



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 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.

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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 (the "Directors") of Global Strategic Group Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 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 nine months ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	960	62,818	29,525	198,664
Cost of sales		(601)	(62,788)	(28,890)	(198,422)
Gross profit		359	30	635	242
Other income		6	-	34	151
General and administrative expenses		(7,200)	(4,939)	(21,083)	(22,842)
Marketing and promotion expenses		(2)	(247)	(6)	(2,234)
Other expenses and losses		-	-	(216)	-
Staff costs		(2,005)	(3,374)	(9,927)	(44,016)
Finance costs		(2,322)	-	(5,493)	-
Loss before taxation		(11,164)	(8,530)	(36,056)	(68,699)
Taxation	5	-	-	-	-
Loss for the period		(11,164)	(8,530)	(36,056)	(68,699)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Other comprehensive expenses					
Item that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation		<u>(3,268)</u>	<u>(72)</u>	<u>(3,316)</u>	<u>(84)</u>
Total comprehensive expense for the period		<u>(14,432)</u>	<u>(8,602)</u>	<u>(39,372)</u>	<u>(68,783)</u>
Loss for the period attributable to:					
Owners of the Company		<u>(8,240)</u>	<u>(8,530)</u>	<u>(28,992)</u>	<u>(68,699)</u>
Non-controlling interests		<u>(2,924)</u>	<u>–</u>	<u>(7,064)</u>	<u>–</u>
		<u>(11,164)</u>	<u>(8,530)</u>	<u>(36,056)</u>	<u>(68,699)</u>
Total comprehensive expense for the period attributable to:					
Owners of the Company		<u>(9,884)</u>	<u>(8,602)</u>	<u>(30,718)</u>	<u>(68,783)</u>
Non-controlling interests		<u>(4,548)</u>	<u>–</u>	<u>(8,654)</u>	<u>–</u>
		<u>(14,432)</u>	<u>(8,602)</u>	<u>(39,372)</u>	<u>(68,783)</u>
Loss per share – basic and diluted	6	<u>HK(0.146) cents</u>	<u>HK(0.218) cents</u>	<u>HK(0.549) cents</u>	<u>HK(1.752) cents</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended 30 September 2016

## 1. BASIS OF PREPARATION

### A. General Information

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 "Stock Exchange").

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

In prior years and up to the acquisition of Yichang Zhongyou (as defined in note 3) in February 2016, the Group's functional currency was Hong Kong Dollars ("HK\$"). The Directors had evaluated the primary economic environment in which the Group operates, including the underlying investment activities and strategy of the Group after the acquisition of Yichang Zhongyou in February 2016 and have determined that the functional currency of the Company changed from HK\$ to Renminbi ("RMB"). The effects of the change of the functional currency of the Company had been accounted for prospectively during the period. The unaudited condensed consolidated financial statements are continued to be presented in HK\$ which is considered to be more relevant as the shares of the Company are listed in the Stock Exchange.

### B. Basis of Preparation

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\$36,056,000 for the nine months period ended 30 September 2016, the Group's current liabilities exceeded its current assets and the capital commitments as of that date.

As at 30 September 2016, Global Strategic (Holding) Group Limited, the major substantial shareholder of the Company, will provide sufficient funds to the Group so that the Group will be able to meet all current obligations as they fall due in the coming twelve months after the nine months period ended 30 September 2016.

In addition, a related party which has granted loans to the Group totaling RMB14,737,000 (equivalent to HK\$17,390,000\*) as at 30 September 2016, and the non-controlling shareholders which have granted loans to the Group totaling RMB123,675,000 (equivalent to HK\$145,936,000\*) as at 30 September 2016, have committed not to demand the Group for repayment for the coming twelve months after the nine months period ended 30 September 2016.

Taking into account the above factors, the Directors are of the opinion that, together with the internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months commencing from the date of the unaudited condensed consolidated financial statements. Hence, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

\* the loans in RMB has been translated into HK\$ at the exchange rate of RMB1=HK\$1.18

## 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.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

### **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 by 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 recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised 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 recognised 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 recognised 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 recognised directly in profit or loss. An impairment loss recognised 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.

**Prepaid lease payments**

The land use rights arising from business combination are initially recognised on the condensed consolidated statement of financial position as "prepaid lease payments" at its fair value on date of acquisition. Prepaid lease payments are classified as operating leases and are amortised over the lease term on a straight-line basis.

**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. CRITICAL ACCOUNTING JUDGEMENT

#### **Control over 宜昌中油天然氣利用有限公司 (Yichang Zhongyou Natural Gas Utilization Co., Ltd.\*) (“Yichang Zhongyou”)**

Yichang Zhongyou is a subsidiary of the Group even though the Group has only 49% ownership interest in Yichang Zhongyou.

The Group has held 49% equity interest in Yichang Zhongyou since 24 February 2016 and 湖北標典天然氣有限公司 (Hubei Biaodian Natural Gas Co., Ltd.\*) and Mr. Li Wan Qing (collectively the “Non-controlling Shareholders”), both were independent third parties to the Group, owned 41% and 10% equity interest in Yichang Zhongyou respectively.

The Directors, with the assistance of the legal counsel in the People’s Republic of China (the “PRC”), assessed whether or not the Group has control over Yichang Zhongyou based on whether the Group has the practical ability to direct the relevant activities of Yichang Zhongyou unilaterally. In making their judgement, the Directors considered the Group’s power to affect the Board of Directors (the “BOD”) of Yichang Zhongyou. The BOD of Yichang Zhongyou, responsible for all relevant activities of Yichang Zhongyou, consisted of 6 directors, of which 3 were appointed by the Group while the other 3 directors were appointed by the Non-controlling Shareholders. BOD resolutions of Yichang Zhongyou were reached by simple majority. In accordance with the terms of a further shareholders’ agreement entered into between the Group and the Non-controlling Shareholders, in any events where the Group and the Non-controlling Shareholders have diverged views in the BOD meetings, the Group, as the single largest shareholder of Yichang Zhongyou, has the power to make the final decision.

After assessment, the Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Yichang Zhongyou and therefore the Group has control over Yichang Zhongyou.

\* English name is for identification purpose only.



#### 4. REVENUE

Analysis of revenue of the Group for the three months ended and nine months ended 30 September 2016 and 2015 is set forth below:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Trading of copper	–	62,818	27,615	198,520
IT solution service fee	473	–	884	144
Sales of natural gas	487	–	1,026	–
Total	<u>960</u>	<u>62,818</u>	<u>29,525</u>	<u>198,664</u>

#### 5. TAXATION

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax has been made since the Company and its subsidiaries in both Hong Kong and the PRC have no assessable profits for the nine months period ended 30 September 2016, while there was available tax loss for the nine months period ended 30 September 2015.

#### 6. 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:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(8,240)</u>	<u>(8,530)</u>	<u>(28,992)</u>	<u>(68,699)</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>5,655,000</u>	<u>3,920,440</u>	<u>5,283,832</u>	<u>3,920,440</u>

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

## 7. RESERVES

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2015 (audited)	18,000	49,561	7,540	-	(37,960)	37,141	-	37,141
Exchange difference arising on translation of foreign operation	-	-	-	(84)	-	(84)	-	(84)
Loss for the period	-	-	-	-	(68,699)	(68,699)	-	(68,699)
Total comprehensive expense for the period	-	-	-	(84)	(68,699)	(68,783)	-	(68,783)
Issue of ordinary shares	1,800	123,091	-	-	-	124,891	-	124,891
At 30 September 2015 (unaudited)	19,800	172,652	7,540	(84)	(106,659)	93,249	-	93,249
At 1 January 2016 (audited)	19,800	172,652	7,540	(60)	(119,415)	80,517	-	80,517
Exchange difference arising on translation of foreign operation	-	-	-	(1,726)	-	(1,726)	(1,590)	(3,316)
Loss for the period	-	-	-	-	(28,992)	(28,992)	(7,064)	(35,056)
Total comprehensive expense for the period	-	-	-	(1,726)	(28,992)	(30,718)	(8,654)	(39,372)
Acquisition of Yichang Zhongyou	-	-	-	-	-	-	99,340	99,340
Issue of ordinary shares	8,475	50,850	-	-	-	59,325	-	59,325
At 30 September 2016 (unaudited)	28,275	223,502	7,540	(1,786)	(148,407)	109,124	90,686	199,810

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.

## 8. ACQUISITIONS, DISPOSAL AND SIGNIFICANT INVESTMENTS

On 24 February 2016, the Group has completed the acquisition of 49% equity interest in Yichang Zhongyou. Further details of the acquisition of Yichang Zhongyou are set out in the interim report 2016 as published on 12 August 2016. Apart from this, the Group had no acquisitions, disposals nor significant investments for the nine months ended 30 September 2016.

## 9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: nil).

## 10. EVENT AFTER THE REPORTING PERIOD

On 11 October 2016, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement (the "Subscription Agreement") with, among others, the founding shareholders of 新疆國力源投資有限公司 (Xinjiang Guoliyuan Investment Co., Ltd.\*) ("Xinjiang Guoliyuan") and Xinjiang Guoliyuan, both are independent third parties, pursuant to which the subsidiary of the Company has conditionally agreed to subscribe for and inject RMB105,000,000 (equivalent to HK\$121,800,000) into Xinjiang Guoliyuan. Xinjiang Guoliyuan and its subsidiaries were principally engaged in the development, promotion and investment of paper-making industry and provision of technical and consultancy services.

Following completion of the subscription agreement, the subsidiary of the Company will hold 35% of the equity interest of Xinjiang Guoliyuan, and as assessed by the Director, would then become an associate of the Group.

As at the date of this report, the subscription agreement is still incomplete as the conditions precedent as stated in the Subscription Agreement has not yet been fulfilled.

\* *English name is for identification purpose only.*

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: nil).

## FINANCIAL AND BUSINESS REVIEW

The Group recorded an unaudited revenue for the nine months ended 30 September 2016 which was decreased by approximately 85.1% to approximately HK\$29,525,000 as compared to approximately HK\$198,664,000 for the corresponding period in 2015. The streams of revenue of the Group were mainly derived from three aspects: the trading of commodities business, the IT business and the supply of natural gas business. Such variation in the revenue of the Group was due to the decline in trading of commodities business in the rival market. As the Group has started the pipeline supply of natural gas business for only six months, the revenue was gently generated in initial stage. In the IT business, the Group was on track with slightly growth.

During the period, the unaudited operating expenses of the Group for the nine months period ended 30 September 2016 decreased by approximately 46.8% to approximately HK\$36,725,000 as compared to approximately HK\$69,092,000 for the last corresponding period. The fluctuation was mainly due to the decrease in staff costs from the corresponding period in 2015 of approximately HK\$44,016,000 to approximately HK\$9,927,000 for this period in order to enhance cost management. However, the Group has incurred additional expenses for the pipeline natural gas supply business as the Group has yet to acquire such business in the corresponding period in 2015. Moreover, exchange differences arising on translation increased the total comprehensive expenses as compared with the corresponding period in 2015.

The unaudited net loss of the Group for the nine months ended 30 September 2016 was approximately HK\$36,056,000 in which represented a decrease of approximately 47.5% when comparing with approximately HK\$68,699,000 for the last corresponding period.

## CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

During the nine months ended 30 September 2016, the Company has moved its head office and principal place of business of the Company in Hong Kong to Room 1216, 12/F., North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon with effect from 16 June 2016.

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

With all the conditions precedent having been fulfilled, completion of the acquisition of Yichang Zhongyou (the "Yichang Acquisition") took place on 24 February 2016. Following completion, Yichang Zhongyou became a 49% indirectly-owned subsidiary of the Company and its financial results has been consolidated into the financial statements of the Group.

The business scope of Yichang Zhongyou includes investment in natural gas projects, 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\$21,240,000 as at 30 September 2016. The Group's operation is being financed by internally generated cashflows, bank borrowings and external financing. Due to the careful consideration to the going concern of the Group by the Directors, as at 30 September 2016, Global Strategic (Holding) Group Limited, the major substantial shareholder of the Company, has provided sufficient funds to the Group so that the Group will be able to meet all current obligations as they fall due in the coming twelve months after the nine months period ended 30 September 2016. In addition, as at 30 September 2016, a related party, which has granted loans to the Group totaling approximately HK\$17,390,000, and the non-controlling shareholders, which have granted loans to the Group totaling approximately HK\$145,936,000, have committed not to demand the Group for repayment for the coming twelve months after the nine months period ended 30 September 2016. The Group will continue to follow a policy of prudence in managing its working capital. Further financing activities will be made by the Company as and when appropriate.

During the period, the Group had no material contingent liabilities as at 30 September 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 at the subscription price of HK\$0.035 per share (the "Subscription"). The Subscription was conditional upon, among other things, the completion of the Yichang 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 had been fulfilled and completion of the Subscription took place.

## EVENTS AFTER REPORTING PERIOD

### Possible Subscription

As disclosed in the announcement of the Company dated 11 October 2016, Smart Target Billion Limited (the "Smart Target"), an indirect wholly-owned subsidiary of the Company, entered into the subscription agreement with, among others, 張碧瓊 (Ms. Zhang Biqiong\*) and 王延兵 (Mr. Wang Yanbing\*), who are the founding shareholders of 新疆國力源投資有限公司 (Xinjiang Guoliyuan Investment Co., Ltd.\*) ("Xinjiang Guoliyuan Investment"), and Xinjiang Guoliyuan Investment on 11 October 2016 pursuant to which Smart Target has conditionally agreed to subscribe for and inject RMB105,000,000 (equivalent to HK\$121,800,000) into Xinjiang Guoliyuan Investment (the "Xinjiang Guoliyuan Subscription").

Following completion of the subscription agreement, Smart Target will hold 35% of the equity interest of Xinjiang Guoliyuan Investment.

As at the date of this report, the Xinjiang Guoliyuan Subscription is still in progress and further announcement(s) will be made by the Company in respect of the Xinjiang Guoliyuan Subscription as and when appropriate.

## PROSPECTS

The Group restates its commitment to maximize shareholders' wealth with periodically reviewing our strategic directions and anticipation of operations by the senior management team in order to strengthen long term corporate strategy and enhance business growth. The Group will focus on the supplying of pipeline natural gas business as well as the online sales channel e-commerce platform business. Besides, the Group will seek for more opportunities for commodity trading. Meanwhile, the Group will explore more source of income from investment development and promotion of paper-making and provision of technical and consultancy services. The Group will continue to take more investment occasions to intensify the current portfolio and involvement in IT, energy and environmental protection resources sectors for future business growth.

## 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, Renminbi, Macau Pataca and United States dollars.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 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 Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange (the "GEM Listing Rules") were as follows:

## 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	Capacity	Number of shares	Approximate percentage of the issued share capital
Mr. WENG Lin Lei	Interest in controlled corporation	1,802,580,000 (L) (Note)	31.88%

L: Long position

Note:

As at 30 September 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.

Save as disclosed above, as at 30 September 2016, none of the Directors 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 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 30 September 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%
Key Fit Group Limited	Beneficial owner	1,125,000,000 (L) <i>(Note 2)</i>	19.89%
China LNG Group Limited	Interest In controlled corporation	1,125,000,000 (L) <i>(Note 2)</i>	19.89%

L: Long position

*Note:*

1. 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. Key Fit Group Limited is owned as to approximately 60.42% by China LNG Group Limited. China LNG Group Limited is a company listed on the Main Board of the Stock Exchange and is owned directly as to approximately 68.29% by Mr. KAN Che Kin, Billy Albert as at 30 September 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 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2016.

## AUDIT COMMITTEE

As at 30 September 2016, the audit committee of the Company (the "Audit Committee") has four members who are independent non-executive Directors, namely, 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 of the Group's financial information, its financial and corporate governance reporting process and to supervise over the Group's internal controls and risk management matters.

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group and have discussed auditing, internal controls and financial reporting matters, including the review of the unaudited quarterly results and quarterly report of the Company for the nine months ended 30 September 2016.

## PUBLICATION OF THIRD QUARTERLY RESULTS AND THIRD QUARTERLY 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 nine months ended 30 September 2016 will be published on the above websites in due course.

By Order of the Board  
**GLOBAL STRATEGIC GROUP LIMITED**  
**Weng Lin Lei**  
*Chairman and Executive Director*

Hong Kong, 9 November 2016

*As at the date of this report, the executive Directors are Mr. Weng Lin Lei (Chairman) and Ms. Leung Tsz Man; and the independent non-executive Directors are Ms. Kwan Sin Yee, Mr. Leung Oh Man, Martin, Mr. Sun Zhi Jun and Ms. Huang Yu Jun.*

*For illustration purposes only and unless otherwise stated, all amounts denominated in RMB in this report has been translated into HK\$ at the exchange rate of RMB1 = HK\$1.16.*

*\* 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.*