



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)

# 2018

## First Quarterly Report



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 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. 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”) 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 (“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 three months ended 31 March 2018 with comparative unaudited figures for the corresponding period in 2017 as follows:

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

For the three months ended 31 March 2018

|  | Notes | Three months ended<br>31 March  |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2018<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited) |
| Revenue  | 3     | 6,128                           | 1,095                           |
| Cost of sales  |       | <u>(4,654)</u>                  | <u>(854)</u>                    |
| Gross profit   |       | 1,474                           | 241                             |
| Other income   |       | –                               | 313                             |
| Selling and distribution cost  |       | (6,133)                         | (3,213)                         |
| General and administrative expenses  |       | (9,891)                         | (6,462)                         |
| Finance costs  |       | <u>(4,686)</u>                  | <u>(3,822)</u>                  |
| Loss before tax  |       | (19,236)                        | (12,943)                        |
| Income tax credit  | 4     | <u>510</u>                      | <u>469</u>                      |
| Loss for the period  |       | <u>(18,726)</u>                 | <u>(12,474)</u>                 |
| Other comprehensive income   |       |                                 |                                 |
| Item that will not be reclassified to profit or loss:  |       |                                 |                                 |
| Exchange differences arising on translation of financial statements to presentation currency |       | <u>8,014</u>                    | <u>1,462</u>                    |
| Total comprehensive expense for the period   |       | <u>(10,712)</u>                 | <u>(11,012)</u>                 |

|  |              | <b>Three months ended</b> |                 |
|--|--------------|---------------------------|-----------------|
|  |              | <b>31 March</b>           |                 |
|  |              | <b>2018</b>               | 2017            |
|  | <i>Notes</i> | <b>HK\$'000</b>           | <i>HK\$'000</i> |
|  |              | <b>(Unaudited)</b>        | (Unaudited)     |
| Loss for the period attributable to:                                 |              |                           |                 |
| Owners of the Company  |              | <b>(14,268)</b>           | (9,238)         |
| Non-controlling interests  |              | <b>(4,458)</b>            | (3,236)         |
|  |              | <b>(18,726)</b>           | (12,474)        |
| Total comprehensive (expense) income for the period attributable to: |              |                           |                 |
| Owners of the Company  |              | <b>(10,844)</b>           | (8,554)         |
| Non-controlling interests  |              | <b>132</b>                | (2,458)         |
|  |              | <b>(10,712)</b>           | (11,012)        |
| Loss per share – basic and diluted ( <i>HK cents</i> )               | 7            | <b>(0.252)</b>            | (0.164)         |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

*For the three months ended 31 March 2018*

## 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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

### 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\$18,726,000 for the three months period ended 31 March 2018, the Group's current liabilities exceeded its current assets and taking into account the capital commitments as of that date.

As at 31 March 2018, Global Strategic (Holding) Group Limited, the immediate holding company of the Company, has agreed to 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 three months period ended 31 March 2018.

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 condensed consolidated financial statements. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

## 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. In addition, the unaudited condensed consolidated financial statements include the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

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

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the three months ended 31 March 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

## 3. REVENUE

Analysis of revenue of the Group for the three months ended 31 March 2018 and 2017 is set forth below:

|                                | <b>For the three months ended</b> |              |
|--------------------------------|-----------------------------------|--------------|
|                                | <b>31 March</b>                   |              |
|                                | <b>2018</b>                       | 2017         |
|                                | <b>HK\$'000</b>                   | HK\$'000     |
| <b>Sales of goods</b>          |                                   |              |
| Trading of copper              | –                                 | –            |
| Sales of natural gas           | <u>5,990</u>                      | <u>716</u>   |
|                                | <u>5,990</u>                      | <u>716</u>   |
| <b>Rendering of services</b>   |                                   |              |
| IT solution services           | <u>22</u>                         | 170          |
| Pipeline installation services | <u>116</u>                        | <u>209</u>   |
|                                | <u>138</u>                        | <u>379</u>   |
| Total revenue                  | <u><b>6,128</b></u>               | <u>1,095</u> |

#### 4. INCOME TAX CREDIT

|                           | For the three months ended |            |
|---------------------------|----------------------------|------------|
|                           | 31 March                   |            |
|                           | 2018                       | 2017       |
|                           | HK\$'000                   | HK\$'000   |
| Current tax:              |                            |            |
| Hong Kong Profits Tax     | –                          | –          |
| PRC Enterprise Income tax | –                          | –          |
|                           | <u>–</u>                   | <u>–</u>   |
| Deferred tax:             |                            |            |
| Current period credit     | 510                        | 469        |
|                           | <u>510</u>                 | <u>469</u> |
| Income tax credit         | <u>510</u>                 | <u>469</u> |

PRC Enterprise Income Tax was charged at 25% on the estimated assessable profits in this period for all of the subsidiaries in the PRC. No provision for PRC Enterprise Income Tax has been made since the Company's subsidiaries in the PRC have no assessable profits for the periods presented.

Hong Kong Profits Tax was charged at 16.5% on the estimated assessable profits in this period, while there was no provision for Hong Kong Profit Tax in last periods since the Company's subsidiaries in Hong Kong had no assessable profits in last periods.

#### 5. SHARE CAPITAL

|  | Number of shares  |                   | Share capital |               |
|--|-------------------|-------------------|---------------|---------------|
|  | 31/3/2018         | 31/3/2017         | 31/3/2018     | 31/3/2017     |
|  | '000              | '000              | HK\$'000      | HK\$'000      |
| Authorised:                                      |                   |                   |               |               |
| 16,000,000,000 ordinary shares of HK\$0.005 each | <u>16,000,000</u> | <u>16,000,000</u> | <u>80,000</u> | <u>80,000</u> |
| Issued and fully paid:                           |                   |                   |               |               |
| At 1 January 2018                                | 5,655,000         | 5,655,000         | 28,275        | 28,275        |
| Exercise of share options (Note)                 | <u>5,000</u>      | <u>–</u>          | <u>25</u>     | <u>–</u>      |
| At 31 March 2018                                 | <u>5,660,000</u>  | <u>5,655,000</u>  | <u>28,300</u> | <u>28,275</u> |

Note: This represented 5,000,000 shares options which had been exercised at a price of HK\$0.1112 each by the eligible participants of the Group during the period.

## 6. SHARE-BASED PAYMENT TRANSACTIONS

### Equity-settled share option scheme

On 30 November 2012, the Company adopted a share option scheme (the "Scheme"). The purpose of the Scheme is to attract and to retain quality personnel and other persons and to provide them with incentive to contribute to the business and operation of the Group.

On 31 March 2018, the total number of shares of the Company available for issue under the Scheme adopted by the Company on 30 November 2012 is 171,000,000 (2017: 233,000,000) shares of HK\$0.005 each in the share capital of the Company, representing approximately 3.02% (2017: 4.12%) of the issued share capital of the Company. Unless otherwise determined by the Directors, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. There is no consideration for the application or acceptance of an option under the Scheme. The remaining life of the Scheme is approximately five years and to be expired on 30 November 2022.

Details of specific categories of options are as follows:

|      | Date of grant | Vesting period | Exercise period           | Exercise price | Exercise dates |
|------|---------------|----------------|---------------------------|----------------|----------------|
| 2017 | 21/12/2017    | N/A            | 21/12/2017-<br>21/12/2019 | 0.1112         | N/A            |
| 2018 | 18/01/2018    | N/A            | 18/01/2018-<br>18/01/2020 | 0.1570         | N/A            |

The following table discloses movements of the Company's share options held by employees during the period:

| Option Type                          | Outstanding at 01/01/2018 | Granted during period | Exercise during period | Forfeited during period<br>(note) | Expired during period | Outstanding at 31/03/2018 |
|--------------------------------------|---------------------------|-----------------------|------------------------|-----------------------------------|-----------------------|---------------------------|
| 2017                                 | 67,000,000                | –                     | 5,000,000              | 12,000,000                        | –                     | 50,000,000                |
| 2018                                 | –                         | 62,000,000            | –                      | –                                 | –                     | 62,000,000                |
|                                      | <u>67,000,000</u>         | <u>62,000,000</u>     | <u>5,000,000</u>       | <u>12,000,000</u>                 | <u>–</u>              | <u>112,000,000</u>        |
| Exercisable at the end of the period |                           |                       |                        |                                   |                       | <u>112,000,000</u>        |
| Weighted average exercise price      | <u>0.1112</u>             | <u>0.1570</u>         | <u>0.1112</u>          | <u>0.1112</u>                     | <u>–</u>              | <u>0.1366</u>             |

*Note:* The forfeiture represented the share options granted to the eligible participants of the Group, which were forfeited upon their resignations during the period.



In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HK\$0.1496 (2017: nil).

During the period ended 31 March 2018, options were granted on 18 January 2018. The estimated fair values of the options granted on that date is HK\$2,947,000. During the year ended 31 December 2017, options were granted on 21 December 2017. The estimated fair values of the options granted on that date is HK\$2,446,000.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

|                              | <b>2018</b>       | 2017       |
|------------------------------|-------------------|------------|
| Weighted average share price | <b>HK\$0.1480</b> | HK\$0.1112 |
| Exercise price               | <b>HK\$0.1570</b> | HK\$0.1112 |
| Expected volatility          | <b>61.88%</b>     | 60.22%     |
| Expected life                | <b>2 years</b>    | 2 years    |
| Risk-free rate               | <b>1.324%</b>     | 1.393%     |
| Expected dividend yield      | <b>0%</b>         | 0%         |

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK\$2,947,000 for the period ended 31 March 2018 (31 March 2017: nil) in relation to share options granted by the Company.

**7. LOSS PER SHARE – BASIC AND DILUTED**

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

|  | <b>For the three months ended</b> |                  |
|--|-----------------------------------|------------------|
|  | <b>31 March</b>                   |                  |
|  | <b>2018</b>                       | 2017             |
|  | <b>HK\$'000</b>                   | HK\$'000         |
| Loss for the period attributable to owners of the Company<br>for the purpose of basic loss per share | <u><b>(14,268)</b></u>            | <u>(9,238)</u>   |
|  | <i>'000</i>                       | <i>'000</i>      |
| Weighted average number of ordinary shares<br>for the purpose of basic loss per share                | <u><b>5,656,722</b></u>           | <u>5,655,000</u> |

The computation of diluted loss per share for the period ended 31 March 2018 does not assume the exercise of the Company's outstanding share options, as this would result in the decrease in the loss per share. Diluted loss per share was the same as basic loss per share as there were no potential ordinary shares in issue for the period ended 31 March 2017.

## 8. RESERVES

|   | Attributable to owners of the Company |                 |               |               |                     |               |                    | Non-controlling interests | Total    |           |
|---|---------------------------------------|-----------------|---------------|---------------|---------------------|---------------|--------------------|---------------------------|----------|-----------|
|   | Share capital                         | Capital reserve | Share premium | Other reserve | Translation reserve | Share options | Accumulated losses |                           |          | Sub-total |
|   | HK\$'000                              | HK\$'000        | HK\$'000      | HK\$'000      | HK\$'000            | HK\$'000      | HK\$'000           | HK\$'000                  | HK\$'000 |           |
| At 1 January 2017 (audited)   | 28,275                                | 7,540           | 223,502       | 16,613        | (4,919)             | -             | (152,639)          | 118,372                   | 103,985  | 222,357   |
| Exchange differences arising on translation of financial statements to presentation currency  | -                                     | -               | -             | -             | 684                 | -             | -                  | 684                       | 778      | 1,462     |
| Loss for the period   | -                                     | -               | -             | -             | -                   | -             | (9,238)            | (9,238)                   | (3,236)  | (12,474)  |
| Loss and total comprehensive expense for the period   | -                                     | -               | -             | -             | 684                 | -             | (9,238)            | (8,554)                   | (2,458)  | (11,012)  |
| Deemed capital contribution arising from non-current interest free loan from a shareholder of the Company and non-controlling shareholders of a subsidiary and its related parties                                  | -                                     | -               | -             | 1,729         | -                   | -             | -                  | 1,729                     | 537      | 2,266     |
| At 31 March 2017 (unaudited)  | 28,275                                | 7,540           | 223,502       | 18,342        | (4,235)             | -             | (161,877)          | 111,547                   | 102,064  | 213,611   |
| At 1 January 2018 (audited)   | 28,275                                | 7,540           | 223,502       | 32,102        | (347)               | 2,446         | (185,864)          | 107,654                   | 113,453  | 221,107   |
| Exchange differences arising on translation of financial statements to presentation currency  | -                                     | -               | -             | -             | 3,424               | -             | -                  | 3,424                     | 4,590    | 8,014     |
| Loss for the period   | -                                     | -               | -             | -             | -                   | -             | (14,268)           | (14,268)                  | (4,458)  | (18,726)  |
| Loss and total comprehensive expense for the period   | -                                     | -               | -             | -             | 3,424               | -             | (14,268)           | (10,844)                  | 132      | (10,712)  |
| Recognition of share-based payments   | -                                     | -               | -             | -             | -                   | 2,947         | -                  | 2,947                     | -        | 2,947     |
| Exercise of share options   | 25                                    | -               | 531           | -             | -                   | -             | -                  | 556                       | -        | 556       |
| Forfeiture of share options   | -                                     | -               | -             | -             | -                   | (432)         | 432                | -                         | -        | -         |
| Adjustment of deemed capital contribution arising from early repayment of non-current interest free loan from a shareholder of the Company and non-controlling shareholders of a subsidiary and its related parties | -                                     | -               | -             | (508)         | -                   | -             | -                  | (508)                     | (529)    | (1,037)   |
| Deemed contribution arising from acquisition of a subsidiary (note 9)   | -                                     | -               | -             | 54            | -                   | -             | -                  | 54                        | -        | 54        |
| At 31 March 2018 (unaudited)  | 28,300                                | 7,540           | 224,033       | 31,648        | 3,077               | 4,961         | (199,700)          | 99,859                    | 113,056  | 212,915   |

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.

## 9. ACQUISITIONS, DISPOSAL AND SIGNIFICANT INVESTMENTS

On 6 October 2017, 帝航能源(深圳)有限公司 (Dihang Energy (Shenzhen) Company Limited\*) ("Dihang Energy"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with 上海奢冠國際貿易有限公司 (Shanghai Sheguan International Trading Company Limited\*), a related company which was owned as to 61% by and controlled by Mr. Weng Lin Lei, a shareholder of the Group, and 深圳安捷能特分布式能源有限公司 (Shenzhen Energynt Co. Ltd.) ("Shenzhen Energynt"), pursuant to which Dihang Energy agreed to acquire the entire equity interests in Shenzhen Energynt at a nominal consideration of RMB1.

Shenzhen Energynt and its subsidiaries were principally engaged in design and construction of new energy power generation equipment, energy storage systems and power equipment, technology development, technical services and technology transfer.

On 3 January 2018, the Group had completed the acquisition of Shenzhen Energynt and was then became a 100% owned subsidiary of the Group. Total fair value of the identified net assets on that date was amounted to HK\$54,000, the surplus of the fair value of identified net assets acquired over the nominal consideration, amounting to HK\$54,000, had therefore been accounted for as deemed capital contribution and credited in other reserve.

There were no other acquisitions, disposal and significant investments completed in this period.

## 10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: nil).

## 11. EVENT AFTER THE REPORTING PERIOD

On 3 May 2018, the Company entered into the subscription agreement with the Mr. Lo Hou On, an independent third party, (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes (the "Notes") in the aggregate principal amount of HK\$20,000,000.

Under the terms and conditions of the Notes, the Notes will bear coupon interest at the rate of 10% per annum. The Notes are convertible into new Shares at a conversion price of HK\$0.108 per share (subject to adjustments). The maturity of the Notes will be the date falling on the second anniversary of the date of issue of the Notes.

The gross proceeds and net proceeds from the issue of the Notes will be HK\$20,000,000 and approximately HK\$19,880,000 respectively. The Company intends to use the net proceeds for general working capital of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL AND BUSINESS REVIEW

The Group's unaudited revenue for the three months ended 31 March 2018 was approximately HK\$6,128,000 (three months ended 31 March 2017: HK\$1,095,000), of which approximately HK\$6,106,000 was generated from the sales of natural gas and pipeline installation services and the remaining of approximately HK\$22,000 was from the Group's IT solution services. No revenue was generated from trading of commodities for the three months ended 31 March 2018 and 31 March 2017.

The Group's total operating expenses, which include selling and distribution costs and general and administrative expenses, for the three months period ended 31 March 2018 increased to approximately HK\$16,024,000 from approximately HK\$9,675,000 for the last corresponding period, which was mainly attributable to the increase in selling and distribution cost from segment sales of natural gas and administrative costs of new segment on energy business.

Finance costs of the Group was approximately HK\$4,686,000 for the three months period ended 31 March 2018 (three months ended 31 March 2017: HK\$3,822,000), which represented the imputed interest expense on non-current interest free loan from a substantial shareholder of the Company and non-controlling shareholders of a non-wholly-owned subsidiary and interest on bank borrowings.

During the period ended 31 March 2018, 62,000,000 share options were granted on 18 January 2018. The estimated fair value of the options granted on that date is HK\$2,947,000 which had been included in the Group's administrative expenses as share-based payments.

Loss for the three months period ended 31 March 2018 was approximately HK\$14,268,000, compared with loss of approximately HK\$9,238,000 for the last corresponding period.

During the three months ended 31 March 2018, the Group entered into the non-legally binding memorandum of understanding (the “MOU”) with 上海協同科技股份有限公司 (Shanghai Xietong Technology Inc.) (“Shanghai Xietong”) and 安徽征聖智慧科技有限公司 (Anhui Zhengsheng Intelligent Technology Co., Ltd.\*) (“Anhui Zhengsheng”, together with Shenzhen Energynt and Shanghai Xietong as the “Parties”) on 1 February 2018. Pursuant to the MOU, the Parties have agreed, in using each of their own competitive advantage, to establish strategic cooperation in the aspect of integrated energy management services, so as to promote the provision of integrated energy management services by the Company in various industries. As at the date of this report, no formal agreement has been entered into among the Parties. Details of the MOU was disclosed in the Company’s announcement dated 1 February 2018.

On 6 February 2018, the Group entered into the pre-acquisition agreement (the “PAA”) in relation to the possible acquisition with 淮北深容新能源科技有限公司 (Huaibei Shenrong New Energy Technology Co. Ltd.\*) (“Huaibei Shenrong”), 上海欣束新能源科技有限公司 (Shanghai Xinshu New Energy Technology Co., Ltd.\*) (“Shanghai Xinshu”) and 淮北欣電新能源有限公司 (Huaibei Xindian New Energy Co., Ltd.\*) (“Huaibei Xindian”, together with Shenzhen Energynt and Shanghai Xietong as the “Parties of PAA of Shanghai Xinshu”). Pursuant to the PAA of Shanghai Xinshu, it is proposed that Shenzhen Energynt will acquire and Huaibei Shenrong will sell 100% of the equity interests in Shanghai Xinshu. As at the date of this report, no formal agreement has been entered into among the Parties of the PAA. Details of the PAA was disclosed in the Company’s announcement dated 6 February 2018.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group’s operation is being financed by internally generated cashflow, bank borrowings and external financing. The Group follows a policy of prudence in managing its working capital. The management will continue to closely monitor the financial position of the Group to maintain its financial capacity.

As at 31 March 2018, the Group’s total borrowings comprised (i) amounts due to non-controlling shareholders of a subsidiary and its related parties; (ii) amount due to a shareholder of the Company; and (iii) bank borrowings, totalling approximately HK\$233,545,000.

The Group had no material contingent liabilities as at 31 March 2018.

## PROSPECTS

Looking forward, in the second half of 2018, the Group will continue to seek for new development projects to diversify investment risks and maximise value for shareholders, particularly business opportunities in new energy sector.

During this quarter, the Group completed the acquisition of Shenzhen Energynt Co. Ltd. (深圳安捷能特分布式能源有限公司) and its subsidiaries (“Shenzhen Energynt”). Shenzhen Energynt is an enterprise specializing in new energy and community smart energy solutions, focusing on energy monitoring and forecasting, user load forecasting, high-speed data and signal collection and communication, and demand-side system coupling etc. Shenzhen Energynt has formed its self-owned big data and cloud computing platform through the research and construction of big data, expert knowledge base and other systems.

The management of the Group is still cautious of the outlook of trading of copper business and natural gas operations business. The Group will continue to explore effective cost-saving measure and expand their distribution networks.

Looking into the future, as the Chinese economy enters the “new normal”, the Group will take advantage of its advanced smart power distribution systems, energy technology innovation and energy storage technologies as driving force, while focusing on clean energy development and integrating state-owned capital investment as its approach. In addition to expanding both domestic and international energy markets, it will also strive to develop into an innovative, international and integrated energy group.



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2018, 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 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 and debentures of the Company held by the Directors and chief executives of the Company:

| Directors/chief executive   | Corporate interests       | Number of underlying shares held under equity derivatives | Total interests | Long (L) or short (S) position | Percentage of interests |
|---|---------------------------|---|-----------------|--------------------------------|-------------------------|
| Mr. Weng Linlei (resigned as executive director on 19 April 2018) | 1,802,580,000<br>(Note 1) | 3,000,000<br>(Note 2)                                     | 1,805,580,000   | L                              | 31.93%                  |
| Mr. Wei Yuetong   | 1,802,580,000             | –   | 1,802,580,000   | L                              | 31.88%                  |
| Mr. Cheung Tuen Ting  | –                         | 30,000,000<br>(Note 2)                                    | 30,000,000      | L                              | 0.53%                   |
| Mr. Long Wenming  | –                         | 20,000,000<br>(Note 2)                                    | 20,000,000      | L                              | 0.35%                   |
| Mr. Chen Hualiang   | –                         | 20,000,000<br>(Note 2)                                    | 20,000,000      | L                              | 0.35%                   |

| Directors/chief executive | Corporate interests | Number of underlying shares held under equity derivatives | Total interests | Long (L) or short (S) position | Percentage of interests |
|---------------------------|---------------------|---|-----------------|--------------------------------|-------------------------|
| Mr. Han Leiping           | -                   | 20,000,000<br><i>(Note 2)</i>                             | 20,000,000      | L                              | 0.35%                   |
| Ms. Kwan Sin Yee          | -                   | 3,000,000<br><i>(Note 2)</i>                              | 3,000,000       | L                              | 0.05%                   |
| Mr. Leung Oh Man Martin   | -                   | 3,000,000<br><i>(Note 2)</i>                              | 3,000,000       | L                              | 0.05%                   |
| Ms. Huang Yujun           | -                   | 3,000,000<br><i>(Note 2)</i>                              | 3,000,000       | L                              | 0.05%                   |
| Mr. Sun Zhijun            | -                   | 3,000,000<br><i>(Note 2)</i>                              | 3,000,000       | L                              | 0.05%                   |

*Notes:*

- (1) As at 31 March 2018, 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. Hotex Holdings Limited is wholly-owned by Mr. Weng Lin Lei. Liang Tan Yi Xing International Foundation Company Limited is wholly-owned by Mr. Wei Yue Tong.
- (2) These interests represented the interests in underlying shares in respect of the share options granted by the Company to the directors.

Save as disclosed above, as at 31 March 2018, 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 the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, 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 or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name of shareholder  | Number of shares held, capacity and nature of interest |                                      |                   | Approximate percentage of the issued share capital |
|--|--|--------------------------------------|-------------------|--|
|  | Directly beneficially owned                            | Through controlled corporation       | Total             |  |
| Global Strategic (Holding) Group Limited                   | 1,802,580,000 (L)<br><i>(Note 1)</i>                   | –                                    | 1,802,580,000 (L) | 31.88%   |
| Mr. Weng Linlei  | 3,000,000 (L)  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,805,580,000 (L) | 31.93%   |
| Hotex Holdings Limited                                     | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |
| Global Strategic Fund Holdings Limited                     | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |
| Mr. Wei Yue Tong   | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |
| Infinite Tencent Group Holdings Limited                    | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |
| Infinite Tencent Media Group Limited                       | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |
| Yi He Group Holdings Limited                               | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |
| Liang Tan Yi Xing International Foundation Company Limited | –  | 1,802,580,000 (L)<br><i>(Note 1)</i> | 1,802,580,000 (L) | 31.88%   |

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 International Foundation Company Limited. Hotex Holdings Limited is wholly-owned by Mr. Weng Lin Lei. Liang Tan Yi Xing International Foundation Company Limited is owned as to approximately 38% of its issued share capital by Mr. Fu Zhan Yong. Accordingly, each of Global Strategic Fund Holdings Limited, Hotex Holdings Limited and Liang Tan Yi Xing International Foundation Company Limited are deemed to be interested in the 1,802,580,000 shares of the Company under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, none of the substantial shareholders or other (other than Directors and chief executive of the Company) 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 2018.

## **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 during the three months ended 31 March 2018.

## **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

The Company is committed to ensure high standards of corporate governance in the interest of its shareholders.

During the three months ended 31 March 2018, the Company has applied and complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (“CG Code”) contained in Appendix 15 to the GEM Listing Rules, except for a deviation which is summarized below:

### Code Provision A.2.1

Under the code provision A.2.1, the role of chairman and chief executive should be separated and should not be performed by the same individual. During the three months ended 31 March 2018, the Company did not have a chief executive officer. The Company will make appointment to fill the post as appropriate.

Mr. Weng Linlei has tendered his resignation as an executive Director and the chairman of the Board with effect from 19 April 2018. The Company will arrange for the election of the new chairman of the Board as soon as practicable in order to fill up the vacancy left. On the other hand, the Company has appointed Mr. Cheung Tuen Ting, being an executive Director, as the chief executive officer of the Company with effect from 30 April 2018.

Upon the successful election of the new chairman of the Board, the Board consider that we would have complied with the code provision A.2.1.

## **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 2018.

## **AUDIT COMMITTEE**

As at 31 March 2018, the audit committee of the Company (the "Audit Committee") has four members comprising 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 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 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 three months ended 31 March 2018.

## PUBLICATION OF FIRST QUARTERLY RESULTS AND FIRST 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 three months ended 31 March 2018 will be published on the above websites in due course.

On behalf of the Board  
**GLOBAL STRATEGIC GROUP LIMITED**  
**Cheung Tuen Ting**

*Executive Director and Chief Executive Officer*

Hong Kong, 11 May 2018

*As at the date of this report, the executive Directors are Mr. Wei Yuetong (Vice Chairman), Mr. Cheung Tuen Ting (Chief Executive Officer), Mr. Wu Guoming, Mr. Long Wenming, Mr. Chen Hualiang and Mr. Han Leiping; 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\$1.25.*

*\* 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.*