

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

*This announcement, for which the directors (the “**Directors**”) of Global Strategic Group Limited (the “**Company**”) 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 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.*

The board of Directors (the “**Board**”) of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively as the “**Group**”), which is audited by RSM Hong Kong, for the year ended 30 September 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Continuing operations			
Revenue	3	71,486	42,734
Cost of sales		<u>(51,223)</u>	<u>(29,747)</u>
Gross profit		20,263	12,987
Other income	4	2,629	3,939
Other gains and losses		54	827
Loss on fair value change on convertible bond designated at fair value through profit or loss (“ FVTPL ”)		–	(399)
Selling and distribution costs		(8,555)	(19,389)
General and administrative expenses		(31,978)	(32,191)
Impairment loss on property, plant and equipment		–	(132,902)
Impairment loss on intangible assets		–	(106,934)
Allowance for trade receivables		(2,200)	(4,304)
(Allowance)/reversal of allowance for loan receivables		(121)	3,097
Allowance for bond receivables		–	(10,758)
Reversal of allowance/(allowance) for deposits and other receivables		724	(700)
Allowance for due from a related party		<u>(22)</u>	<u>–</u>
Loss from operations		(19,206)	(286,727)
Finance costs	6	<u>(4,204)</u>	<u>(8,440)</u>
Loss before tax		(23,410)	(295,167)
Income tax credit	7	<u>643</u>	<u>28,349</u>
Loss for the year from continuing operations		<u>(22,767)</u>	<u>(266,818)</u>

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Discontinued operations		
Loss for the year from discontinued operations	<u>–</u>	<u>(7,345)</u>
Loss for the year	<u>(22,767)</u>	<u>(274,163)</u>
Other comprehensive income after tax		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of financial statements to presentation currency	5,393	11,639
Exchange differences reclassified to profit or loss on disposal of discontinued operations	<u>–</u>	<u>(731)</u>
Other comprehensive income for the year, net of tax	<u>5,393</u>	<u>10,908</u>
Total comprehensive income for the year	<u>(17,374)</u>	<u>(263,255)</u>
Loss for the year attributable to:		
Owners of the Company		
– continuing operations	(20,982)	(94,502)
– discontinued operations	<u>–</u>	<u>(7,334)</u>
	<u>(20,982)</u>	<u>(101,836)</u>
Non-controlling interests		
– continuing operations	(1,785)	(172,316)
– discontinued operations	<u>–</u>	<u>(11)</u>
	<u>(1,785)</u>	<u>(172,327)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	(18,203)	(96,391)
Non-controlling interests	<u>829</u>	<u>(166,864)</u>
	<u>(17,374)</u>	<u>(263,255)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss per share	9		(Restated)
From continuing and discontinued operations			
Basic (HK cents per share)		<u>(15.20)</u>	<u>(110.89)</u>
Diluted (HK cents per share)		<u>(15.20)</u>	<u>(110.89)</u>
From continuing operations			
Basic (HK cents per share)		<u>(15.20)</u>	<u>(102.90)</u>
Diluted (HK cents per share)		<u>(15.20)</u>	<u>(102.90)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		112,246	108,168
Right-of-use assets		2,055	1,948
Goodwill		–	580
Intangible assets		71,031	69,507
Deposits for acquisition of property, plant and equipment		3,582	4,412
		188,914	184,615
Current assets			
Inventories		797	766
Trade receivables	<i>10</i>	6,576	3,822
Prepayments, deposits and other receivables		13,794	6,027
Loan receivables		4,310	21,944
Bond receivables		–	–
Due from a related party		1,591	–
Value-added tax recoverable		5,850	6,516
Bank and cash balances		23,411	1,978
		56,329	41,053
Current liabilities			
Trade payables	<i>11</i>	873	855
Accruals and other payables		51,874	42,300
Contract liabilities		6,352	3,732
Lease liabilities		1,405	1,103
Due to related parties		1,218	2,254
Due to directors		3,011	3,969
Non-convertible bonds		27,166	56,190
Bank borrowings		7,680	8,012
Current tax liabilities		19	–
		99,598	118,415
Net current liabilities		(43,269)	(77,362)
Total assets less current liabilities		145,645	107,253

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Due to non-controlling shareholders of a subsidiary and its related parties		44,423	40,441
Lease liabilities		445	393
Non-convertible bonds		–	2,706
Bank borrowings		10,387	12,589
Deferred tax liabilities		17,758	17,377
		<u>73,013</u>	<u>73,506</u>
		<u>72,632</u>	<u>33,747</u>
CAPITAL AND RESERVES			
Share capital		4,559	45,586
Reserves		23,296	(55,787)
Equity/(capital deficiency) attributable to owners of the Company		27,855	(10,201)
Non-controlling interests		44,777	43,948
Total equity		<u>72,632</u>	<u>33,747</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2021

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting years reflected in these consolidated financial statements.

Basis of Going Concern

The Group incurred a net loss of HK\$22,767,000 for the year ended 30 September 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$43,269,000. In addition, as at 30 September 2021, the Group had capital commitments amounting to HK\$9,902,000. The Group was also in default of non-convertible bonds of HK\$16,853,000 (“**In Default Bonds**”) as of 30 September 2021.

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.

Subsequent to 30 September 2021, non-convertible bonds of HK\$3,850,000 included in the In Default Bonds have been renewed with maturity date extended to 30 September 2022 and non-convertible bonds of HK\$12,303,000 included in the In Default Bonds have been settled. Moreover, holders of non-convertible bonds with principal amounts in aggregate of HK\$11,912,000, including the aforementioned non-convertible bonds of HK\$3,850,000 which have been renewed, have signed letters of intent with the Company agreeing to extend the maturity date by one year once the bonds mature.

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the twelve-month period ending 30 September 2022. Mr. Wu Guoming (“**Mr. Wu**”), a shareholder and a director of the Company, and Mr. Wang Wenzhou (“**Mr. Wang**”), a director of the Company, as at 30 September 2021, have agreed to provide sufficient funds to the Group so that the Group will be able to meet all current obligations as they fall due for the foreseeable future.

The directors of the Company therefore consider it appropriate to adopt the going concern basis in preparing these consolidated financial statements 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 have not been reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 October 2020 for the preparation of the financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19-Related Rent Concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

There is no impact on the opening balance of equity at 1 October 2020.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group as the Group is not affected by the interest rate benchmark reform.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 October 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non- Current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. REVENUE

Disaggregation of revenue

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of natural gas	57,558	37,438
– Rendering of services	<u>6,011</u>	<u>2,966</u>
	63,569	40,404
Revenue from other sources		
– Leasing income	<u>7,917</u>	<u>2,330</u>
	<u>71,486</u>	<u>42,734</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Sales of natural gas		Pipeline installation services		Provision of technology support services		Independent financial advisory		Total	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Primary geographical markets										
– The People's Republic of China ("PRC") except Hong Kong	57,558	37,438	3,276	563	2,595	1,904	-	-	63,429	39,905
– Hong Kong	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>499</u>	<u>140</u>	<u>499</u>
Revenue from external customers	<u>57,558</u>	<u>37,438</u>	<u>3,276</u>	<u>563</u>	<u>2,595</u>	<u>1,904</u>	<u>140</u>	<u>499</u>	<u>63,569</u>	<u>40,404</u>
Timing of revenue recognition										
Products transferred at a point in time	-	157	3,276	563	-	-	140	499	3,416	1,219
Products and services transferred over time	<u>57,558</u>	<u>37,281</u>	<u>-</u>	<u>-</u>	<u>2,595</u>	<u>1,904</u>	<u>-</u>	<u>-</u>	<u>60,153</u>	<u>39,185</u>
Total	<u>57,558</u>	<u>37,438</u>	<u>3,276</u>	<u>563</u>	<u>2,595</u>	<u>1,904</u>	<u>140</u>	<u>499</u>	<u>63,569</u>	<u>40,404</u>

4. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	4	1
Interest income from bond receivables	–	968
Interest income from loan to third parties	1,719	2,419
Government grants (note)	788	512
Others	118	39
	<u>2,629</u>	<u>3,939</u>

Note: During the year, the Group recognised government grants of approximately HK\$520,000 (2020: HK\$512,000) in respect of COVID-19 related subsidies, which relates to Employment Support Scheme provided by the Hong Kong government. The remaining government grants represented government subsidy granted to enterprise, who had fulfilled certain requirements such as engaging in research and development activities, duly paid taxes in previous years and use of IT to support its business, by the local government of the region that the subsidiary operates (2020: Nil).

5. SEGMENT INFORMATION

The Group has three (2020: three) operating segments as follows:

- Natural gas operations – including investment in natural gas projects, sales of natural gas, natural gas cooking appliance and accessories and pipeline installation
- Leasing business – including services rendered from 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 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.

Segment profits or losses do not include amounts for discontinued operations, unallocated corporate expenses, certain other income, finance cost and income tax. Segment assets do not include assets of discontinued operations, bank and cash balances and unallocated assets. Segment liabilities do not include liabilities of discontinued operations, non-convertible bonds, some other borrowings and unallocated liabilities. Segment non-current assets do not include deposits for acquisitions.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

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

	Natural gas operations <i>HK\$'000</i>	Leasing business <i>HK\$'000</i>	Independent financial advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30 September 2021				
Revenue from external customers	60,834	10,512	140	71,486
Segment (loss)/profit	(4,870)	3,196	(1,260)	(2,934)
Interest revenue	-	3	-	3
Interest expense	(2,157)	-	-	(2,157)
Depreciation and amortisation	(9,325)	(1,968)	-	(11,293)
Net foreign exchange gain	130	-	-	130
Other material non-cash items:				
Impairment loss on goodwill	-	-	(580)	(580)
(Allowance)/reversal of allowance for trade receivables	(49)	(2,152)	1	(2,200)
Reversal of allowance for other receivables	4	-	-	4
Allowance for due from a related party	-	(22)	-	(22)
Additions to segment non-current assets	<u>1,986</u>	<u>4,161</u>	<u>-</u>	<u>6,147</u>
As at 30 September 2021				
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>

	Natural gas operations <i>HK\$'000</i>	Leasing business <i>HK\$'000</i>	Independent financial advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30 September 2020				
Revenue from external customers	38,001	4,234	499	42,734
Segment loss	(257,072)	(2,539)	(2,857)	(262,468)
Interest revenue	–	1	–	1
Interest expense	(3,210)	–	–	(3,210)
Depreciation and amortisation	(20,199)	(1,086)	–	(21,285)
Gain on disposal of fixed assets	4	–	–	4
Net foreign exchange loss	(41)	–	–	(41)
Other material non-cash items:				
Impairment loss on goodwill	–	–	(1,958)	(1,958)
Impairment loss on property, plant and equipment	(132,902)	–	–	(132,902)
Impairment loss on intangible assets	(106,934)	–	–	(106,934)
Allowance for trade receivables	(6)	(4,297)	(1)	(4,304)
Allowance for other receivables	(8)	–	–	(8)
Additions to segment non-current assets	<u>635</u>	<u>4,612</u>	<u>–</u>	<u>5,247</u>
As at 30 September 2020				
Segment assets	176,382	20,108	616	197,106
Segment liabilities	<u>(119,808)</u>	<u>(6,095)</u>	<u>(710)</u>	<u>(126,613)</u>

(b) **Reconciliations of segment revenue and profit or loss from continuing operations:**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Consolidated revenue from continuing operations	<u>71,486</u>	<u>42,734</u>
Profit or loss		
Total profit or loss of reportable segments	(2,934)	(262,468)
Unallocated amounts:		
General and administrative expenses	(21,291)	(24,130)
(Allowance)/reversal of allowance for loan receivables	(121)	3,097
Allowance for bond receivables	–	(10,758)
Reversal of allowance/(allowance) for other receivables	720	(692)
Finance costs	(2,047)	(5,230)
Other income	2,211	3,845
Other gains and losses	52	1,568
Loss on fair value change on convertible bond designated at FVTPL	<u>–</u>	<u>(399)</u>
Consolidated loss before tax from continuing operations	<u>(23,410)</u>	<u>(295,167)</u>
Reconciliations of segment assets and liabilities:		
Assets		
Total assets of reportable segments	209,186	197,106
Unallocated	<u>36,057</u>	<u>28,562</u>
Consolidated total assets	<u>245,243</u>	<u>225,668</u>
Liabilities		
Total liabilities of reportable segments	135,481	126,613
Unallocated	<u>37,130</u>	<u>65,308</u>
Consolidated total liabilities	<u>172,611</u>	<u>191,921</u>

Geographical information

All of the Group's revenue and non-current assets by location of customers or by location of assets are within the PRC, including Hong Kong.

(c) **Revenue from major customers:**

An analysis of revenue from major customers which account for 10 percent or more of the Group's revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	11,233	9,029
Customer B	9,926	8,164
Customer C	<u>7,002</u>	<u>5,185</u>

Each of the major customers represents a single external customer whose transaction is generated from natural gas operations segment (2020: natural gas operations segment).

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Interest on bank borrowings	1,900	1,450
Imputed interest on loans from non-controlling shareholders and its related parties	257	1,760
Interest on convertible bond designated at FVTPL	–	1,348
Interest on non-convertible bonds	1,888	3,681
Interest on lease liabilities	<u>159</u>	<u>201</u>
	<u>4,204</u>	<u>8,440</u>

7. INCOME TAX CREDIT

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong		
Over-provision in prior years	<u>–</u>	<u>(1)</u>
Current tax – the PRC		
Provision for the year	<u>76</u>	<u>–</u>
Deferred tax	<u>(719)</u>	<u>(28,348)</u>
	<u>(643)</u>	<u>(28,349)</u>

Pursuant to the rules and regulations of the Cayman Islands, Samoa, Seychelles and the British Virgin Islands (“BVI”), 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% (2020: 25%). The tax rate of Hong Kong Profits Tax in respect of Hong Kong subsidiaries is 16.5% (2020: 16.5%).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 30 September 2021 (2020: Nil).

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 30 September 2021 (2020: Nil).

9. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss from continuing and discontinued operations		
Loss for the purpose of calculating basic loss per share from continuing and discontinued operations	(20,982)	(101,836)
Effect of fair value change on convertible bond designated at FVTPL	–	399
Effect of interest on convertible bond designated at FVTPL	–	1,348
	<u>(20,982)</u>	<u>(100,089)</u>
Loss from continuing operations		
Loss for the purpose of calculating basic loss per share from continuing operations	(20,982)	(94,502)
Effect of fair value change on convertible bond designated at FVTPL	–	399
Effect of interest on convertible bond designated at FVTPL	–	1,348
	<u>(20,982)</u>	<u>(92,755)</u>

Number of shares	2021 '000	2020 '000 (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	138,037	91,836
Effect of deemed conversion of convertible bond designated at FVTPL	<u>—</u>	<u>1,494</u>
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>138,037</u>	<u>93,330</u>

The weighted average number of ordinary shares for current and prior years have been adjusted retrospectively to reflect the effect of rights issue.

The computation of diluted loss per share for the year ended 30 September 2020 does not assume the exercise of the Company's outstanding share options, as this would result in the decrease in the loss per share.

From discontinued operations

Basic and diluted loss per share from the discontinued operations for the year ended 30 September 2020 was HK7.99 (restated) cents per share, based on the loss for the year ended 30 September 2020 from discontinued operations attributable to the owners of the Company of approximately HK\$7,334,000 and the denominators used are the same as those detailed above for both basic and diluted loss per share in 2020.

10. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables (note)	12,840	8,246
Less: impairment losses	<u>(6,264)</u>	<u>(4,424)</u>
	<u>6,576</u>	<u>3,822</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. The Group recognises revenue for natural gas pipeline installation service when the installation is completed and the Group allows an average credit period of 30 days upon completion. For leasing business, the Group allows an average credit period of 180 days upon service rendered. For independent financial advisory, the Group allows an average credit period of 30 days upon service rendered.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	1,451	1,656
91 to 180 days	1,891	–
181 to 366 days	3,234	2,166
	<u>6,576</u>	<u>3,822</u>

Included in trade receivables of approximately HK\$2,391,000 was due from a related company controlled by a director of the Company.

11. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	–	38
31 to 60 days	–	115
Over 60 days	873	702
	<u>873</u>	<u>855</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The continuing operations of the Group recorded revenue of approximately HK\$71,486,000 for the year ended 30 September 2021 (“YE2021”) as compared with approximately HK\$42,734,000 for the year ended 30 September 2020 (“YE2020”), gross profit of approximately HK\$20,263,000 for YE2021 against approximately HK\$12,987,000 for YE2020 and net loss of approximately HK\$22,767,000 for YE2021 as compared to approximately HK\$266,818,000 for YE2020.

Analysis on the performance of the Group including revenue and results of natural gas operations, leasing business and independent financial advisory before allocation of the corporate overheads is set out in note 5 “Segment Information” to the consolidated financial statements.

The Group generated revenue from sales of natural gas and pipeline installation services of approximately HK\$57,558,000 and HK\$3,276,000 respectively for YE2021 as compared to approximately HK\$37,438,000 and HK\$563,000 respectively for YE2020. Revenue generated from leasing business and independent financial advisory business were in aggregate of HK\$10,512,000 and HK\$140,000 for YE2021 respectively as compared to YE2020, it recorded HK\$4,234,000 and HK\$499,000, in aggregate, respectively.

The total operating expenses, including selling and distribution costs, general and administrative expenses, for YE2021 was approximately HK\$40,533,000 as compared to approximately HK\$51,580,000 for the YE2020, representing a decrease of 21% which was attributable to significant impairment made in 2020 causing to reduce the carrying amounts of property, plant and equipment and intangible assets as well as respective deprecation and amortisation accordingly.

Finance costs of the Group were approximately HK\$4,204,000 for YE2021 (YE2020: approximately HK\$8,440,000), which consisted of the imputed interest expense on non-current interest free loan from non-controlling shareholders of a subsidiary and its related parties, interests on bank borrowings and non-convertible bonds. The decrease was mainly come from the decrease in imputed interest on loan from non-controlling shareholders and interest on non-convertible bond and convertible bond, which has been reassigned as non-convertible bond upon maturity as well as repayment of non-convertible bond during the year.

Loss for YE2021 was decreased by 92% to approximately HK\$22,767,000, compared with loss of approximately HK\$274,163,000 for YE2020. The decrease in loss for YE2021 was mainly due to the net effect of impairment losses made on both current and non-current assets for YE2020 as well as aforementioned reasons.

UPDATE ON NATURAL GAS BUSINESS

The Group acquired 宜昌市標典天然氣利用有限公司 (Yichang Biaodian Natural Gas Utilization Co., Ltd.*) (“**Yichang Biaodian**”), which is engaged in natural gas supply operation, in 2016. Although the performance of Yichang Biaodian significantly improved, Yichang Biaodian has still suffered losses since acquisition resulting from the following reasons:

- (i) the pipeline installation in Yaojiagang Chemical Zone has been substantially completed in 2018, which covered most area of the zone to supply natural gas to factories operating in the zone. However, due to the slow progress of the chemical enterprises’ removals and construction of new factories in the zone, some potential customers did not engage with Yichang Biaodian for natural gas supply;
- (ii) some customers delayed the transformation from coal-boiler to natural gas boiler as they concerned that the unstable supply of industrial natural gas happened in 2018, will continue onward; and worry that due to the peak period of winter gas consumption in recent years, the government’s policy of restricting natural gas to civilian use will affect business.
- (iii) Impact of the novel coronavirus (“**COVID-19**”)

Due to the outbreak of the COVID-19 at the beginning of the 2020, Hubei Province’s industrial operations were suspended until the full return to normal in April 2020. In order to alleviate the impact of the epidemic on the industry, the local government reduced the sales price per m³ of non-residential natural gas from RMB3.18 to RMB2.8 from 1 April 2020. And, the sales price remained unchanged since then.

By considering the reasons as aforesaid, the management of the Group performed impairment testing in accordance with Hong Kong Accounting Standard 36 “Impairment of Assets” (“**HKAS 36**”) on the assets belongs to Yichang Biaodian.

The key assumptions used in the value in use (“**VIU**”) calculation for impairment assessment based on a valuation prepared by an independent valuer are those regarding the expected average revenue growth rate, expected average net profit margin and discount rate for the next five years:

- Expected average revenue growth rate and expected average profit margin for the next five years were based on past practices and management’s expectations on market development; and
- Discount rate was estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit (“**CGU**”), i.e. Yichang Biaodian.

The key assumptions used in the impairment assessment in 2021 changed from that of 2020:

- In 2021, the expected revenue growth rate estimated for the next five years was 13%. In 2020, the expected revenue growth rate estimated for the next five years was 22%; and
- In 2021, the expected average positive net profit margin estimated for the next five years was 2%. In 2020, the expected average negative net profit margin estimated for the next five years was 4%.

The valuation method of discounted cash flow was adopted for the calculation of the VIU of the CGU. In accordance with HKAS 36, the recoverable amount should be the higher of (i) the fair value less costs of disposal, and (ii) the VIU. After assessing both the VIU and the fair value, the valuation opted for the VIU because it was the higher between the two figures. VIU is based on the estimated future cash flows expected to be derived from the CGU discounted to their present value using a pre-tax discount rate of 13.23% (2020: 12.05%) that reflects current market assessments of the time value of money and the risks specific to the CGU. There is no change to the valuation method adopted in 2020 and 2021.

Based on the assessment, the recoverable amount of Yichang Biaodian was approximately to its carrying amount and no impairment losses were recognised in 2021.

UPDATE ON INDEPENDENT FINANCIAL ADVISORY BUSINESS

The Group acquired LW Insurance Brokers Limited (“**LW Insurance**”), which is engaged in insurance brokerage, in 2019. However, LW Insurance has suffered losses since acquisition resulting from the following reasons:

- (i) keen competition from the competitors in the industry;
- (ii) the worsened local economy as a result of political unrest in Hong Kong;
- (iii) the impact from the outbreak of COVID-19 pandemic;

that less potential customers seek professional advice from the Group.

Also, no professional party was acting as representative of LW Insurance for compliance purpose, thus the management of the Group considered to suspend the business.

By considering the reasons above, the management of the Group estimated the recoverable amount of LW Insurance was zero and impairment losses on goodwill, of HK\$580,000 was recognised for the year ended 30 September 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operation is being financed by internally generated cashflow, 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.

Amounts due to non-controlling shareholders of a subsidiary and its related parties

As at 30 September 2021, the amounts due to 湖北標典天然氣有限公司 (Hubei Biaodian Natural Gas Co., Ltd*) ("**Hubei Biaodian**") and its subsidiary, Mr. Xiong Songgan ("**Mr. Xiong**") and his controlled entities, and 宜昌地銷港能源有限公司 (Yichang Dibogang Energy Co., Ltd*) ("**Yichang Dibogang**") were approximately HK\$27,433,000, HK\$16,925,000 and HK\$65,000 respectively, when comparing approximately HK\$26,160,000 and HK\$14,281,000 at 30 September 2020 respectively. Hubei Biaodian owns 20.92% of Yichang Biaodian and Mr. Xiong is the controlling shareholder of Hubei Biaodian. Yichang Dibogang is the 24.49% non-controlling shareholder of Yichang Biaodian.

The advance made by the above non-controlling shareholders of the Group during the year was used for Yichang Biaodian's capital expenditure purpose.

Bank and other borrowings

The bank borrowings assigned RMB14,696,000 (equivalent to HK\$17,892,000) carry an interest at a variable rate, and RMB144,000 (equivalent to HK\$175,000) carry an interest at a fixed rate, with an effective interest rate of 5% to 15% per annum. The bank borrowings are guaranteed and pledged with several properties owned by Mr. Xiong, his spouse and a company held and controlled by him, and personal guaranteed by Ms. Wang Lingsheng.

As at 30 September 2021,

- (a) the Group's aggregate amount of bank and cash balances was approximately HK\$23,411,000 (as at 30 September 2020: approximately HK\$1,978,000).
- (b) the Group's total borrowings comprised (i) amounts due to non-controlling shareholders of a subsidiary and its related parties; (ii) bank borrowings; (iii) due to directors; (iv) non-convertible bonds; (v) lease liabilities; and (vi) due to related parties totalling approximately HK\$95,735,000 (as at 30 September 2020: HK\$127,657,000).
- (c) the Group's total gearing ratio was approximately 99% (as at 30 September 2020: 372%). The gearing ratio was calculated as the Group's borrowings net of cash available divided by total equity of the Group.
- (d) the current ratio of the Group was approximately 0.57 (as at 30 September 2020: 0.35). The management will continue to closely monitor the financial position of the Group to maintain its financial capacity.

Use of process from placing of share under general mandate in 2020

	Unutilised balance as at 30 September 2020 <i>HK\$'000</i>	Utilised amount up to 30 September 2021 <i>HK\$'000</i>	Unutilised balance as at 30 September 2021 <i>HK\$'000</i>
Use of net proceeds			
Legal and professional fee	317	317	–
Staff cost	1,926	1,926	–
Settlement of bonds	<u>2,766</u>	<u>2,766</u>	<u>–</u>
	<u>5,099</u>	<u>5,099</u>	<u>–</u>

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 (50) 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 (4) rights shares for every one (1) 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 announcement 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\$55,320,000. 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 announcement, the Company had partially utilized 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 September 2021 were as follows:

Intended use	Actual use of the Rights Issue Proceeds from the date of completion of the Rights Issue to 30 September 2021 HK\$'000	Balance of the unutilized Rights Issue Proceeds as of 30 September 2021 HK\$'000	Expected timeline for utilizing the remaining net proceeds as of 30 September 2021
Legal and professional fee	1,316	1,684	On or before 31 March 2022
Staff cost	1,446		
Rental	123		
Other operating expenses	996		
General working capital	2,565	1,755	On or before 31 March 2022
Finance cost	1,629		
Settlement of bonds	24,524		
Redemption of outstanding bonds	<u>26,153</u>	<u>21,847</u>	On or before 31 March 2022
	<u>30,034</u>	<u>25,286</u>	

DISPOSAL OF A SUBSIDIARY

Great China Inc Limited

On 1 April 2021, the Company entered into a share transfer agreement with an independent third party to dispose its 100% equity interest in a wholly-owned subsidiary for a cash consideration of HK\$10,000. The disposal was completed on 1 April 2021.

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\$544,000).

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\$10,006,000) 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 30 September 2021. Subsequent up to the report issue date, the Yichang Plaintiff 1 still has not taken any further action to chase for Yichang Biaodian. The directors of the Company considered that as the full amount of the debts of RMB8,587,000 (equivalent to HK\$10,455,000) claimed by Yichang Plaintiff 1 are fully provided as liability of the Group as at 30 September 2021, 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 (“**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\$1,261,000) from Yichang Biaodian to Yichang Plaintiff 2 within 15 days of the issuance of the civil ruling paper. Otherwise, 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 an 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 Mr. Xiong, its senior management personnel, to perform 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 up to that date and 30 September 2021.

The director of the Group assessed that the Default Interest would have insignificant impact to the consolidated financial statements. 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 30 September 2021.

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**”) and 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. The management of the Group is assessing any possible outcome that bringing to Shenzhen Global from the appeal. The Company will make further announcement(s) as and when appropriate.

PLEDGE OF ASSETS

The Group pledged a property approximately amounted to HK\$2,221,000 (2020: HK\$2,237,000) to an independent third party for obtaining an advance of HK\$122,000 as at 30 September 2021.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 September 2021 (2020: 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 energy 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.

EVENTS AFTER REPORTING PERIOD

Up to the date of this announcement, the Group has no subsequent event after 30 September 2021 which required disclosure.

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

As at 30 September 2021, the Group employed 48 staff members (at 30 September 2020: 50 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save as to the Rights Issue as set out in the section headed “Liquidity, Financial Resources and Capital Structure”, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 30 September 2021.

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 the GEM Listing Rules in the year ended 30 September 2021 except for the following deviation:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company did not appoint a chairman from 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 year ended 30 September 2021.

AUDIT COMMITTEE

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

During the year ended 30 September 2021, the Audit Committee held four meetings and work performed included reviewing the Group’s quarterly, half-yearly and annual results, its risk management and internal control systems, and corporate governance matters for inclusion in the Company’s Annual Report.

OTHER INFORMATION

Scope of work of RSM Hong Kong

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 September 2021 as set out in this annual results announcement have been agreed by RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on this annual results announcement.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the independent auditors report on the consolidated financial statements of the Group for the year ended 30 September 2021.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Global Strategic Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out in the 2021 Annual Report, which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to note 1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$22,767,000 for the year ended 30 September 2021 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$43,269,000. In addition, as at 30 September 2021, the Group had capital commitments amounting to HK\$9,902,000 as disclosed in the "capital commitments" section in the 2021 Annual Report. The Group was also in default of non-convertible bonds of HK\$16,853,000 ("**In Default Bonds**") as of 30 September 2021.

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.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the continuous financial support of Mr. Wu Guoming (“**Mr. Wu**”) and Mr. Wang Wenzhou (“**Mr. Wang**”) as disclosed in note 2. However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that Mr. Wu and Mr. Wang had the financial resources to provide the required level of financial support to the Group. Mr. Wu and Mr. Wang both pledged properties to provide financial support to the Group. Based on the market valuations of the properties, we considered that it was uncertain whether Mr. Wu and Mr. Wang would be able to borrow funds using the properties as collateral at the level necessary to support the Group’s liquidity requirements. In addition, we were unable to ascertain whether Mr. Wu and Mr. Wang had any personal liabilities which would affect their credit standing and ability to borrow against the pledged properties. Accordingly, we were unable to determine the validity of preparing the consolidated financial statements on a going concern basis.

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 these consolidated financial statements.

THE BOARD’S RESPONSE TO THE AUDITOR’S OPINION

Subsequent to 30 September 2021, non-convertible bonds of HK\$3,850,000 included in the In Default Bonds have been renewed with maturity date extended to 30 September 2022 and non-convertible bonds of HK\$12,303,000 included in the In Default Bonds have been settled. Moreover, holders of non-convertible bonds with principal amounts in aggregate of HK\$11,912,000, including the aforementioned non-convertible bonds of HK\$3,850,000 which have been renewed, have signed letters of intent with the Company agreeing to extend the maturity date by one year once the bonds mature.

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the twelve month period ending 30 September 2022. Mr. Wu Guoming (“**Mr. Wu**”), a shareholder and a director of the Company, and Mr. Wang Wenzhou (“**Mr. Wang**”), a director of the Company, as at 30 September 2021, have agreed to provide sufficient funds to the Group so that the Group will be able to meet all current obligations as they fall due for the foreseeable future.

The directors of the Company therefore consider it appropriate to adopt the going concern basis in preparing these consolidated financial statements on the basis that Mr. Wu and Mr. Wang have agreed to provide continuous financial support to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange’s website and the Company’s website no later than two months after the annual report has been published.

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

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.globalstrategicgroup.com.hk. The Company's annual report for the year ended 30 September 2021 will be published on the above websites in due course.

By order of the Board
Global Strategic Group Limited
Wang Wenzhou
Executive Director and Chief Executive Officer

Hong Kong, 17 December 2021

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

* *For reference purposes only, the Chinese names of the PRC entities and terms have been translated into English in this announcement. 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.*