



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)**

**First Quarterly Report 2016**

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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”) 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 (the "Board") of Directors of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2016 with comparative unaudited figures for the corresponding period in 2015 as follows:

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

For the three months ended 31 March 2016

	Notes	Three months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	27,967	87,939
Cost of sales		<u>(27,862)</u>	<u>(87,810)</u>
Gross profit		105	129
Other income		25	205
General and administrative expenses		(6,396)	(5,240)
Marketing and promotion expenses		(4)	(1,237)
Staff costs		(4,393)	(37,362)
Finance cost		<u>(795)</u>	<u>-</u>
Loss before taxation		(11,458)	(43,505)
Taxation	4	-	-
Loss for the period		<u>(11,458)</u>	<u>(43,505)</u>
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		<u>(136)</u>	<u>-</u>
Total comprehensive expense for the period		<u>(11,594)</u>	<u>(43,505)</u>

		<b>Three months ended</b>	
		<b>31 March</b>	
	<i>Notes</i>	<b>2016</b>	2015
		<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		<b>(10,674)</b>	(43,505)
Non-controlling interests		<b>(784)</b>	–
		<u><b>(11,458)</b></u>	<u>(43,505)</u>
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		<b>(10,810)</b>	(43,505)
Non-controlling interests		<b>(784)</b>	–
		<u><b>(11,594)</b></u>	<u>(43,505)</u>
Loss per share – basic and diluted	5	<u><b>HK(0.235) cents</b></u>	<u>HK(1.133) cents</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

*For the three months ended 31 March 2016*

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The principal accounting policies applied in preparing these unaudited condensed consolidated financial statements are set out in note 2.

## 2. PRINCIPAL ACCOUNTING POLICIES

The amounts included in these unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

The unaudited condensed consolidated financial statements have been prepared on the historical basis.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2015, except for the accounting policy used for the first time in the current period as disclosed below.

### **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities assumed by the Group and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standards.

### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

### **Allocation of total comprehensive income to non-controlling interests**

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### **Foreign currencies**

For the purposes of presenting the unaudited condensed consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

In the current interim period, the Group has applied a number of amendments issued by the HKICPA that are mandatorily effective for the current interim period. The application of these amendments in the current interim period has had no material impact on the amounts reported in these unaudited condensed consolidated financial statements.

### 3. REVENUE

Analysis of revenue of the Group for the three months ended 2016 and 2015 is set forth below:

	<b>For the three months ended 31 March 2016</b>	For the three months ended 31 March 2015
Commodity trading	<b>27,615</b>	87,866
IT solution service fee	<b>190</b>	73
Sales of natural gas	<b>162</b>	–
	<hr/>	<hr/>
Total	<b>27,967</b>	87,939

### 4. TAXATION

No provision for Hong Kong Profits Tax has been made since the Company and its subsidiaries have no assessable profits for both periods.

### 5. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	<b>Three months ended 31 March</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>(10,674)</b>	(43,505)
	<hr/>	<hr/>
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>4,537,417</b>	3,840,000
	<hr/>	<hr/>

The weighted average number of shares for the purpose of calculating basic loss per share for the three months ended 31 March 2015 had been retrospectively adjusted in connection to the one-for-twenty subdivision of shares which became effective in January 2015.

Diluted loss per share is the same as basic loss per share as there were no potential ordinary shares in issue throughout both periods.

## 6. RESERVES

	Attributable to owners of the Company				
	Capital reserve HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 December 2014 and 1 January 2015 (audited)	7,540	49,561	–	(37,960)	19,141
Loss and total comprehensive expense for the period	–	–	–	(43,505)	(43,505)
Issue of ordinary shares	–	123,091	–	–	123,091
At 31 March 2015 (unaudited)	7,540	172,652	–	(81,465)	98,727
At 31 December 2015 and 1 January 2016 (audited)	7,540	172,652	(60)	(119,415)	60,717
Loss and total comprehensive expense for the period	–	–	(136)	(10,674)	(10,810)
Issue of ordinary shares	–	50,850	–	–	50,850
At 31 March 2016 (unaudited)	7,540	223,502	(196)	(130,089)	100,757

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.

## 7. ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in the section headed “Financial and Business Review” and “Completion of the Acquisition of 49% Equity Interest in Yichang Zhongyou” in this report, the Group had no acquisitions, disposals nor significant investments for the three months ended 31 March 2016.



## DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: nil).

## FINANCIAL AND BUSINESS REVIEW

The Group recorded an unaudited revenue for the three months ended 31 March 2016 which was decreased by approximately 68.2% to approximately HK\$27,967,000 as compared to approximately HK\$87,939,000 for the corresponding period in 2015. The revenue of the Group was generated from (i) the trading of commodities business, (ii) the IT business and (iii) the supply of natural gas business. Such decrease in the revenue was belonged to the decline in trading of commodities business in the competitive market. The Group has started to generate revenue from the supply of natural gas business in the end of February 2016 upon the completion of the acquisition (the "Acquisition") of 49% equity interest in 宜昌中油天然氣利用有限公司 (Yichang Zhongyou Natural Gas Utilization Co., Ltd.\*) ("Yichang Zhongyou").

During the period, the unaudited operating expenses of the Group for the three months period ended 31 March 2016 decreased by approximately 73.6% to approximately HK\$11,588,000 as compared to approximately HK\$43,839,000 for the last corresponding period. The decrease was mainly due to the decrease in staff costs from the corresponding period in 2015 of approximately HK\$37,362,000 to approximately HK\$4,393,000 for this period.

The unaudited net loss of the Group for the three months ended 31 March 2016 was approximately HK\$11,458,000 in which represented a decrease of approximately 73.7% when comparing with approximately HK\$43,505,000 for the last corresponding period.

## COMPLETION OF THE ACQUISITION OF 49% EQUITY INTEREST IN YICHANG ZHONGYOU

With all the conditions precedent having been fulfilled, completion of the Acquisition took place on 24 February 2016. Yichang Zhongyou is controlled by the Group in accordance with the Group's accounting policies and the legal opinion as advised by a People's Republic of China ("PRC") legal advisor. Yichang Zhongyou became a 49% indirectly-owned subsidiary of the Company since then.

\* For identification purpose only

The business scope of Yichang Zhongyou includes investment in natural gas projects, provision of natural gas technology consultation services, sales of natural gas and its cooking appliance and accessories. Yichang Zhongyou has been granted the approval to construct and operate the first phase of a natural gas project in Zhijiang City, Hubei Province, the PRC by Hubei Provincial Development and Reform Commission (湖北省發展和改革委員會).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has bank borrowings of approximately HK\$21,600,000 as at 31 March 2016. The Group's operation is being financed by internally generated cashflows, bank borrowings and external financing. The Group follows a policy of prudence in managing its working capital.

During the period, the Group had no material contingent liabilities as at 31 March 2016.

### Completion of the Subscription

On 29 September 2015, the Company entered into a subscription agreement (as amended and supplemented by the two supplemental agreements dated 26 November 2015 and 9 December 2015 respectively) (the "Subscription Agreement") with Mr. KAN Che Kin, Billy Albert (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 1,695,000,000 ordinary shares (the "Subscription Shares") at the subscription price of HK\$0.035 per Subscription Share (the "Subscription"). The Subscription was conditional upon, among other things, the completion of the Acquisition. The subscription price of the Subscription in the total amount of HK\$59,325,000 was to be paid by the Subscriber to the Company in cash upon completion of the Subscription. The net proceeds of approximately HK\$58.8 million were to be utilised as to (i) HK\$37.6 million for settlement of part of the consideration for the Yichang Acquisition; and (ii) approximately HK\$21.2 million for the Group's general working capital. The Subscription was approved by the shareholders of the Company at the Company's extraordinary general meeting held on 11 January 2016.

On 29 February 2016, the conditions precedent under the Subscription Agreement were fulfilled and completion of the Subscription has taken place.

## PROSPECTS

The Group continuously reaffirms its commitment to maximizing shareholders' value. Our senior management aims to enhance long term corporate strategy and growth by reviewing our strategic directions and operations periodically. The Group has started to generate revenue from the supply of natural gas business in the end of February 2016, which has strengthened the Group's stream of revenue and enhances its future growth and development in the energy and resources sector in the PRC. On the other hand, IT solution service business and commodities trading business face challenging environments during the period, the Directors may consider future investment when investment opportunities arise.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2016, the interests of the Directors in the shares 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 Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### 1. Interests in the Company

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

Name of Director	Number of shares held, capacity and nature of interest			Approximate percentage of the issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. WEI Yue Tong	35,000,000 (L)	1,802,580,000 (L) <i>(Note 1)</i>	1,837,580,000 (L)	32.49%
Mr. WENG Lin Lei	–	1,802,580,000 (L) <i>(Note 1)</i>	1,802,580,000 (L)	31.88%
Mr. FAN Wei Guo	120,000,000 (L)	–	120,000,000 (L)	2.12%
Mr. ZHENG Zhu Ping	120,000,000 (L)	–	120,000,000 (L)	2.12%

L: Long position

*Note:*

- As at 31 March 2016, 1,802,580,000 shares of the Company were held by Global Strategic (Holding) Group Limited, a company incorporated in Samoa with limited liability and is wholly-owned by Global Strategic Fund Holdings Limited, which in turn is owned as to 49% of its issued share capital by Hotex Holdings Limited and as to 51% of its issued share capital by Liang Tan Yi Xing International Foundation Company Limited ("Liang Tan Yi Xing Foundation"). Hotex Holdings Limited is wholly-owned by Mr. WENG Lin Lei. Liang Tan Yi Xing Foundation is owned by Mr. WEI Yue Tong, as to 90% of its issued share capital and by Mr. ZHENG Zhu Ping, as to 10% of its issued share capital.

## 2. Interest in an Associated Corporation of the Company

The table below sets out the aggregate long positions in Liang Tan Yi Xing Foundation held by a Director:

Name of Director	Capacity	Number of shares in the associated corporation	Approximate percentage of the issued share capital of the associated corporation
Mr. ZHENG Zhu Ping	Beneficial owner	11,666,667 (L)	10%

*L: Long position*

Save as disclosed above, as at 31 March 2016, none of the Directors had any interest or short position 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 Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, other than the interests and short positions of the Directors disclosed above, the following person (not being a Director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate Percentage of the issued share capital
Global Strategic (Holding) Group Limited	Beneficial owner	1,802,580,000 (L) <i>(Note 1)</i>	31.88%
Global Strategic Fund Holdings Limited	Interest in controlled corporation	1,802,580,000 (L) <i>(Note 1)</i>	31.88%
Hotex Holdings Limited	Interest in controlled corporation	1,802,580,000 (L) <i>(Note 1)</i>	31.88%
Liang Tan Yi Xing Foundation	Interest in controlled corporation	1,802,580,000 (L) <i>(Note 1)</i>	31.88%
Mr. KAN Che Kin, Billy Albert	Beneficial owner	1,695,000,000 (L) <i>(Note 2)</i>	29.97%

L: Long position

Note:

- Global Strategic (Holding) Group Limited, a company incorporated in Samoa with limited liability and is wholly-owned by Global Strategic Fund Holdings Limited, which in turn is owned as to 49% of its issued share capital by Hotex Holdings Limited and as to 51% of its issued share capital by Liang Tan Yi Xing Foundation. Hotex Holdings Limited is wholly-owned by Mr. WENG Lin Lei. Liang Tan Yi Xing Foundation is owned by Mr. WEI Yue Tong, as to 90% of its issued share capital and by Mr. ZHENG Zhu Ping, as to 10% of its issued share capital. Accordingly, each of Global Strategic Fund Holdings Limited, Hotex Holdings Limited and Liang Tan Yi Xing Foundation are deemed to be interested in the 1,802,580,000 shares of the Company under the SFO.

2. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue the Subscription Shares, representing approximately 42.80% of the issued share capital of the Company as at 31 December 2015 and approximately 29.97% of the issued share capital of Company as enlarged by the allotment and issue of the Subscription Shares upon completion of the Subscription, at the subscription price of HK\$0.035 per Subscription Share. The Subscription has completed as at 29 February 2016.

Save as disclosed above, no person had any interest or short position in the shares or underlying shares of the Company according to the register required to be kept by the Company under Section 336 of the SFO as at 31 March 2016.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the three months ended 31 March 2016.

## **COMPETING INTERESTS**

None of the Directors, the controlling shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had any business or interest which competed or might compete with the business of the Group nor had any other conflict of interests with the Group during the period under review.

## **CORPORATE GOVERNANCE CODE**

Throughout the three months ended 31 March 2016, the Company complied with the code provisions of the Corporate Governance Code set out in Appendix 15 of the 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 three months ended 31 March 2016.

## AUDIT COMMITTEE

As at 31 March 2016, the audit committee of the Company (the "Audit Committee") has six members comprising five independent non-executive Directors, namely, Mr. CHIU Wai Piu, Ms. KWAN Sin Yee, Mr. LEUNG Oh Man, Martin, Mr. SUN Zhi Jun and Ms. HUANG Yu Jun. The chairman of the Audit Committee is Mr. LEUNG Oh Man, Martin. The Audit Committee is accountable to the Board and the principal duties of the Audit Committee are, among other things, to assist the Board to review the Group's financial information, its financial and corporate governance reporting process and to supervise the Group's internal controls and risk management matters.

The Audit Committee has reviewed with the management of the Company and Deloitte Touche Tohmatsu, the external auditors of the Company, the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters, including review of the quarterly report of the Company for the three months ended 31 March 2016.

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

This report is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.globalstrategicgroup.com.hk](http://www.globalstrategicgroup.com.hk). The Company's quarterly report for the three months ended 31 March 2016 will be published on the above websites in due course.

By Order of the Board  
**GLOBAL STRATEGIC GROUP LIMITED**  
**WEI Yue Tong**  
*Chairman and Executive Director*

Hong Kong, 9 May 2016

*As at the date of this report, the executive Directors are Mr. WEI Yue Tong (Chairman), Mr. WENG Lin Lei, Mr. FAN Wei Guo, Mr. ZHENG Jian Peng and Ms. LEUNG Tsz Man; the non-executive Director is Mr. ZHENG Zhu Ping; and the independent non-executive Directors are Mr. CHIU Wai Piu, Mr. LEUNG Oh Man, Martin, Ms. KWAN Sin Yee, Mr. SUN Zhi Jun and Ms. HUANG Yu Jun.*