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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)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 JUNE 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 quarterly results of the Group for the nine months ended 30 June 2022. This announcement, containing the full text of the 2021/2022 third quarterly report of the Company (the “**2021/2022 Third Quarterly 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 quarterly results. The printed version of the 2021/2022 Third Quarterly Report will be despatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.globalstrategicgroup.com.hk](http://www.globalstrategicgroup.com.hk) in due course in the manner as required by the GEM Listing Rules.

By order of the Board

**Global Strategic Group Limited**

**Wang Wenzhou**

*Executive Director and Chief Executive Officer*

Hong Kong, 12 August 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 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 “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the day of its publication and on the Company’s website at [www.globalstrategicgroup.com.hk](http://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 nine months ended 30 June 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 NINE MONTHS ENDED 30 JUNE 2022

		Three months ended 30 June 2022 HK\$'000 Unaudited	Three months ended 30 June 2021 HK\$'000 Unaudited	Nine months ended 30 June 2022 HK\$'000 Unaudited	Nine months ended 30 June 2021 HK\$'000 Unaudited
	Notes				
<b>Revenue</b>	2	<b>33,341</b>	14,486	<b>103,964</b>	45,896
Cost of sales		<u>(30,645)</u>	<u>(10,956)</u>	<u>(86,493)</u>	<u>(37,131)</u>
<b>Gross profit</b>		<b>2,696</b>	3,530	<b>17,471</b>	8,765
Other income	4(a)	<b>53</b>	529	<b>1,799</b>	2,606
Other gains and losses	4(b)	–	(37)	–	–
Selling and distribution costs		<b>(2,157)</b>	(2,163)	<b>(6,558)</b>	(6,420)
General and administrative expenses		<b>(7,815)</b>	(8,662)	<b>(22,440)</b>	(28,114)
Reversal of allowance/(allowance) on trade receivables		<b>7</b>	2	<b>(1,141)</b>	433
Reversal of allowance on other receivables		–	4	–	676
Reversal of allowance on loan receivables		<b>2,500</b>	2	<b>1,138</b>	252
Allowance on bond receivables		–	–	–	(359)
Loss from operations		<b>(4,716)</b>	(6,795)	<b>(9,731)</b>	(22,161)
Finance costs	4(c)	<b>(583)</b>	(1,389)	<b>(2,041)</b>	(3,794)
<b>Loss before tax</b>		<b>(5,299)</b>	(8,184)	<b>(11,722)</b>	(25,955)
Income tax credit	3	<b>175</b>	168	<b>537</b>	479
<b>Loss for the period</b>	4(d)	<b>(5,124)</b>	(8,016)	<b>(11,235)</b>	(25,476)

	<b>Three months ended 30 June 2022 HK\$'000 Unaudited</b>	Three months ended 30 June 2021 HK\$'000 Unaudited	<b>Nine months ended 30 June 2022 HK\$'000 Unaudited</b>	Nine months ended 30 June 2021 HK\$'000 Unaudited
<b>Other comprehensive income, after tax</b>				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences arising on translation of financial statements to presentation currency	<u>(3,747)</u>	2,689	<u>(3,982)</u>	13,287
<b>Other comprehensive income for the period, net of tax</b>	<u>(3,747)</u>	2,689	<u>(3,982)</u>	13,287
<b>Total comprehensive income for the period</b>	<u>(8,871)</u>	(5,327)	<u>(15,217)</u>	(12,189)
<b>(Loss)/profit for the period attributable to:</b>				
Owners of the Company	<u>(4,276)</u>	(7,845)	<u>(13,106)</u>	(22,715)
Non-controlling interests	<u>(848)</u>	(171)	<u>1,871</u>	(2,761)
	<u>(5,124)</u>	(8,016)	<u>(11,235)</u>	(25,476)
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	<u>(5,886)</u>	(5,667)	<u>(16,122)</u>	(12,489)
Non-controlling interests	<u>(2,985)</u>	340	<u>905</u>	300
	<u>(8,871)</u>	(5,327)	<u>(15,217)</u>	(12,189)
<b>Loss per share</b>		(Re-presented)		(Re-presented)
Basic ( <i>HK cents</i> )	<u>(0.94)</u>	(2.06)	<u>(2.88)</u>	(5.97)
Diluted ( <i>HK cents</i> )	<u>(0.94)</u>	(2.06)	<u>(2.88)</u>	(5.97)

Notes

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# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company							NCI	Total equity
	Share capital	Capital reserve	Share premium	Other reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 October 2020 (audited)	45,586	7,540	293,640	12,255	(4,087)	(365,135)	(10,201)	43,948	33,747
Total comprehensive income for the period	-	-	-	-	10,226	(22,715)	(12,489)	300	(12,189)
At 30 June 2021 (unaudited)	45,586	7,540	293,640	12,255	6,139	(387,850)	(22,690)	44,248	21,558
	Share capital	Capital reserve	Share premium	Other reserve	Translation reserve	Accumulated losses	Total	NCI	Total equity
	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2021 (audited)	4,559	7,540	346,252	12,255	(1,308)	(341,443)	27,855	44,777	72,632
Total comprehensive income for the period	-	-	-	-	(3,016)	(13,106)	(16,122)	905	(15,217)
Acquisition of NCI	-	-	-	-	97	2,157	2,254	(2,254)	-
At 30 June 2022 (unaudited)	4,559	7,540	346,252	12,255	(4,227)	(352,392)	13,987	43,428	57,415

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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 JUNE 2022

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the nine months ended 30 June 2022 (“**Financial Information**”) has been prepared by the Directors of the Company in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The amounts included in the Financial Information have been computed in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) applicable to the periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

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.

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\$11,235,000 for the nine months ended 30 June 2022, and, as of that date, the Group had net current liabilities and material capital commitments and other commitment.

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;

- (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 is appropriate to adopt the going concern basis in preparing this Financial Information on the basis that Mr. Wu and Mr. Wang have agreed to provide continuous financial support to the Group. 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 has not been reflected in this Financial Information.

## 2. REVENUE

### Disaggregation of revenue

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

	<b>Three months ended 30 June 2022 HK\$'000 Unaudited</b>	Three months ended 30 June 2021 HK\$'000 Unaudited	<b>Nine months ended 30 June 2022 HK\$'000 Unaudited</b>	Nine months ended 30 June 2021 HK\$'000 Unaudited
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
Disaggregated by major products or service lines				
– Sales of natural gas	<b>32,513</b>	14,048	<b>92,809</b>	40,608
– Sales of steel support axial force servo systems	–	–	<b>5,895</b>	–
– Rendering of services	<b>826</b>	410	<b>4,898</b>	1,811
– Commission income	<b>2</b>	8	<b>20</b>	33
	<b>33,341</b>	14,466	<b>103,602</b>	42,552
<b>Revenue from other sources</b>				
– Leasing income	–	20	<b>342</b>	3,344
	<b>33,341</b>	14,486	<b>103,964</b>	45,896

For the nine months ended 30 June	Sales of natural gas		Sales of steel support axial force servo system		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	92,809	40,608	5,895	–	2,131	1,023	2,767	788	–	–	103,602	42,419
– Hong Kong	–	–	–	–	–	–	–	–	20	133	20	133

Revenue from external customers	92,809	40,608	5,895	–	2,131	1,023	2,767	788	20	133	103,622	42,552
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#### Timing of revenue recognition

Products and services transferred at a point in time	–	–	5,895	–	2,131	1,023	–	–	20	133	8,046	1,156
Products and services transferred over time	92,809	40,608	–	–	–	–	2,767	788	–	–	95,576	41,396
Total	92,809	40,608	5,895	–	2,131	1,023	2,767	788	20	133	103,622	42,552

For the three months ended 30 June	Sales of natural gas		Sales of steel support axial force servo system		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	32,513	14,048	–	–	53	405	773	5	–	–	33,339	14,458
– Hong Kong	–	–	–	–	–	–	–	–	2	8	2	8

Revenue from external customers	32,513	14,048	–	–	53	405	773	5	2	8	33,341	14,466
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#### Timing of revenue recognition

Products and services transferred at a point in time	–	–	–	–	53	405	–	–	2	8	55	413
Products and services transferred over time	32,513	14,048	–	–	–	–	773	5	–	–	33,286	14,053
Total	32,513	14,048	–	–	53	405	773	5	2	8	33,341	14,466

### 3. INCOME TAX CREDIT

	<b>Three months ended 30 June 2022 HK\$'000 Unaudited</b>	Three months ended 30 June 2021 HK\$'000 Unaudited	<b>Nine months ended 30 June 2022 HK\$'000 Unaudited</b>	Nine months ended 30 June 2021 HK\$'000 Unaudited
Current tax				
PRC Enterprises Income Tax	<b>6</b>	12	<b>13</b>	57
Deferred tax	<b>(181)</b>	(180)	<b>(550)</b>	(536)
	<b>(175)</b>	(168)	<b>(537)</b>	(479)

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 nine months ended 30 June 2022 (2021: Nil).

#### 4. LOSS FOR THE PERIOD

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

	<b>Three months ended 30 June 2022 HK\$'000 Unaudited</b>	Three months ended 30 June 2021 HK\$'000 Unaudited	<b>Nine months ended 30 June 2022 HK\$'000 Unaudited</b>	Nine months ended 30 June 2021 HK\$'000 Unaudited
(a) Other income				
Bank interest income	(3)	–	(4)	(2)
Interest income from bond receivables	–	(160)	–	(521)
Interest income from loan to third parties	–	(361)	(93)	(1,472)
Government grants ( <i>note</i> )	(175)	(3)	(175)	(519)
Net exchange gain	153	–	(1,498)	–
Others	(28)	(5)	(29)	(92)
	<u>(53)</u>	<u>(529)</u>	<u>(1,799)</u>	<u>(2,606)</u>
(b) Other gains and losses				
Gain on disposal of property, plant and equipment	–	37	–	–
	–	37	–	–
(c) Finance costs				
Interest on bank borrowings	242	525	893	1,473
Imputed interest on loan from non-controlling shareholders and its related parties	–	27	–	239
Interest on non-convertible bonds	309	788	1,003	1,971
Interest on lease liabilities	32	49	145	111
	<u>583</u>	<u>1,389</u>	<u>2,041</u>	<u>3,794</u>

*Note:*

During the period ended 30 June 2022, the Group recognised government grants of HK\$165,000 (2021: HK\$516,000) relating to Employment Support Scheme provided by the Hong Kong government in respect of COVID-19.

	<b>Three months ended 30 June 2022 HK\$'000 Unaudited</b>	Three months ended 30 June 2021 HK\$'000 Unaudited	<b>Nine months ended 30 June 2022 HK\$'000 Unaudited</b>	Nine months ended 30 June 2021 HK\$'000 Unaudited
(d) Other items				
Amortisation of intangible assets (included in selling and distribution cost)	<b>724</b>	725	<b>2,200</b>	2,150
Employee benefits expenses (including directors' remuneration)				
– Salaries, bonus and allowance	<b>2,777</b>	4,135	<b>8,754</b>	10,223
– Retirement benefit scheme contributions	<b>175</b>	144	<b>437</b>	365
	<b>2,952</b>	4,279	<b>9,191</b>	10,588
Cost of inventories sold	<b>28,509</b>	10,222	<b>78,396</b>	32,814
Depreciation of property, plant and equipment	<b>2,433</b>	2,218	<b>6,781</b>	6,714
Depreciation of right-of-use assets (included in general and administrative expenses)	<b>362</b>	231	<b>1,178</b>	1,086
Expenses related to short-term lease (included in general and administrative expenses)	<b>20</b>	25	<b>95</b>	74

## 5. DIVIDENDS

The Directors do not recommend the payment of any dividend for the nine months ended 30 June 2022 (2021: Nil).

## 6. LOSS PER SHARE

### (a) Basic loss per share

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

	<b>Unaudited</b>			
<b>Three months ended 30 June 2022 HK\$'000</b>	Three months ended 30 June 2021 HK\$'000	<b>Nine months ended 30 June 2022 HK\$'000</b>	Nine months ended 30 June 2021 HK\$'000	
<b>Loss for the period</b>				
Loss for the purpose of calculating basic loss per share	<u>(4,276)</u>	<u>(7,845)</u>	<u>(13,106)</u>	<u>(22,715)</u>
<b>Number of shares</b>	<i>'000</i>	<i>'000</i> (Re-presented)	<i>'000</i>	<i>'000</i> (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 nine months ended 30 June 2022 and 2021 and the three months ended 30 June 2022 and 2021 are presented as the Company had no potential ordinary shares outstanding.

## 7. SHARE CAPITAL

	At 30 June 2022		At 30 September 2021	
	Number of shares '000 Unaudited	Amount HK\$'000 Unaudited	Number of shares '000 Audited	Amount HK\$'000 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	–
Ordinary shares of HK\$0.01 each	<b>8,000,000</b>	<b>80,000</b>	<b>8,000,000</b>	<b>80,000</b>
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
At end of period/year	<b>455,860</b>	<b>4,559</b>	<b>455,860</b>	<b>4,559</b>

### 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.

## 8. 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. A refreshment of the scheme limit of up to 10% of the issued shares of the Company was approved at the annual general meeting on 16 June 2022.

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.

## 9. 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/>

## 10. 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 and on 13 May 2022, RMB1,000,000 had been settled. On 19 May 2022, the Yichang Plaintiff 1 and Yichang Biaodian signed a mediation agreement which set out that the outstanding balance would be repaid in 25 monthly installments of RMB300,000 from June 2022 to July 2024, and it would be guaranteed by Mr. Xiong Songgan, a key management personnel of Yichang Biaodian. If Yichang Biaodian fail to repay as scheduled, default interest would be charged at 12% per annum on the outstanding balance owed to the Yichang Plaintiff 1 since 1 May 2019. The directors of the Company considered that as the full amount of the debts of RMB7,287,000 (equivalent to HK\$8,657,000) claimed by Yichang Plaintiff 1 are fully provided as liability of the Group as at 30 June 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.

On 27 March 2022, the Yichang Plaintiff 2 and Yichang Biaodian signed a mediation agreement which set out that Yichang Biaodian agreed to repay the outstanding balance together with court fee and the Default Interest incurred up to 28 February 2022, amounted to RMB1,082,000 in aggregate, in two instalments of RMB541,000 on or before 31 March 2022 and 15 July 2022 respectively. And, the Yichang Plaintiff 2 agreed to assist in application for the release of consumption restriction order upon receipt of first instalment. Yichang Biaodian settled RMB541,000 on 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 at the reporting period end, no additional liabilities are required as at 30 June 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.

## 11. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 12 August 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL AND BUSINESS REVIEW

#### Revenue

The Group's unaudited revenue was increased to approximately HK\$103,964,000 for the nine months ended 30 June 2022 from approximately HK\$45,896,000 for the nine months ended 30 June 2021. It was mainly generated from the revenue from the segment of natural gas operations of approximately HK\$94,940,000, while revenue generated from sales and leasing business and independent financial advisory segments contributed approximately HK\$9,004,000 and HK\$20,000 respectively for the nine months ended 30 June 2022.

#### Operating expenses

The Group's total operating expenses, which include selling and distribution costs and general and administrative expenses, for the nine months ended 30 June 2022 decreased to approximately HK\$28,998,000 from approximately HK\$34,534,000 for the nine months ended 30 June 2021. The change was attributable to fewer exchange loss recognized and the decrease in staff cost incurred for the nine months ended 30 June 2022.

#### Finance costs

Finance cost of the Group was approximately HK\$2,041,000 for the nine months ended 30 June 2022 (nine months ended 30 June 2021: HK\$3,794,000), which mainly represented interest on bank borrowings and non-convertible bonds. The decrease was mainly came from decrease in interest on non-convertible bonds and bank borrowings due to repayment of non-convertible bond and bank borrowings during the period.

Loss for the nine months ended 30 June 2022 was approximately HK\$11,235,000, compared with loss of approximately HK\$25,476,000 for the nine months ended 30 June 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 30 June 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\$76,194,000 (as at 30 September 2021: HK\$95,735,000).

The Group's total gearing ratio was approximately 125% (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 authorized 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 30 June 2022 were as follows:

<b>Intended use</b>	<b>Unutilised balance as at 30 September 2021</b>	<b>Actual use of the Rights Issue Proceeds to 30 June 2022</b>	<b>Balance of the unutilised Rights Issue Proceeds as of 30 June 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<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

Driven by the improved business performance of overall customers, the demand for natural gas surged compared to the same period in 2021. For the nine months ended 30 June 2022, the sales volume of natural gas was increased by approximately 100% compared with the same period in 2021 to approximately 25,921,000 M<sup>3</sup> (nine months ended 30 June 2021: 12,991,000 M<sup>3</sup>).

On 16 March 2022, Yichang Biaodian, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the Zhijiang Natural Gas Co., Ltd.\* (枝江市天然氣有限責任公司) (“**Joint Venture Partner**”) under which the parties agreed to establish the Zhijiang Yuanheng Natural Gas Utilization Co., Ltd.\* (枝江市源恒天然氣利用有限公司) (“**Joint Venture Company**”) as a production and operation platform to consolidate resources and jointly develop the natural gas comprehensive utilization market in Zhijiang Yaojiagang Chemical Industry Park, the PRC.

Joint Venture Company was established on 18 March 2022. Details of the establishment of Joint Venture Company and related Joint Venture Agreement was established on 16 March 2022.

\* For identification purpose only



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 nine months ended 30 June 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 and on 13 May 2022, RMB1,000,000 had been settled. On 19 May 2022, the Yichang Plaintiff 1 and Yichang Biaodian signed a mediation agreement which set out that the outstanding balance would be repaid in 25 monthly installments of RMB300,000 from June 2022 to July 2024, and it would be guaranteed by Mr. Xiong Songgan, a key management personnel of Yichang Biaodian. If Yichang Biaodian fail to repay as scheduled, default interest would be charged at 12% per annum on the outstanding balance owed to the Yichang Plaintiff 1 since 1 May 2019. The directors of the Company considered that as the full amount of the debts of RMB7,287,000 (equivalent to HK\$8,657,000) claimed by Yichang Plaintiff 1 are fully provided as liability of the Group as at 30 June 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.

On 27 March 2022, the Yichang Plaintiff 2 and Yichang Biaodian signed a mediation agreement which set out that Yichang Biaodian agreed to repay the outstanding balance together with court fee and the Default Interest incurred up to 28 February 2022, amounted to RMB1,082,000 in aggregate, in two instalments of RMB541,000 on or before 31 March 2022 and 15 July 2022 respectively. And, the Yichang Plaintiff 2 agreed to assist in application for the release of consumption restriction order upon receipt of first instalment. Yichang Biaodian settled RMB541,000 on 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 at the reporting period end, no additional liabilities are required as at 30 June 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.

## SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

### Acquisition of Machinery

On 29 March 2022, Senchou Environmental Technology (Shanghai) Co., Ltd.\* (森籌環境科技(上海)有限公司)(the “**Purchaser**”), a direct wholly-owned subsidiary of the Company and Shanghai Engineering Machinery Co., Ltd. (the “**Vendor**”) entered into a sales and purchase contract pursuant to which the Purchaser has agreed to purchase the machinery from the Vendor at the consideration of RMB10,660,000. Details of the acquisition are disclosed in the Company’s announcement dated 29 March 2022.

## EVENT AFTER REPORTING PERIOD

### Acquisition of Machinery

On 3 August 2022, Senchou Environmental Technology (Shanghai) Co., Ltd.\* (森籌環境科技(上海)有限公司)(the “**Purchaser**”), a direct wholly-owned subsidiary of the Company and Shanghai Engineering Machinery Co., Ltd. (the “**Vendor**”) entered into a sales and purchase contract pursuant to which the Purchaser has agreed to purchase a trench cutting re-mixing deep wall method machine from the Vendor at the consideration of RMB17,890,000. Details of the acquisition are disclosed in the Company’s announcement dated 3 August 2022.

\* For identification purpose only

## PLEDGE OF ASSETS

The Group pledged a property approximately amounted to HK\$2,050,000 (as at 30 September 2021: approximately HK\$2,221,000) to an independent third party for obtaining an advance of HK\$119,000 as at 30 June 2022 (as at 30 September 2021: approximately HK\$122,000).

## DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months from 1 October 2021 to 30 June 2022 (nine months from 1 October 2020 to 30 June 2021: Nil).

## CONTINGENT LIABILITIES

The Group did not have any other significant contingent liabilities as at 30 June 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 30 June 2022, the Group employed 61 staff (as at 30 June 2021: 59 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 30 June 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or 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 30 June 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 30 June 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 nine months from 1 October 2021 to 30 June 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 nine months from 1 October 2021 to 30 June 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 nine months from 1 October 2021 to 30 June 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 nine months from 1 October 2021 to 30 June 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.

Following the retirement of Mr. Sun Zhi Jun by rotation as independent non-executive Director in the annual general meeting of the Company held on 16 June 2022, the number of independent non-executive directors on the Board and the members of the Audit Committee are less than three as required under Rules 5.05(1) and 5.28 of the GEM Listing Rules.

The Board is now taken active step to identify suitable candidate to fill up the vacancy in order to comply with the requirement under GEM Listing Rules.

## 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 nine months from 1 October 2021 to 30 June 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 quarterly report for the nine months from 1 October 2021 to 30 June 2022 and has provided comments thereon.

By Order of the Board  
**Global Strategic Group Limited**  
**Wang Wenzhou**

*Executive Director and Chief Executive Officer*

Hong Kong, 12 August 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 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.*