

*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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 JUNE 2023**

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 2023. This announcement, containing the full text of the 2022/2023 third quarterly report of the Group (the “**2022/2023 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany in preliminary announcement of quarterly results. The printed version of the 2022/2023 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, 14 August 2023

*As at the date of this announcement, the Executive Directors are Mr. Wang Wenzhou (Chief Executive Officer), Mr. Wu Guoming and Mr. Duan Fanfan; the Non-executive Director is Mr. Chen Long; 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

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 2023 with comparative unaudited figures for the corresponding period in 2022 are as follows:

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

FOR THE THREE AND NINE MONTHS ENDED 30 JUNE 2023

|  |       | Three months ended 30 June 2023<br>HK\$'000<br>Unaudited | Three months ended 30 June 2022<br>HK\$'000<br>Unaudited | Nine months ended 30 June 2023<br>HK\$'000<br>Unaudited | Nine months ended 30 June 2022<br>HK\$'000<br>Unaudited |
|--|-------|--|--|---|---|
|  | Notes |  |  |   |   |
| <b>Revenue</b>   | 3     | <b>37,464</b>  | 33,341   | <b>121,015</b>  | 103,964   |
| Cost of sales  |       | <u>(29,011)</u>  | <u>(30,645)</u>  | <u>(104,316)</u>  | <u>(86,493)</u>   |
| <b>Gross profit</b>                                    |       | <b>8,453</b>   | 2,696  | <b>16,699</b>   | 17,471  |
| Other income   | 5(a)  | 41   | 53   | 546   | 1,799   |
| Other gains and losses                                 | 5(b)  | –  | –  | (5)   | –   |
| Selling and distribution costs                         |       | (2,591)  | (2,157)  | (7,688)   | (6,558)   |
| General and administrative expenses                    |       | (6,010)  | (7,815)  | (24,018)  | (22,440)  |
| Reversal of allowance/(allowance) on trade receivables |       | –  | 7  | 241   | (1,141)   |
| Reversal of allowance on bills receivables             |       | 1  | –  | 150   | –   |
| Reversal of allowance on loan receivables              |       | –  | 2,500  | –   | 1,138   |
| Loss from operations                                   |       | <u>(106)</u>   | <u>(4,716)</u>   | <u>(14,075)</u>   | <u>(9,731)</u>  |
| Finance costs  | 5(c)  | <u>(1,715)</u>   | <u>(583)</u>   | <u>(3,563)</u>  | <u>(2,041)</u>  |
| <b>Loss before tax</b>                                 |       | <b>(1,821)</b>   | (5,299)  | <b>(17,638)</b>   | (11,772)  |
| Income tax credit                                      | 4     | <u>194</u>   | <u>175</u>   | <u>605</u>  | <u>537</u>  |
| <b>Loss for the period</b>                             | 5(d)  | <b>(1,627)</b>   | (5,124)  | <b>(17,033)</b>   | (11,235)  |



|  | <b>Three<br/>months<br/>ended<br/>30 June<br/>2023<br/>HK\$'000<br/>Unaudited</b> | Three<br>months<br>ended<br>30 June<br>2022<br>HK\$'000<br>Unaudited | <b>Nine<br/>months<br/>ended<br/>30 June<br/>2023<br/>HK\$'000<br/>Unaudited</b> | Nine<br>months<br>ended<br>30 June<br>2022<br>HK\$'000<br>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>(2,370)</u>  | (3,747)  | <u>(1,376)</u>   | (3,982)   |
| <b>Other comprehensive income for the period, net of tax</b>                                 | <u>(2,370)</u>  | (3,747)  | <u>(1,376)</u>   | (3,982)   |
| <b>Total comprehensive income for the period</b>   | <u>(3,997)</u>  | (8,871)  | <u>(18,409)</u>  | (15,217)  |
| <b>(Loss)/profit for the period attributable to:</b>   |   |  |  |   |
| Owners of the Company  | <u>(3,202)</u>  | (4,276)  | <u>(15,573)</u>  | (13,106)  |
| Non-controlling interests ("NCI")  | <u>1,575</u>  | (848)  | <u>(1,460)</u>   | 1,871   |
|  | <u>(1,627)</u>  | (5,124)  | <u>(17,033)</u>  | (11,235)  |
| <b>Total comprehensive income for the period attributable to:</b>                            |   |  |  |   |
| Owners of the Company  | <u>(4,099)</u>  | (5,886)  | <u>(14,883)</u>  | (16,122)  |
| Non-controlling interests  | <u>102</u>  | (2,985)  | <u>(3,526)</u>   | 905   |
|  | <u>(3,997)</u>  | (8,871)  | <u>(18,409)</u>  | (15,217)  |
| <b>Loss per share</b>  |   |  |  |   |
| Basic ( <i>HK cents per share</i> )  | <u>(0.70)</u>   | (0.94)   | <u>(3.42)</u>  | (2.88)  |
| Diluted ( <i>HK cents per share</i> )  | <u>(0.70)</u>   | (0.94)   | <u>(3.42)</u>  | (2.88)  |

Notes

7

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 JUNE 2023

|   | 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<br>(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       |
|   | Share capital                         | Capital reserve    | Share premium | Other reserve | Translation reserve | Accumulated losses | Total    | NCI      | Total equity |
|   | HK\$'000                              | HK\$'000<br>(note) | HK\$'000      | HK\$'000      | HK\$'000            | HK\$'000           | HK\$'000 | HK\$'000 | HK\$'000     |
| At 1 October 2022 (audited)               | 4,559                                 | 7,540              | 346,252       | 12,255        | (40)                | (354,790)          | 15,776   | 66,561   | 82,337       |
| Total comprehensive income for the period | -                                     | -                  | -             | -             | 690                 | (15,573)           | (14,883) | (3,526)  | (18,409)     |
| At 30 June 2023 (unaudited)               | 4,559                                 | 7,540              | 346,252       | 12,255        | 650                 | (370,363)          | 893      | 63,035   | 63,928       |

## 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 2023

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the nine months ended 30 June 2023 (“**Financial Information**”) has been prepared by the Directors of the Company in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

This Financial Information should be read in conjunction with the Group’s 2022 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 Group’s annual financial statements for the year ended 30 September 2022 except as stated below.

The Directors have given careful consideration to the going concern of the Group in light of the fact that the Group incurred a net loss of HK\$17,033,000 for the nine months ended 30 June 2023, and, as of that date, the Group had net current liabilities and taking into account of capital commitments of HK\$8,704,000 and other commitment as of that date.

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

The Directors have estimated the Group’s cash requirements by preparing a cashflow forecast of the Group for the period ending 31 March 2024. 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 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. Mr. Wu and Mr. Wang both agreed to pledge their properties as collaterals, if necessary, to borrow funds to provide financial support to the Group.

The Directors therefore consider it 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 have not been reflected in this Financial Information.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 October 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The accounting policies applied in this Financial Information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 September 2022. A number of new or amended standards are effective from 1 October 2022 but they do not have a material effect on the Group’s financial statements.

## 3. REVENUE

### Disaggregation of revenue

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

|   | Three months<br>ended<br>30 June<br>2023<br>HK\$'000<br>Unaudited | Three months<br>ended<br>30 June<br>2022<br>HK\$'000<br>Unaudited | Nine months<br>ended<br>30 June<br>2023<br>HK\$'000<br>Unaudited | Nine months<br>ended<br>30 June<br>2022<br>HK\$'000<br>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  | 34,336  | 32,513  | 111,227  | 92,809   |
| – Sales of steel support axial force servo systems                        | –   | –   | –  | 5,895  |
| – Sales of equipment  | 642   | –   | 642  | –  |
| – Rendering of services   | 1,148   | 826   | 5,039  | 4,898  |
| – Commission income   | –   | 2   | –  | 20   |
|   | <b>36,126</b>   | <b>33,341</b>   | <b>116,908</b>   | <b>103,622</b>   |
| <b>Revenue from other sources</b>   |   |   |  |  |
| – Leasing income  | 1,338   | –   | 4,107  | 342  |
|   | <b>37,464</b>   | <b>33,341</b>   | <b>121,015</b>   | <b>103,964</b>   |





| For the nine months ended 30 June | Sales of natural gas |                | Sales of steel support axial |                |                    |                | Pipeline              |                | Provision of technology |                | Independent        |                | Total          |                |
|-----------------------------------|----------------------|----------------|------------------------------|----------------|--------------------|----------------|-----------------------|----------------|-------------------------|----------------|--------------------|----------------|----------------|----------------|
|                                   | 2023                 | 2022           | force servo system           |                | Sales of equipment |                | installation services |                | support services        |                | financial advisory |                | 2023           | 2022           |
|                                   | <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> | <i>HKS'000</i> | <i>HKS'000</i> |
|                                   | Unaudited            | Unaudited      | 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 | 111,227        | 92,809        | -        | 5,895        | 642        | -        | 3,341        | 2,131        | 1,698        | 2,767        | -        | -         | 116,908        | 103,602        |
| - Hong Kong   | -              | -             | -        | -            | -          | -        | -            | -            | -            | -            | -        | 20        | -              | 20             |
| Revenue from external customers                           | <u>111,227</u> | <u>92,809</u> | <u>-</u> | <u>5,895</u> | <u>642</u> | <u>-</u> | <u>3,341</u> | <u>2,131</u> | <u>1,698</u> | <u>2,767</u> | <u>-</u> | <u>20</u> | <u>116,908</u> | <u>103,622</u> |

**Timing of revenue recognition**

|  |                |               |          |              |            |          |              |              |              |              |          |           |                |                |
|--|----------------|---------------|----------|--------------|------------|----------|--------------|--------------|--------------|--------------|----------|-----------|----------------|----------------|
| Products and services transferred at a point in time | -              | -             | -        | 5,895        | 642        | -        | 3,341        | 2,131        | -            | -            | -        | 20        | 3,983          | 8,046          |
| Products and services transferred over time          | <u>111,227</u> | <u>92,809</u> | <u>-</u> | <u>-</u>     | <u>-</u>   | <u>-</u> | <u>-</u>     | <u>-</u>     | <u>1,698</u> | <u>2,767</u> | <u>-</u> | <u>-</u>  | <u>112,925</u> | <u>95,576</u>  |
| Total  | <u>111,227</u> | <u>92,809</u> | <u>-</u> | <u>5,895</u> | <u>642</u> | <u>-</u> | <u>3,341</u> | <u>2,131</u> | <u>1,698</u> | <u>2,767</u> | <u>-</u> | <u>20</u> | <u>116,908</u> | <u>103,622</u> |

| For the three months ended 30 June | Sales of natural gas |                | Sales of steel support axial |                |                    |                | Pipeline              |                | Provision of technology |                | Independent        |                | Total          |      |
|------------------------------------|----------------------|----------------|------------------------------|----------------|--------------------|----------------|-----------------------|----------------|-------------------------|----------------|--------------------|----------------|----------------|------|
|                                    | 2023                 | 2022           | force servo system           |                | Sales of equipment |                | installation services |                | support services        |                | financial advisory |                | 2023           | 2022 |
|                                    | <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> | <i>HKS'000</i> |      |
|                                    | Unaudited            | Unaudited      | Unaudited                    | Unaudited      | Unaudited          | Unaudited      | Unaudited             | Unaudited      | Unaudited               | Unaudited      | Unaudited          | Unaudited      | Unaudited      |      |

**Primary geographical markets**

|                                 |               |               |          |          |            |          |            |           |            |            |          |          |               |               |
|---------------------------------|---------------|---------------|----------|----------|------------|----------|------------|-----------|------------|------------|----------|----------|---------------|---------------|
| - The PRC except Hong Kong      | 34,336        | 32,513        | -        | -        | 642        | -        | 251        | 53        | 897        | 773        | -        | -        | 36,126        | 33,339        |
| - Hong Kong                     | -             | -             | -        | -        | -          | -        | -          | -         | -          | -          | -        | 2        | -             | 2             |
| Revenue from external customers | <u>34,336</u> | <u>32,513</u> | <u>-</u> | <u>-</u> | <u>642</u> | <u>-</u> | <u>251</u> | <u>53</u> | <u>897</u> | <u>773</u> | <u>-</u> | <u>2</u> | <u>36,126</u> | <u>33,341</u> |

**Timing of revenue recognition**

|  |               |               |          |          |            |          |            |           |            |            |          |          |               |               |
|--|---------------|---------------|----------|----------|------------|----------|------------|-----------|------------|------------|----------|----------|---------------|---------------|
| Products and services transferred at a point in time | -             | -             | -        | -        | 642        | -        | 251        | 53        | -          | -          | -        | 2        | 893           | 55            |
| Products and services transferred over time          | <u>34,336</u> | <u>32,513</u> | <u>-</u> | <u>-</u> | <u>-</u>   | <u>-</u> | <u>-</u>   | <u>-</u>  | <u>897</u> | <u>773</u> | <u>-</u> | <u>-</u> | <u>35,233</u> | <u>33,286</u> |
| Total  | <u>34,336</u> | <u>32,513</u> | <u>-</u> | <u>-</u> | <u>642</u> | <u>-</u> | <u>251</u> | <u>53</u> | <u>897</u> | <u>773</u> | <u>-</u> | <u>2</u> | <u>36,126</u> | <u>33,341</u> |

#### 4. INCOME TAX CREDIT

|                            | Three months<br>ended<br>30 June<br>2023<br><i>HK\$'000</i><br>Unaudited | Three months<br>ended<br>30 June<br>2022<br><i>HK\$'000</i><br>Unaudited | Nine months<br>ended<br>30 June<br>2023<br><i>HK\$'000</i><br>Unaudited | Nine months<br>ended<br>30 June<br>2022<br><i>HK\$'000</i><br>Unaudited |
|----------------------------|--|--|---|---|
| Current tax                |  |  |   |   |
| PRC Enterprises Income Tax | 20   | 6  | 33  | 13  |
| Deferred tax               | <u>(214)</u>   | <u>(181)</u>   | <u>(638)</u>  | <u>(550)</u>  |
|                            | <u>(194)</u>   | <u>(175)</u>   | <u>(605)</u>  | <u>(537)</u>  |

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2022: 25%). The tax rate of Hong Kong Profits Tax in respect of Hong Kong subsidiaries is 16.5% (2022: 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 2023 (2022: Nil).



## 5. LOSS FOR THE PERIOD

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

|  | <b>Three months<br/>ended<br/>30 June<br/>2023<br/>HK\$'000<br/>Unaudited</b> | Three months<br>ended<br>30 June<br>2022<br>HK\$'000<br>Unaudited | <b>Nine months<br/>ended<br/>30 June<br/>2023<br/>HK\$'000<br/>Unaudited</b> | Nine months<br>ended<br>30 June<br>2022<br>HK\$'000<br>Unaudited |
|--|---|---|--|--|
| (a) Other income                                     |   |   |  |  |
| Bank interest income                                 | <b>(4)</b>  | (3)   | <b>(13)</b>  | (4)  |
| Interest income from<br>loan to third parties        | -   | -   | -  | (93)   |
| Government grants ( <i>note</i> )                    | <b>(3)</b>  | (175)   | <b>(51)</b>  | (175)  |
| Net exchange gain                                    | -   | 153   | -  | (1,498)  |
| Waiver of non-convertible<br>bond payments           | <b>(2)</b>  | -   | <b>(424)</b>   | -  |
| Others   | <b>(32)</b>   | (28)  | <b>(58)</b>  | (29)   |
|  | <b>(41)</b>   | (53)  | <b>(546)</b>   | (1,799)  |
| (b) Other gains and losses                           |   |   |  |  |
| Loss on disposal of property,<br>plant and equipment | -   | -   | <b>5</b>   | -  |
| (c) Finance costs                                    |   |   |  |  |
| Interest on bank borrowings                          | <b>1,205</b>  | 242   | <b>2,192</b>   | 893  |
| Interest on other borrowings                         | <b>117</b>  | -   | <b>117</b>   | -  |
| Interest on non-convertible<br>bonds                 | <b>355</b>  | 309   | <b>1,156</b>   | 1,003  |
| Interest on lease liabilities                        | <b>38</b>   | 32  | <b>98</b>  | 145  |
|  | <b>1,715</b>  | 583   | <b>3,563</b>   | 2,041  |

*Note:*

During the nine months ended 30 June 2023, the Group recognised government grants of HK\$51,000 (2022: HK\$165,000) relating to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region in respect of COVID-19.

|  | <b>Three months<br/>ended<br/>30 June<br/>2023<br/>HK\$'000<br/>Unaudited</b> | Three months<br>ended<br>30 June<br>2022<br>HK\$'000<br>Unaudited | <b>Nine months<br/>ended<br/>30 June<br/>2023<br/>HK\$'000<br/>Unaudited</b> | Nine months<br>ended<br>30 June<br>2022<br>HK\$'000<br>Unaudited |
|--|---|---|--|--|
| (d) Other items  |   |   |  |  |
| Amortisation of intangible assets (included in selling and distribution costs)         | <b>855</b>  | 724   | <b>2,553</b>   | 2,200  |
| Employee benefits expenses (including directors' remuneration)                         |   |   |  |  |
| – Salaries, bonus and allowance  | <b>2,938</b>  | 2,777   | <b>9,319</b>   | 8,754  |
| – Retirement benefit scheme contributions  | <b>142</b>  | 175   | <b>419</b>   | 437  |
|  | <b>3,080</b>  | 2,952   | <b>9,738</b>   | 9,191  |
| Cost of inventories sold   | <b>26,924</b>   | 28,509  | <b>97,877</b>  | 78,396   |
| Depreciation of property, plant and equipment  | <b>3,159</b>  | 2,433   | <b>8,795</b>   | 6,781  |
| Depreciation of right-of-use assets (included in general and administrative expenses)  | <b>301</b>  | 362   | <b>1,145</b>   | 1,178  |
| Expenses related to short-term lease (included in general and administrative expenses) | <b>55</b>   | 20  | <b>125</b>   | 95   |
| Net exchange loss/(gain)   | <b>52</b>   | 153   | <b>2,579</b>   | (1,498)  |

## 6. DIVIDENDS

The Directors do not recommend the payment of any dividend for the nine months ended 30 June 2023 (2022: Nil).



## 7. LOSS PER SHARE

### (a) Basic loss per share

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

|  | Unaudited                       |                                |                                |                 |
|--|---------------------------------|--------------------------------|--------------------------------|-----------------|
| Three months ended 30 June 2023  | Three months ended 30 June 2022 | Nine months ended 30 June 2023 | Nine months ended 30 June 2022 |                 |
| HK\$'000   | HK\$'000                        | HK\$'000                       | HK\$'000                       |                 |
| <b>Loss for the period</b>   |                                 |                                |                                |                 |
| Loss for the purpose of calculating basic loss per share                                       | <u>(3,202)</u>                  | <u>(4,276)</u>                 | <u>(15,573)</u>                | <u>(13,106)</u> |
| <b>Number of shares</b>  | <i>'000</i>                     | <i>'000</i>                    | <i>'000</i>                    | <i>'000</i>     |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <u>455,860</u>                  | <u>455,860</u>                 | <u>455,860</u>                 | <u>455,860</u>  |

### (b) Diluted loss per share

No diluted loss per share for the nine months ended 30 June 2023 and 2022 and the three months ended 30 June 2023 and 2022 are presented as the Company had no potential ordinary shares outstanding.

## 8. SHARE CAPITAL

|                                  | At 30 June 2023                          |                                 | At 30 September 2022                   |                               |
|----------------------------------|--|---------------------------------|--|-------------------------------|
|                                  | Number of<br>shares<br>'000<br>Unaudited | Amount<br>HK\$'000<br>Unaudited | Number of<br>shares<br>'000<br>Audited | Amount<br>HK\$'000<br>Audited |
| Authorised:                      |  |                                 |  |                               |
| Ordinary shares of HK\$0.01 each | <u>8,000,000</u>                         | <u>80,000</u>                   | <u>8,000,000</u>                       | <u>80,000</u>                 |
| Issued and fully paid:           |  |                                 |  |                               |
| At end of period/year            | <u>455,860</u>                           | <u>4,559</u>                    | <u>455,860</u>                         | <u>4,559</u>                  |

## 9. LITIGATION

During the year ended 31 December 2018, Yichang Biaodian had 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").

On 13 March 2019, the Court issued civil mediation agreement which set out that the Yichang Plaintiff and Yichang Biaodian agreed with the repayment terms in relation to the amount of RMB8,787,000 (equivalent to HK\$10,413,000). However, Yichang Biaodian did not repay all the outstanding amount as scheduled in civil mediation agreement. Thus, the Yichang Plaintiff exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of amount overdue. On 19 May 2022, the Yichang Plaintiff and Yichang Biaodian signed another 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 since 1 May 2019. The directors of the Company considered that as the full amount of the remaining debts of RMB3,687,000 (equivalent to HK\$4,106,000) claimed by Yichang Plaintiff are fully provided as liability of the Group as at 30 June 2023 and Yichang Biaodian repaid the amount owed to Yichang Plaintiff as scheduled, no further liability will be incurred.



## 10. CAPITAL COMMITMENTS

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

|   | <b>At</b>           | At            |
|---|---------------------|---------------|
|   | <b>30 June</b>      | 30 September  |
|   | <b>2023</b>         | 2022          |
|   | <b>HK\$'000</b>     | HK\$'000      |
|   | <b>Unaudited</b>    | Audited       |
| Capital expenditure in respect of the acquisition of property, plant and equipment, development of systems and networks |                     |               |
| – contracted but not accounted for  | <u><b>8,704</b></u> | <u>30,353</u> |

## 11. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements for the nine months ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 14 August 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL AND BUSINESS REVIEW

### Revenue

The Group's unaudited revenue was increased to approximately HK\$121,015,000 for the nine months ended 30 June 2023 from approximately HK\$103,964,000 for the nine months ended 30 June 2022. It was mainly generated from the revenue from the segment of natural gas operations of approximately HK\$115,210,000, while revenue generated from sales and leasing business segments contributed approximately HK\$5,805,000 for the nine months ended 30 June 2023.

### 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 2023 increased to approximately HK\$31,706,000 from approximately HK\$28,998,000 for the nine months ended 30 June 2022. The change was attributable to a significant exchange loss recognized and the increase in professional expenses incurred for the nine months ended 30 June 2023.

### Finance costs

Finance cost of the Group was approximately HK\$3,563,000 for the nine months ended 30 June 2023 (nine months ended 30 June 2022: HK\$2,041,000), which mainly represented interest on bank borrowings and non-convertible bonds. The increase mainly came from an increase in interest on bank borrowings and non-convertible bonds due to additional loans and non-convertible bonds raised during the period.

Loss for the nine months ended 30 June 2023 was approximately HK\$17,033,000, compared with loss of approximately HK\$11,235,000 for the nine months ended 30 June 2022.





## 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 2023, the Group's total borrowings comprised (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\$123,300,000 (as at 30 September 2022: HK\$81,496,000).

The Group's total gearing ratio was approximately 181% (as at 30 September 2022: 93%). The gearing ratio was calculated as the Group's total borrowings net of cash available divided by total equity of the Group.

## UPDATE ON NATURAL GAS BUSINESS


The peak period of natural gas usage for industrial customers is from October to December each year. Natural gas sales volume increased by approximately 12% in the nine months ended 30 June 2023 compared with the same period in 2022 to approximately 29,078,000 M<sup>3</sup> (nine months ended 30 June 2022: 25,921,000 M<sup>3</sup>).

The carrying amount of 宜昌市標典天然氣利用有限公司 (Yichang Biaodian Natural Gas Utilisation Co., Ltd.\*) ("**Yichang Biaodian**") as at 30 September 2022 was adjusted approximate to its recoverable amount which has been fully considered the factors such as recent business conditions, government policies and economic environment from October to mid-December 2022. From mid-December 2022 to the present, there have been no significant change in Yichang Biaodian's business conditions, government policies and economic environment. By considering the reasons aforesaid, the management of the Group believes that there is no significant need for Yichang Biaodian to recognise any reversal of impairment or impairment so as to adjust the carrying amount to the recoverable amount for the nine months ended 30 June 2023.

## LITIGATION

### **Yichang Biaodian Natural Gas Utilisation Co., Ltd**

During the year ended 31 December 2018, Yichang Biaodian had 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**").



On 13 March 2019, the Court issued civil mediation agreement which set out that the Yichang Plaintiff and Yichang Biaodian agreed with the repayment terms in relation to the amount of RMB8,787,000 (equivalent to HK\$10,413,000). However, Yichang Biaodian did not repay all the outstanding amount as scheduled in civil mediation agreement. Thus, the Yichang Plaintiff exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of amount overdue. On 19 May 2022, the Yichang Plaintiff and Yichang Biaodian signed another 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 since 1 May 2019. The directors of the Company considered that as the full amount of the remaining debts of RMB3,687,000 (equivalent to HK\$4,106,000) claimed by Yichang Plaintiff are fully provided as liability of the Group as at 30 June 2023 and Yichang Biaodian repaid the amount owed to Yichang Plaintiff as scheduled, no further liability will be incurred.

## **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS**

### **Acquisition of Machinery**

On 25 November 2022, 森籌環境科技(上海)有限公司 (Senchou Environmental Technology (Shanghai) Co., Ltd.\*) (“**Shanghai Senchou**”) has completed the acquisition of certain machinery with price of RMB24,270,000 from an independent third party vendor included in the contracts signed with the vendor on 29 March 2022 and 3 August 2022 as announced on respective dates. Deposits for acquisition of property, plant and equipment of RMB7,289,000 (equivalent to HK\$8,239,000) as at 30 September 2022 are utilized on that date. Details of the acquisition of machinery are disclosed in the Company’s announcements dated 29 March 2022 and 3 August 2022.





## PLEDGE OF ASSETS

The Group pledged (i) natural gas supply exclusive rights amounted to approximately HK\$75,816,000 and property, plant and equipment of approximately HK\$69,110,000 for bank and other borrowings of approximately HK\$54,646,000 and HK\$13,031,000, respectively (as at 30 September 2022: bank borrowing of HK\$21,873,000); (ii) a property amounted to approximately HK\$1,776,000 (as at 30 September 2022: HK\$1,949,000) to an independent third party for obtaining an advance of RMB100,000 as at 30 June 2023.

## DIVIDENDS

The Board does not recommend the payment of interim dividend for the nine months ended 30 June 2023 (nine months ended 30 June 2022: Nil).

## CONTINGENT LIABILITIES

The Group did not have any other significant contingent liabilities as at 30 June 2023 (as at 30 September 2022: Nil).

## CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments amounting to approximately HK\$8,704,000 (as at 30 September 2022: HK\$30,353,000).

## PROSPECT

Looking forward, with the significant relaxation of domestic epidemic prevention policies, the management believes that the economy will recover in an orderly manner in the coming year, which is expected to have a positive impact on the Group's two core businesses.

### Natural gas operations

Industrial customers will face the supply demand brought about by the domestic economic recovery, which will lead to an increase in gas consumption, and the revenue of this segment will continue to grow.

## Sales and leasing business

The closure measures during the epidemic in recent years have delayed the progress of some leasing projects. It is believed that after the relaxation of the prevention and control policies, customers of various projects will catch up with the progress of the projects and drive the income of the leasing business to increase.

Management 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 ("RMB").

During the nine months ended 30 June 2023, the Group has not entered into any agreement or commit to any financial instruments to hedge on the exchange rate exposure relating to RMB. The Group will continue to monitor its foreign exchange exposure.

## HUMAN RESOURCES AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2023, the Group employed 55 staff (as at 30 June 2022: 61 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 2023, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of GEM Listing Rules were as follows:

### Interests in the Company

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

| Directors/chief executive | Corporate Interests | Long (L) or short (S) position | Percentage of interests |
|---------------------------|---------------------|--------------------------------|-------------------------|
| Mr. Wu Guoming            | 18,437,500          | L                              | 4.04%                   |
| Mr. Wang Wenzhou          | 8,600,000           | L                              | 1.89%                   |

*L: Long position*

Save as disclosed above, as at 30 June 2023, 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 2023, 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 for the nine months ended 30 June 2023.

## **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 2022 to 30 June 2023, 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. Details of the Share Option Scheme are set out in 2022 Annual Report.

## **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 2022 to 30 June 2023.





## 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 2022 to 30 June 2023 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 resignation of Ms. Lam Yuk Kan Ester as an independent non-executive Director of the Company with effect from 2 August 2023, 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 taking an 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 2022 to 30 June 2023.

## 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 2022 to 30 June 2023 and has provided comments thereon.

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

*Executive Director and Chief Executive Officer*

Hong Kong, 14 August 2023

*As at the date of this report, the executive Directors are Mr. Wang Wenzhou (Chief Executive Officer), Mr. Wu Guoming, and Mr. Duan Fanfan; the Non-executive Director is Mr. Chen Long; 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.*