effective on 4 August 2021, the number of authorised shares of the Company was increased from 160,000,000 ordinary shares of HK\$0.5 each to 8,000,000,000 ordinary shares of HK\$0.01 each. Each share ranks pari passu in all respects.

- (b) On 20 November 2020, the Company announced a proposed rights issue (the “**Rights Issue**”) on the basis of four rights shares for every one adjusted share held on the record date at the subscription price of HK\$0.16 per rights share, to raise approximately HK\$58,350,000 by issuing 364,688,000 rights shares to the qualifying shareholders. Upon the Rights Issue was approved by shareholders’ resolution passed at an extraordinary general meeting on 21 April 2021 and completion of the Rights Issue on 31 August 2021, the number of shares in issue of the Company was increased by 364,688,000, resulting in a credit to share capital and share premium by HK\$3,647,000 and HK\$52,612,000, after netting of the related cost of HK\$2,092,000.

20. SHARE-BASED PAYMENT

On 30 November 2012, the Company adopted a share option scheme (the “**Old Scheme**”). The purpose of the Old Scheme is to attract and to retain quality personnel and other persons and to provide them with incentive to contribute to the business and operation of the Group. Under the Old Scheme, the Directors may grant options to any eligible person of the Group, including (i) any director, employee or consultant of the Company, a subsidiary or an affiliate; or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Company, a subsidiary or an affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Company, a subsidiary or an affiliate; or (iv) any person or entity whose service to the Group or business with the Group contribute or is expected to contribute to the business or operation of the Group as may be determined by the Directors from time to time, to subscribe for shares of the Company. Options granted are exercisable for a period of up to ten years from the date of grant of the option as decided by the board.

The exercise price (subject to adjustment as provided therein) of the option under the Old Scheme is equal to the highest of (i) the nominal value of share; (ii) the closing price per share as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the option, which must be a business day and (iii) the average closing price per share as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the date of grant. The maximum number of shares in respect of which the options may be granted under the Old Scheme shall not exceed 10% of the issued share capital of the Company at the date of approval of the Old Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any one grantee in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue on the last date of such 12-month period from time to time, without prior approval from the Company’s shareholders.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by grantee.

Pursuant to the resolution passed by the shareholders of the Company in the extraordinary general meeting held on 30 July 2020, the Old Scheme was terminated such that no further options could thereafter be offered under the Old Scheme but in all other respects and provisions of the Old Scheme shall remain in full force and effect, while a new share option scheme (the “**New Scheme**”) was approved and adopted on 20 August 2020 and, the board of directors may, at its discretion, grant options to the eligible persons as defined in the New Scheme.

No share options have been granted since the adoption of the New Scheme and there were no outstanding share options at end of the reporting period.

21. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of interest in a subsidiary

During the period, the Group acquired the entire 40% equity interest from its non-controlling interest, at a consideration of US\$40 (equivalent to HK\$312). The effect of the acquisition on the equity attributable to the owners of the Company is as follows:

	<i>HK\$'000</i>
Carrying amount of non-controlling interest acquired	2,254
Consideration received from non-controlling interest	—
	<hr/>
Deficit from acquisition recognised directly in equity	2,254
	<hr/>

(b) Major non-cash transaction

- (i) Imputed interest of approximately HK\$212,000 charged for the six months ended 31 March 2021 was accrued to a non-controlling shareholder of a subsidiary and its related parties.
- (ii) Addition to property, plant and equipment of approximately HK\$476,000 (2021: HK\$306,000) was reclassified from deposits for acquisition of property, plant and equipment upon receipt for the six months ended 31 March 2022.
- (iii) Prepayments of approximately HK\$3,116,000 was reclassified from deposits for acquisition of property, plant and equipment for the six months ended 31 March 2022.

22. CONTINGENT LIABILITIES

- (a) During the year ended 31 December 2018, Yichang Biaodian Natural Gas Utilisation Co., Ltd (“**Yichang Biaodian**”) entered into disputes with one of its suppliers regarding the quality of work performed by such supplier. Legal proceedings were initiated by the supplier (the “**Yichang Plaintiff 1**”) and on 14 December 2018, pursuant to the application from the Yichang Plaintiff 1, the Court in Yichang granted an order to preserve the bank deposits of Yichang Biaodian amounted to approximately RMB478,000 (equivalent to approximately HK\$591,000).

On 13 March 2019, the Court issued civil mediation agreement which set out that the Yichang Plaintiff 1 and Yichang Biaodian agreed with the repayment terms in relation to the aforesaid amount. Yichang Biaodian is required to repay RMB200,000 on or before 30 April 2019 and an order could be applied to unfreeze the bank accounts; and Yichang Biaodian was required to settle RMB2,000,000 on or before 30 September 2019 and the remaining outstanding amount on or before 30 March 2020. The Yichang Plaintiff 1 has the rights to apply for a court order to enforce Yichang Biaodian to settle all its debts if it fails to repay RMB2,200,000 to the Yichang Plaintiff 1 on or before 30 September 2019. Amount of RMB8,787,000 (equivalent to HK\$10,871,000) are fully provided as liabilities of the Group at 31 December 2018. The restricted bank balance was released on 11 April 2019 upon agreement between the Yichang Plaintiff 1 and Yichang Biaodian.

On 20 November 2019, the Yichang Plaintiff 1 has exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of amount overdue. Yichang Biaodian only repaid RMB200,000 up to 31 March 2022. As at the date of approval of the Financial Information, the Yichang Plaintiff 1 has not taken any further action against Yichang Biaodian for the outstanding balance. The directors of the Company considered that as the full amount of the debts of RMB8,587,000 (equivalent to HK\$10,737,000) claimed by Yichang Plaintiff 1 are fully provided as liability of the Group as at 31 March 2022, no further liability will be incurred.

- (b) During the year ended 30 September 2019, there was a dispute between Yichang Biaodian and one of its suppliers regarding the settlement of outstanding amounts for construction work performed by the supplier. Legal proceedings were initiated by the supplier (the “**Yichang Plaintiff 2**”). The Court of Sanxia Ba District denied the application of Yichang Plaintiff 2 for the settlement amount. Yichang Plaintiff 2 appealed to Intermediate People’s Court of Yichang City. On 29 October 2020, the Court issued civil ruling paper which set out the repayment of RMB1,036,000 (equivalent to HK\$1,281,000) from Yichang Biaodian to Yichang Plaintiff 2 within 15 days of the issuance of the civil ruling paper. Yichang Biaodian is required to pay double of the interest expenses for late payment (the “**Default Interest**”). Yichang Plaintiff 2 has the rights to apply for a court order to enforce Yichang Biaodian to settle all its debts if it fails to repay within 15 days of the issuance of the civil ruling paper.

On 7 January 2021, Yichang Plaintiff 2 has exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of the amount overdue. On 10 June 2021, the Court issued a consumption restriction order, to restrict Yichang Biaodian (including its legal representative, main person in charge, directly responsible personnel affecting the liability enforcement and the actual controller) and a senior management personnel from certain specified consumption activities. Yichang Biaodian was required to apply for permission from the court before carrying out those restricted consumption activities. For any acts violating the consumption restriction order, the Court has the rights to issue penalty or detention. Yichang Biaodian had not repaid any of the outstanding amounts as at 31 March 2022. The director of the Group assessed that the Default Interest would have insignificant impact to the Financial Information. The directors also considered that as the full amount of the debts claimed by Yichang Plaintiff 2 are fully provided as liability of the Group, no additional liabilities are required as at 31 March 2022.

- (c) During the year ended 30 September 2020, Global Billion Trading (Shenzhen) Limited, (“**Shenzhen Global**”) has been in dispute with a former director of the Group regarding the ownership of the building located in the PRC. Legal proceedings were initiated by the former director (the “**Shenzhen Plaintiff**”). On 8 July 2020, pursuant to the application from the Shenzhen Plaintiff, the Court in Shenzhen granted an order to preserve the building of Shenzhen Global from being sold by the Group during the period from 9 July 2020 to 8 July 2023. On 6 May 2021, the Court in Shenzhen concluded that the ownership of the building belongs to the Group. On 24 May 2021, the former director lodged an appeal against the decision made by the Court. On 16 December 2021, the Court in Shenzhen rejected the appeal from the former director. Up to the reporting period ended, no further action was taken by the former director after the rejection from the Court in Shenzhen.

23. CAPITAL COMMITMENTS

The Group’s capital commitments at the end of the reporting period are as follows:

	At 31 March 2022 HK\$'000 Unaudited	At 30 September 2021 HK\$'000 Audited
Capital expenditure in respect of the acquisition of property, plant and equipment, development of systems and networks		
– contracted but not accounted for	<u>10,308</u>	<u>9,902</u>

24. OTHER COMMITMENT

At 31 March 2022, the Group had commitment of RMB1,500,000 (equivalent to HK\$1,876,000) (at 30 September 2021: Nil) in respect of the outstanding capital contribution of a joint venture, 枝江市源恒天然氣利用有限公司.

25. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
Finance costs incurred in respect of loans from a senior management personnel of a subsidiary and the related parties	–	55	–	212
Purchase of natural gas from companies controlled by senior management personnel of a subsidiary	–	–	–	1,445
Sale of natural gas to a company controlled by senior management personnel of a subsidiary	–	97	–	97

(b) Details of guarantees provided by related parties for bank borrowings granted to the Group are as set out in note 18 to the condensed consolidated financial statements.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was follows:

	Three months ended 31 March 2022 HK\$'000 Unaudited	Three months ended 31 March 2021 HK\$'000 Unaudited	Six months ended 31 March 2022 HK\$'000 Unaudited	Six months ended 31 March 2021 HK\$'000 Unaudited
Short term benefits	389	385	807	803

(d) Amounts due from/(to) related parties

Name of related party	Relationship	Terms	At	At
			31 March 2022 <i>HK\$'000</i> Unaudited	30 September 2021 <i>HK\$'000</i> Audited
Mr. Wu	A director of the Company	Unsecured, interest-free and repayable on demand	51	–
吳夏晨	Son of a director of the Company	Unsecured, interest-free and repayable on demand	383	1,591
湯霞	Daughter-in-law of a director of the Company	Unsecured, interest-free and repayable on demand	(1,250)	(1,218)

26. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 13 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

Revenue

The Group's unaudited revenue was increased to approximately HK\$70,623,000 for the six months ended 31 March 2022 from approximately HK\$31,410,000 for the six months ended 31 March 2021. It was mainly generated from the revenue from the segment of natural gas operations of approximately HK\$62,374,000, while revenue generated from sales and leasing business and independent financial advisory segments contributed approximately HK\$8,231,000 and HK\$18,000 respectively for the six months ended 31 March 2022.

Operating expenses

The Group's total operating expenses, which include selling and distribution costs and general and administrative expenses, for the six months ended 31 March 2022 decreased to approximately HK\$19,026,000 from approximately HK\$23,709,000 for the six months ended 31 March 2021. The change was attributable to a significant exchange difference recognized and the decrease in expenses incurred for the six months ended 31 March 2022.

Finance costs

Finance cost of the Group was approximately HK\$1,458,000 for the six months ended 31 March 2022 (six months ended 31 March 2021: HK\$2,405,000), which mainly represented interest on bank borrowings and non-convertible bonds. The decrease was mainly came from no imputed interest on loan from non-controlling shareholders and decrease in interest on non-convertible bonds due to repayment of non-convertible bond during the period.

Loss for the six months ended 31 March 2022 was approximately HK\$6,111,000, compared with loss of approximately HK\$17,460,000 for the six months ended 31 March 2021.



LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operation is being financed by internally generated cash flow, bank borrowings and external financing. The Group follows a policy of prudence in managing its working capital. The management will continue to closely monitor the financial position of the Group to maintain its financial capacity.

As at 31 March 2022, the Group's total borrowings comprised of (i) amounts due to non-controlling shareholders of a subsidiary and its related parties, (ii) bank and other borrowings, (iii) due to directors, (iv) non-convertible bonds, (v) lease liabilities, and (vi) due to related parties totaling approximately HK\$75,528,000 (as at 30 September 2021: HK\$95,735,000).

The Group's total gearing ratio was approximately 108% (as at 30 September 2021: 99%). The gearing ratio was calculated as the Group's total borrowings net of cash available divided by total equity of the Group.

Capital Reorganisation and Rights Issue

On 20 November 2020, the Company proposed to implement the following capital reorganisation (the **"Capital Reorganisation"**) involving (a) the reduction of the issued share capital of the Company by cancelling the paid up capital to the extent of HK\$0.49 on each of the then issued existing shares such that the par value of each of the then issued adjusted shares will be reduced from HK\$0.50 to HK\$0.01 (the **"Capital Reduction"**); and (b) immediately following the Capital Reduction, each of the authorised but unissued existing shares of par value HK\$0.50 each be sub-divided into fifty ordinary shares of par value of HK\$0.01 each. At the same time, the Company proposed, subject to the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of four rights shares for every one adjusted share held on the record date at the subscription price of HK\$0.16 per rights share (the **"Rights Issue"**), to raise approximately HK\$58,350,000 by issuing 364,688,000 rights shares to the qualifying shareholders. Details of the Capital Reorganisation are disclosed in the Company's announcements dated 20 November 2020 and 3 August 2021 and circular dated 26 March 2021.

On 21 April 2021, the Capital Reorganisation and Rights Issue have been approved by the shareholders in the Company's extraordinary general meeting.

On 4 August 2021, the Company announced that an order confirming the capital reduction granted by the court from Cayman Islands on 3 August 2021 (Cayman Islands time), the nominal value of each of the Company's issued share was reduced from HK\$0.5 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each issued share and the existing issued share capital of HK\$45,586,000 was reduced by HK\$44,674,280 to HK\$911,720 comprising 91,172,000 shares of HK\$0.01 each with effect from 4 August 2021. As a result, an amount of HK\$44,674,280 will be credited to accumulated losses on 4 August 2021. Upon the completion of capital reduction effective on 4 August 2021, the number of authorised shares of the Company will be increased from 160,000,000 ordinary shares of HK\$0.5 each to 8,000,000,000 ordinary shares of HK\$0.01 each. Each share ranks *pari passu* in all respects.

The Rights Issue was completed on 9 September 2021, and an aggregate of 364,688,000 Rights Shares were allotted and issued to the qualifying shareholders accordingly, which carried the aggregate nominal value of HK\$3,646,880. The gross proceeds raised from the Rights Issue were approximately HK\$58,350,000 and the net proceeds from the Rights Issue after deducting the expenses were approximately HK\$56,259,000. The net price per Rights Share was approximately HK\$0.15.

The Company intended to apply the net proceeds from the Rights Issue for the redemption of outstanding bonds issued by the Company, the payment of outstanding professional fees, and the general working capital of the Group as previously disclosed in the Capital Reorganisation Announcements and Circular and the Rights Issue Announcements and Prospectus. As at the date of this report, the Company had partially utilised the net proceeds in accordance with the said intention.

The breakdown of the Company's proposed use of the Rights Issue Proceeds as disclosed in the Prospectus and its actual use of the Rights Issue Proceeds from the date of completion of the Rights Issue to 31 March 2022 were as follows:

Intended use	Unutilised balance as at 30 September 2021 <i>HK\$'000</i>	Actual use of the Rights Issue Proceeds to 31 March 2022 <i>HK\$'000</i>	Balance of the unutilised Rights Issue Proceeds as of 31 March 2022 <i>HK\$'000</i>
Legal and professional fee	1,684	1,684	–
Staff cost		449	
Rental		27	
Other operating expenses		1,279	
General working capital	1,755	1,755	–
Finance cost		929	
Settlement of bonds		20,918	
Redemption of outstanding bonds	21,847	21,847	–
	<u>25,286</u>	<u>25,286</u>	<u>–</u>

UPDATE ON NATURAL GAS BUSINESS

From October to December each year and around the Lunar New Year each year are the peak period of natural gas consumption for industrial customers. For the six months ended 31 March 2022, the sales volume of natural gas was increased by approximately 95% compared with the same period in 2021 to approximately 16,428,000 M³ (six months ended 31 March 2021: 8,409,000 M³).

The recoverable amount of Yichang Biaodian Natural Gas Utilisation Co., Ltd (“**Yichang Biaodian**”) as at 30 September 2021 was approximate to its carrying amounts which has been fully considered the factors such as business conditions, government policies and economic environment from October to mid-December 2021. From mid-December 2021 to the present, Yichang Biaodian’s business conditions, government policies and economic environment have not undergone major changes. By considering the reasons as aforesaid, the management of the Group believes that there is no significant need for Yichang Biaodian to recognize the impairment of the recoverable amount for the six months ended 31 March 2022.


LITIGATION

Yichang Biaodian Natural Gas Utilisation Co., Ltd

- (a) During the year ended 31 December 2018, Yichang Biaodian entered into disputes with one of its suppliers regarding the quality of work performed by such supplier. Legal proceedings were initiated by the supplier (the “**Yichang Plaintiff 1**”) and on 14 December 2018, pursuant to the application from the Yichang Plaintiff 1, the Court in Yichang granted an order to preserve the bank deposits of Yichang Biaodian amounted to approximately RMB478,000 (equivalent to approximately HK\$591,000).

On 13 March 2019, the Court issued civil mediation agreement which set out that the Yichang Plaintiff 1 and Yichang Biaodian agreed with the repayment terms in relation to the aforesaid amount. Yichang Biaodian is required to repay RMB200,000 on or before 30 April 2019 and an order could be applied to unfreeze the bank accounts; and Yichang Biaodian was required to settle RMB2,000,000 on or before 30 September 2019 and the remaining outstanding amount on or before 30 March 2020. The Yichang Plaintiff 1 has the rights to apply for a court order to enforce Yichang Biaodian to settle all its debts if it fails to repay RMB2,200,000 to the Yichang Plaintiff 1 on or before 30 September 2019. Amount of RMB8,787,000 (equivalent to HK\$10,871,000) are fully provided as liabilities of the Group at 31 December 2018. The restricted bank balance was released on 11 April 2019 upon agreement between the Yichang Plaintiff 1 and Yichang Biaodian.

On 20 November 2019, the Yichang Plaintiff 1 has exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of amount overdue. Yichang Biaodian only repaid RMB200,000 up to 31 March 2022. As at the date of approval of the Financial Information, the Yichang Plaintiff 1 has not taken any further action against Yichang Biaodian for the outstanding balance. The directors of the Company considered that as the full amount of the debts of RMB8,587,000 (equivalent to HK\$10,737,000) claimed by Yichang Plaintiff 1 are fully provided as liability of the Group as at 31 March 2022, no further liability will be incurred.

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- (b) During the year ended 30 September 2019, there was a dispute between Yichang Biaodian and one of its suppliers regarding the settlement of outstanding amounts for construction work performed by the supplier. Legal proceedings were initiated by the supplier (the “**Yichang Plaintiff 2**”). The Court of Sanxia Ba District denied the application of Yichang Plaintiff 2 for the settlement amount. Yichang Plaintiff 2 appealed to Intermediate People’s Court of Yichang City. On 29 October 2020, the Court issued civil ruling paper which set out the repayment of RMB1,036,000 (equivalent to HK\$1,281,000) from Yichang Biaodian to Yichang Plaintiff 2 within 15 days of the issuance of the civil ruling paper. Yichang Biaodian is required to pay double of the interest expenses for late payment (the “**Default Interest**”). Yichang Plaintiff 2 has the rights to apply for a court order to enforce Yichang Biaodian to settle all its debts if it fails to repay within 15 days of the issuance of the civil ruling paper.

On 7 January 2021, Yichang Plaintiff 2 has exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of the amount overdue. On 10 June 2021, the Court issued a consumption restriction order, to restrict Yichang Biaodian (including its legal representative, main person in charge, directly responsible personnel affecting the liability enforcement and the actual controller) and a senior management personnel from certain specified consumption activities. Yichang Biaodian was required to apply for permission from the court before carrying out those restricted consumption activities. For any acts violating the consumption restriction order, the Court has the rights to issue penalty or detention. Yichang Biaodian had not repaid any of the outstanding amounts as at 31 March 2022. The Directors of the Group assessed that the Default Interest would have insignificant impact to the Financial Information. The Directors also considered that as the full amount of the debts claimed by Yichang Plaintiff 2 are fully provided as liability of the Group, no additional liabilities are required as at 31 March 2022.

Global Billion Trading (Shenzhen) Limited

During the year ended 30 September 2020, 環球進億貿易(深圳)有限公司 (Global Billion Trading (Shenzhen) Limited*) ("**Shenzhen Global**") has been in dispute with a former director of the Group regarding the ownership of the building located in the PRC. Legal proceedings were initiated by the former director (the "**Shenzhen Plaintiff**"). On 8 July 2020, pursuant to the application from the Shenzhen Plaintiff, the Court in Shenzhen granted an order to preserve the building of Shenzhen Global from being sold by the Group during the period from 9 July 2020 to 8 July 2023. On 6 May 2021, the Court in Shenzhen concluded that the ownership of the building belongs to the Group. On 24 May 2021, the former director lodged an appeal against the decision made by the Court. On 16 December 2021, the Court in Shenzhen rejected the appeal from the former director. Up to the reporting period ended, no further action was taken by the former director after the rejection from the Court in Shenzhen.

PLEDGE OF ASSETS

The Group pledged a property approximately amounted to HK\$2,216,000 (as at 30 September 2021: approximately HK\$2,221,000) to an independent third party for obtaining an advance of HK\$124,000 as at 31 March 2022 (as at 30 September 2021: approximately HK\$122,000).

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months from 1 October 2021 to 31 March 2022 (six months from 1 October 2020 to 31 March 2021: Nil).

CONTINGENT LIABILITIES

The Group did not have any other significant contingent liabilities as at 31 March 2022 (as at 30 September 2021: Nil).



PROSPECT

Looking forwards, the Board is optimistic that the Group will perform much better with the result of the natural gas segment. Currently, the natural gas segment mainly consists of the natural gas pipeline business. The Group has developed a natural gas sales network of certain scale. The network is still expanding and with the clean energy policy carried out by the PRC government, the management believes the natural gas business will grow steadily under the current economic environment and significant revenue will be contributed by the natural gas business. The natural gas segment will expand and continue to be the core business segment of the Group.

Given the challenges mentioned above, the Directors will be more cautious and conservative in seeking new potential merger and acquisition, business integration and expansion in order to sustain the growth and profitability of the Group.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group's foreign currency exposure is limited as most of its transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi.

HUMAN RESOURCES AND REMUNERATION POLICY OF THE GROUP

As at 31 March 2022, the Group employed 56 staff (as at 31 March 2021: 55 staff). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance-linked bonuses, retirement benefits schemes and other benefits such as medical scheme and share option scheme. The Group's remuneration policies and packages are reviewed by management on regular basis. The Company has established a Human Resources and Remuneration Committee. The Directors' emoluments are determined with reference to Directors' duties, responsibilities and the operating performance of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2022, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of GEM Listing Rules were as follows:

Interests in the Company

The table below sets out the aggregate long positions in the shares, underlying shares and debentures of the Company held by the Directors and chief executives of the Company:

Directors/chief executive	Corporate interests	Long (L) or short (S) position	Percentage of interests
Mr. Wu Guoming	18,437,500	L	4.04%

L: Long position

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, no person (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any business or interest which competed or might compete with the business of the Group nor had any other conflict of interests with the Group during the six months from 1 October 2021 to 31 March 2022.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) pursuant to an ordinary resolution passed by the shareholders in the extraordinary general meeting on 20 August 2020. During the six months from 1 October 2021 to 31 March 2022, no share option has been granted under the Share Option Scheme since its adoption. Therefore, no share options have been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months from 1 October 2021 to 31 March 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. It met all the code provisions of the Corporate Governance Code (“**CG Code**”) set out in Appendix 15 of GEM Listing Rules in the six months from 1 October 2021 to 31 March 2022 except for the following deviation:

Under code provision C.2.1 of the CG Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The Company has not appointed a chairman since 19 April 2018. The Board will keep reviewing the current structure from time to time and appoint candidate with suitable knowledge, skill and experience as chairman of the Company, if identified.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard**”) as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Required Standard during the six months from 1 October 2021 to 31 March 2022.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual reports and financial statements, interim reports, quarterly reports and risk management and internal control systems and to provide comments thereon to the Board.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements and this interim report for the six months from 1 October 2021 to 31 March 2022 and has provided comments thereon.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The unaudited interim results announcement of the Company for the six months from 1 October 2021 to 31 March 2022 has been published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.globalstrategicgroup.com.hk. This interim report will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Global Strategic Group Limited
Wang Wenzhou

Executive Director and Chief Executive Officer

Hong Kong, 13 May 2022

As at the date of this report, the executive Directors are Mr. Wang Wenzhou (Chief Executive Officer), Mr. Wu Guoming, and Mr. Duan Fanfan; and the independent non-executive Directors are Mr. Leung Oh Man, Martin, Mr. Sun Zhi Jun and Dr. Chung Ling Cheong Dicky.

* *For reference purposes only, the Chinese names of the PRC entities and terms have been translated into English in this report. In the event of any discrepancies between the Chinese names of the PRC entities and terms and their English translation, the Chinese version shall prevail.*