



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**

Interim 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.

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

For the six months ended 30 June 2018

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	11,914	12,662	18,042	13,757
Cost of sales		<u>(9,826)</u>	<u>(11,738)</u>	<u>(14,480)</u>	<u>(12,592)</u>
Gross profit		2,088	924	3,562	1,165
Other income		31	–	31	313
Other gains (losses)		15	(100)	15	(100)
Impairment loss on intangible assets		(2,100)	–	(2,100)	–
Gain of fair value change on convertible bond		2,685	–	2,685	–
Selling and distribution costs		(4,791)	(3,256)	(10,924)	(6,469)
Administrative expenses		(4,721)	(6,941)	(14,612)	(13,403)
Finance costs	12	<u>(4,458)</u>	<u>(663)</u>	<u>(9,144)</u>	<u>(4,485)</u>
Loss before taxation		<u>(11,251)</u>	<u>(10,036)</u>	<u>(30,487)</u>	<u>(22,979)</u>
Income tax credit	5	<u>513</u>	<u>475</u>	<u>1,023</u>	<u>944</u>
Loss for the period	6	<u>(10,738)</u>	<u>(9,561)</u>	<u>(29,464)</u>	<u>(22,035)</u>
Other comprehensive (expenses) income for the period					
Items that will not be reclassified to profit or loss:					
Exchange differences on translation of financial statements to presentation currency		<u>(3,415)</u>	<u>3,634</u>	<u>4,599</u>	<u>5,096</u>
Total comprehensive expense for the period		<u>(14,153)</u>	<u>(5,927)</u>	<u>(24,865)</u>	<u>(16,939)</u>

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to:					
Owners of the Company		<b>(6,773)</b>	(8,574)	<b>(21,041)</b>	(17,812)
Non-controlling interests		<b>(3,965)</b>	(987)	<b>(8,423)</b>	(4,223)
		<b>(10,738)</b>	(9,561)	<b>(29,464)</b>	(22,035)
Total comprehensive (expenses) income for the period attributable to:					
Owners of the Company		<b>(9,075)</b>	(6,814)	<b>(19,919)</b>	(15,368)
Non-controlling interests		<b>(5,078)</b>	887	<b>(4,946)</b>	(1,571)
		<b>(14,153)</b>	(5,927)	<b>(24,865)</b>	(16,939)
Loss per share – basic	7	<b>HK(0.120) cents</b>	HK(0.152) cents	<b>HK(0.372) cents</b>	HK(0.315) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		As at 30 June 2018 <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2017 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>280,145</b>	281,191
Prepaid lease payments		<b>1,719</b>	1,733
Goodwill	9	<b>4,518</b>	4,556
Intangible assets	10	<b>220,025</b>	228,902
		<b>506,407</b>	516,382
<b>Current assets</b>			
Inventories		<b>376</b>	321
Trade and other receivables	11	<b>24,655</b>	2,553
Prepaid lease payments		<b>35</b>	35
Value-added tax ("VAT") recoverable		<b>7,037</b>	7,146
Bank balances and cash		<b>11,098</b>	7,069
		<b>43,201</b>	17,124
<b>Current liabilities</b>			
Trade and other payables	12	<b>62,687</b>	48,769
Bank borrowings	13	<b>2,380</b>	2,400
		<b>65,067</b>	51,169
Net current liabilities		<b>(21,866)</b>	(34,045)
Total assets less current Liabilities		<b>484,541</b>	482,337

		<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	15	<b>28,310</b>	28,275
Share premium and reserves		<b>57,290</b>	79,379
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>85,600</b>	107,654
Non-controlling interests		<b>103,943</b>	113,453
		<hr/>	<hr/>
<b>Total equity</b>		<b>189,543</b>	221,107
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Amount due to a shareholder of the Company	13	<b>27,438</b>	25,355
Amounts due to non-controlling shareholders of a subsidiary and its related parties	13	<b>179,591</b>	176,704
Convertible bond	14	<b>14,827</b>	–
Bank borrowings		<b>19,040</b>	3,600
Deferred tax liabilities		<b>54,102</b>	55,571
		<hr/>	<hr/>
		<b>294,998</b>	261,230
		<hr/>	<hr/>
		<b>484,541</b>	482,337
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company							Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses 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 difference arising on translation of financial statements to presentation currency	-	-	-	-	2,444	-	-	2,444	2,652	5,096
Loss for the period	-	-	-	-	-	-	(17,812)	(17,812)	(4,223)	(22,035)
Total comprehensive expense for the period	-	-	-	-	2,444	-	(17,812)	(15,368)	(1,571)	(16,939)
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	-	-	-	3,650	-	-	-	3,650	854	4,504
At 30 June 2017 (unaudited)	28,275	7,540	223,502	20,263	(2,475)	-	(170,451)	106,654	103,268	209,922
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 difference arising on translation of financial statements to presentation currency	-	-	-	-	1,122	-	-	1,122	3,477	4,599
Loss for the period	-	-	-	-	-	-	(21,041)	(21,041)	(8,423)	(29,464)
Total comprehensive expense for the period	-	-	-	-	1,122	-	(21,041)	(19,919)	(4,946)	(24,865)
Recognition of share-based payments	35	-	743	-	-	2,516	-	3,294	-	3,294
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	-	-	-	(5,483)	-	-	-	(5,483)	(4,564)	(10,047)
Deemed contribution arising from acquisition of a subsidiary	-	-	-	54	-	-	-	54	-	54
At 30 June 2018 (unaudited)	28,310	7,540	224,245	26,673	775	4,962	(206,905)	85,600	103,943	189,543

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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six month ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<b>(19,214)</b>	(21,519)
Net cash used in investing activities	<b>(1,903)</b>	(14,614)
Net cash from financing activities	<b>27,766</b>	25,715
Net increase (decrease) in cash and cash equivalents	<b>6,649</b>	(10,418)
Cash and cash equivalents at 1 January	<b>7,069</b>	15,015
Effect of foreign exchange rate changes	<b>(2,620)</b>	(1,675)
Cash and cash equivalents at 30 June, represented by bank balances and cash	<b>11,098</b>	2,922



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2018*

## 1. BASIS OF PREPARATION

### A. General Information

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

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\$29,464,000 for the six months period ended 30 June 2018 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$21,866,000. In addition, as at 30 June 2018, the Group had capital commitments amounting to HK\$5,388,000 as disclosed in note 19.

As at 30 June 2018, Global Strategic (Holding) Group Limited, the substantial shareholder 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 six months period ended 30 June 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 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 condensed consolidated financial statements include the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinances.

The 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 six months ended 30 June 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 and six months ended 30 June 2018 and 2017 is set forth below:

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)	2018 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)
<b>Sales of goods</b>				
Trading of copper	–	10,874	–	10,874
Sales of natural gas	<u>10,354</u>	<u>644</u>	<u>16,344</u>	<u>1,360</u>
	<b>10,354</b>	<b>11,518</b>	<b>16,344</b>	<b>12,234</b>
<b>Rendering of services</b>				
IT solution service fee	–	181	22	351
Pipeline installation services	<u>1,560</u>	<u>963</u>	<u>1,676</u>	<u>1,172</u>
	<u>11,914</u>	<u>1,144</u>	<u>1,698</u>	<u>1,523</u>
Total revenue	<u><b>11,914</b></u>	<u>12,662</u>	<u><b>18,042</b></u>	<u>13,757</u>

#### 4. SEGMENT INFORMATION

The operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs, that are regularly reviewed by the executive Directors of the Company, who are identified as the chief operating decision makers (“CODM”) for the purpose of allocating resources to segments and assessing their performance. The Group has three operating and reportable segments as follow:

- Trading of copper – including income from the trading of copper
- IT solution services – including services rendered in establishing and providing secure electronic payment processing platform and the services rendered in establishing the mobile application platform for customer’s design of garments
- Natural gas operations – including investment in natural gas projects, sales of natural gas, natural gas cooking appliance and accessories and pipeline installation

The accounting policies of the operating and reportable segments are the same as the Group’s accounting policies. Segment profit (loss) represent the profit earned or loss incurred from each segment without allocation of headquarter income and expenses (including other income, general and administrative expenses, other losses and finance cost). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below:

	Trading of copper <i>HK\$’000</i> (Unaudited)	IT solution services <i>HK\$’000</i> (Unaudited)	Natural gas operations <i>HK\$’000</i> (Unaudited)	Consolidated <i>HK\$’000</i> (Unaudited)
<b>Six months ended 30 June 2018</b>				
REVENUE				
External and total revenue	–	22	18,020	18,042
RESULTS				
Segment loss	–	(3,157)	(15,257)	(18,414)
Other income, other gains and other operation gain				2,731
Administrative expenses				(14,612)
Finance costs				(192)
Loss before taxation				(30,487)

	Trading of copper <i>HK\$'000</i> (Unaudited)	IT solution services <i>HK\$'000</i> (Unaudited)	Natural gas operations <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
<u>Six months ended 30 June 2017</u>				
REVENUE				
External and total revenue	<u>10,874</u>	<u>351</u>	<u>2,532</u>	<u>13,757</u>
RESULTS				
Segment profit (loss)	<u>10</u>	<u>(1,489)</u>	<u>(9,225)</u>	(10,704)
Other income				42
Administrative expenses				(11,575)
Finance costs				<u>(742)</u>
Loss before taxation				<u>(22,979)</u>

No assets and liabilities are included in segment reporting as they are not regularly reviewed by the executive Directors of the Company.

## 5. INCOME TAX CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	–	–	–	–
	–	–	–	–
Deferred tax:				
Current period credit	<u>513</u>	<u>475</u>	<u>1,023</u>	<u>944</u>
	<u>513</u>	<u>475</u>	<u>1,023</u>	<u>944</u>

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 periods presented.

## 6. LOSS FOR THE PERIOD

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging/(crediting):				
Depreciation of property, plant and equipment				
– included in general and administrative expenses	1,174	701	1,012	1,410
– included in selling and distribution cost	<u>2,291</u>	<u>923</u>	<u>5,933</u>	<u>1,804</u>
	3,465	1,624	6,945	3,214
Amortisation of intangible assets (included in selling and distribution cost)	<u>2,500</u>	<u>2,343</u>	<u>4,991</u>	<u>4,665</u>
Total depreciation and amortisation	<u>5,965</u>	<u>3,967</u>	<u>11,936</u>	<u>7,879</u>

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries, allowance and other benefits (including directors)				
– Included in general and administrative expenses	1,293	2,003	5,886	4,782
– Share based payments	–	–	2,947	–
Contribution to retirement benefit schemes (including directors)				
– Included in general and administrative expenses	23	21	42	41
	<u>1,316</u>	<u>2,024</u>	<u>8,875</u>	<u>4,823</u>
Auditor's remuneration	68	225	458	450
Minimum lease payment in respect of rented premises	548	773	991	1,545
Cost of inventories recognised as an expense	9,826	11,314	14,480	11,854
(Gain)/loss on disposal of property, plant and equipment (included in other gains and losses)	(15)	100	(15)	100
Impairment loss on intangible assets	2,100	–	2,100	–
Interest income	(1)	(1)	(1)	(2)

## 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:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(6,773)</u>	<u>(8,574)</u>	<u>(21,041)</u>	<u>(17,812)</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>5,661,802</u>	<u>5,655,000</u>	<u>5,659,707</u>	<u>5,655,000</u>

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

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group incurred capital expenditure of HK\$16,474,000 (six months ended 30 June 2017: HK\$26,211,000) (including the construction cost in relation to the natural gas project conducted by 宜昌市標典天然氣利用有限公司 (Yichang Biaodian Natural Gas Utilization Co., Ltd.\*) ("Yichang Biaodian") and acquisition of property, plant and equipment for its operation).

## 9. GOODWILL

For the purposes of impairment testing, goodwill has been allocated to one individual cash generating unit (CGU), i.e. the subsidiary Yichang Biaodian. The carrying amount of goodwill (net of accumulated impairment losses) as at 30 June 2018 and 31 December 2017 allocated to the unit are as follows:

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2017 HK\$'000 (Audited)</b>
Yichang Biaodian – natural gas operations	<b>4,518</b>	4,556

The recoverable amount of this unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (31 December 2016: 5-year period), and discount rate of 16.32% (31 December 2017: 16.67%). Yichang Biaodian's cash flows beyond the 5-year period (31 December 2017: 5-year period) are extrapolated using a steady 3% (31 December 2017: 3%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in which Yichang Biaodian operates. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on Yichang Biaodian's past performance and management's expectations for the market development.

## 10. INTANGIBLE ASSETS

As at 30 June 2018, the amounts represented mainly the carrying amount of the natural gas supply exclusive rights arising from the Group's acquisition of Yichang Biaodian with a carrying amount of HK\$216,405,000 (31 December 2017: HK\$222,282,000). This intangible asset is amortised over the remaining years of the contractual period of 30 years till the years ranging from 2041 to 2044.

Intangible assets also included the carrying amount of an online sales platform amounting to HK\$2,100,000 (31 December 2017: HK\$5,100,000) and a license for Guangzhou/Hong Kong cross-boundary private car amounting to HK\$1,520,000 (31 December 2017: HK\$1,520,000).

During the current interim period, the Company had impaired of HK\$2,100,000 on the intangible assets of an online sales platform.



## 11. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
Trade receivables (Note1)	<b>361</b>	12
Other receivables (Note2)	<b>24,294</b>	2,541
	<b>24,655</b>	2,553

### Note:

- The Group allows an average credit period of 30 days to 180 days for its IT solution business. For trading of copper, deposits are usually required and the remaining balance is usually receivable approximately within 10 days upon completion of the transaction. The Group recognises revenue for natural gas pipeline installation service by reference to the stage of completion and the Group allows an average credit period of 30 days upon completion.
- A debenture receivable of HK\$3,000,000 included in other receivables at 30 June 2018. The amount is unsecured, interest rate at 10% per annum and will be repayable on 12 September 2018.

The aging analysis of trade receivables based on the invoice date which approximate the revenue recognition date, at the end of the reporting period is as follows:

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
0 – 60 days	<b>361</b>	12

## 12. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
Trade payables	<b>15</b>	52
Other payables	<b>62,672</b>	48,717
	<b>62,687</b>	48,769

The aging analysis of trade payables based on the invoice date which approximate the cost of sales recognition date, at the end of the reporting period is as follows:

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
0 to 30 days	–	52
Over 90 days	<b>15</b>	–
	<b>15</b>	52

### **13. AMOUNTS DUE TO A SHAREHOLDER OF THE COMPANY AND NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY AND ITS RELATED PARTIES, BANK BORROWINGS AND FINANCE COST**

During the current interim period, the amount due to a shareholder, Mr. Weng Liu Lei was unsecured, interest-free and with a maturity period of 2 years. The balance totalling HK\$27,438,000 (31 December 2017: HK\$27,500,000) is carried at amortised cost using effective interest method, with an effective interest rate of 10%. The proceeds raised were used for the Group's general working purpose.

Prior to 31 December 2016, all advances from non-controlling shareholders and its related parties were unsecured, interest-free and repayable on demand, except for RMB65,000,000 (equivalent to HK\$78,000,000) advanced from 湖北標典天然氣有限公司 (Hubei Biaodian Natural Gas Co., Ltd.\*) ("Hubei Biaodian") which carried interest at a fixed rate of 12% per annum.

On 31 December 2016, taking into consideration of the development status of Yichang Biaodian, Hubei Biaodian agreed to stop charging the Group interest since then, while all non-controlling shareholders and its related parties agreed to fix the loan repayment date to 31 December 2018. These balances were then carried at amortised cost using the effective interest method, with an effective interest rate of 10%.

During the current interim period, the Group obtained additionally RMB1,924,000 (original equivalent to HK\$2,290,000) from the non-controlling shareholder of a subsidiary and its related parties and repaid RMB975,000 (original equivalent to HK\$1,160,000) to the non-controlling shareholder of a subsidiary and its related parties. Such balance was unsecured, interest-free and with an original maturity period of 2 years. The balance is carried at amortised cost using effective interest method, with an effective interest rate of 10%. The proceeds raised during the current year were used for the Group's general working purpose.

The bank borrowings carry interest at the variable market rate of 8.01% per annum (31 December 2017: 8.01%).

## 14. CONVERTIBLE BOND

	<i>HK\$'000</i>
At 1 January 2018	–
Issue of convertible bond	20,000
Expenses on issue of convertible bond	(2,636)
Accrued Interest	148
Gain arising on changes of fair value	<u>(2,685)</u>
At 30 June 2018	<u>14,827</u>

During the year, the Group issued a convertible bond with principal value of HK\$20,000,000 with interest of 10% per annum. The bond matures two years from the date of issue of bond at their principal value or can be converted into ordinary shares at the holder's option at rate HK\$0.108 per conversion share. The maximum number of ordinary shares to be converted to 185,185,185 shares and none of them was converted up to 30 June 2018.

The entire convertible bond is designated as a financial liability through profit or loss and classified as non-current liability as at 30 June 2018.

The Group's convertible bond is valued by an independent valuer by using binomial model with the following key assumptions:

	<b>At 30 June 2018</b>	At 3 May 2018
Share price of the Company	<b>HK\$0.085</b>	HK\$0.100
Exercise price	<b>HK\$0.108</b>	HK\$0.108
Risk-free rate	<b>34.770%</b>	34.639%
Expected volatility	<b>34.465%</b>	37.940%
Expected dividend yield	<b>0.000%</b>	<u>0.000%</u>

## 15. SHARE CAPITAL

	Number of shares		Share capital	
	As at 30 June 2018 '000 (Unaudited)	As at 31 December 2017 '000 (Audited)	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
<i>Authorised:</i>				
16,000,000,000 ordinary Shares of HK\$0.005 each	<b>16,000,000</b>	16,000,000	<b>80,000</b>	80,000
<i>Issued and fully paid:</i>				
At beginning of period	<b>5,655,000</b>	5,655,000	<b>28,275</b>	28,275
Exercise of share options	<b>7,000</b>	–	<b>35</b>	–
At end of the period	<b>5,662,000</b>	5,655,000	<b>28,310</b>	28,275

*Note:* This represented 7,000,000 shares options which had been exercised at a price of HK\$0.1112 each by the eligible participants of the Group

## 16. 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 30 June 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- 21/12/2019	0.1112	N/A
2018	18/01/2018	N/A	18/01/2018- 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 (note)	Expired during period	Outstanding at 31/03/2018
2017	67,000,000	–	7,000,000	15,000,000	–	45,000,000
2018	–	62,000,000	–	–	–	62,000,000
	<u>67,000,000</u>	<u>62,000,000</u>	<u>7,000,000</u>	<u>15,000,000</u>	<u>–</u>	<u>107,000,000</u>
Exercisable at the end of the period						<u>107,000,000</u>
Weighted average exercise price	<u>0.1112</u>	<u>0.1570</u>	<u>0.1112</u>	<u>0.1112</u>	<u>–</u>	<u>0.1377</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\$0.1477 (2017: nil).

During the period ended 30 June 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 30 June 2018 (31 March 2017: nil) in relation to share options granted by the Company.

## 17. 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 Energyl Co. Ltd.) ("Shenzhen Energyl"), pursuant to which Dihang Energy agreed to acquire the entire equity interests in Shenzhen Energyl at a nominal consideration of RMB1.

Shenzhen Energyl 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 Energyl 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.

## 18. RELATED PARTY DISCLOSURES

### Related party transactions

Saved as disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group has the following significant transactions with related parties.

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance cost incurred in respect of loan from a shareholder	<b>18</b>	475	<b>37</b>	742

### Compensation of key management personnel

The remuneration of Directors and other members of key management during the periods is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits	<b>347</b>	714	<b>656</b>	1,717
Retirement benefits schemes contribution	<b>4</b>	4	<b>5</b>	9
	<b>351</b>	718	<b>661</b>	1,726



## 19. CAPITAL COMMITMENTS

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment, development of systems and networks		
– authorised but not contracted for	<b>500</b>	500
– contracted but not provided for	<b>4,888</b>	5,193
	<b>5,388</b>	5,693

## 20. DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## 21. EVENT AFTER THE REPORTING PERIOD

On 21 June 2018, the Company entered into a placing agreement to place maximum number of 600,000,000 shares of the Company to not less than six independent third parties at HK\$0.071 per share. On 13 July 2018, 555,200,000 shares of the Company at HK\$0.071 per share have been placed. The net proceeds from the placing is approximately HK\$38,300,000.

## FINANCIAL AND BUSINESS REVIEW

The Group's unaudited revenue for the six months ended 30 June 2018 was approximately HK\$18,042,000 (six months ended 30 June 2017: HK\$13,757,000), of which approximately HK\$18,020,000 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 six months ended 30 June 2018 (six months ended 30 June 2017: HK\$10,874,000).

The Group's total operating expenses, which include selling and distribution costs and administrative expenses, for the six months period ended 30 June 2018 increased to approximately HK\$25,536,000 from approximately HK\$19,872,000 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\$9,144,000 for the six months period ended 30 June 2018 (six months ended 30 June 2017: HK\$4,485,000), 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 30 June 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 attributable to the Company for the six months period ended 30 June 2018 was approximately HK\$21,041,000, compared with loss of approximately HK\$17,812,000 for the last corresponding period.

During the six months ended 30 June 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 30 June 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; (iii) convertible bond; and (iv) bank borrowings, totalling approximately HK\$243,276,000.

The Group had no material contingent liabilities as at 30 June 2018.

## PROSPECT

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.

Under the fears of trade war between China and the United States of America, the economy of China is expected to be affected negatively. As a result, the management will strengthen the Group's risk management in order to ensure stable and steady on the Group's operations.

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, the Group will seek opportunities and focus 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.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATIONS**

The Group's foreign currency exposure is limited as most of its transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi.

## **HUMAN RESOURCES AND REMUNERATION POLICY OF THE GROUP**

As at 30 June 2018, the Group had employed 44 staff (as at 30 June 2017: 42 staff), including 27 staff in the PRC, 17 staff in Hong Kong. Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other benefits such as medical scheme. The Company has established a Human Resources and Remuneration Committee, which considers factors such as the Company's operating results, individual performance, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

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

As at 30 June 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 corporations (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) of short (S) position	Percentage of interests
Mr. Weng Lin Lei (resigned as executive director on 19 April 2018)	1,447,580,000 (Note 1)	–	1,447,580,000	L	25.57%
Mr. Wei Yuetong (resigned as executive director on 6 June 2018)	1,447,580,000 (Note 1)	–	1,447,580,000	L	25.57%
Mr. Cheung Tuen Ting	–	30,000,000 (Note 2)	30,000,000	L	0.53%
Mr. Long Wenming	–	20,000,000 (Note 2)	20,000,000	L	0.35%
Mr. Chen Hualiang	–	20,000,000 (Note 2)	20,000,000	L	0.35%
Mr. Han Leiping	–	20,000,000 (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) of short (S) position	Percentage of interests
Ms. Kwan Sin Yee	–	3,000,000 (Note 2)	3,000,000	L	0.05%
Mr. Leung Oh Man Martin	–	3,000,000 (Note 2)	3,000,000	L	0.05%
Ms. Huang Yujun	–	3,000,000 (Note 2)	3,000,000	L	0.05%
Mr. Sun Zhijun	–	3,000,000 (Note 2)	3,000,000	L	0.05%

*Notes:*

- (1) As at 30 June 2018, 1,447,580,000 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 as to wholly-owned by Infinite Tencent Media Group Limited, which in turn is indirectly owned by Mr. Wei Yuetong.
- (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 30 June 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 30 June 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	1,447,580,000 (L) (Note 1)	–	1,447,580,000 (L)	25.57%
Mr. Weng Lin Lei	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Hotex Holdings Limited	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Global Strategic Fund Holdings Limited	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Mr Wei Yuetong	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Yi He Group Holdings Limited	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Infinite Tencent Group Holding Limited	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Infinite Tencent Media Group Limited	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Liang Tan Yi Xing Foundation Company Limited	–	1,447,580,000 (L) (Note 1)	1,447,580,000 (L)	25.57%
Hong Kong Hao Yue International Trading Co., Limited	1,116,000,000 (L) (Note 2)	–	1,116,000,000 (L)	19.71%
Mr. Zhang Hai Ping	–	1,116,000,000 (L) (Note 2)	1,116,000,000 (L)	19.71%

L: Long position

*Notes:*

- (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 as to wholly-owned by Infinite Tencent Media Group Limited, which in turn is indirectly owned by Mr. Wei Yuetong. Accordingly, each of Global Strategic Fund Holdings Limited, Hotex Holdings Limited and Liang Tan Yi Xing Foundation are deemed to be interested in the 1,447,580,000 shares of the Company under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- (2) Hong Kong Hao Yue International Trading Co., Limited is wholly-owned by Mr. Zhang Hai Ping.

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 30 June 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 for the six months ended 30 June 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**

Throughout the six months ended 30 June 2018, 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 six months ended 30 June 2018.



## AUDIT COMMITTEE

As at 30 June 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 internal controls, financial reporting matters, accounting principles and practices adopted by the Group, including the review of the unaudited interim results and interim report of the Company for the six months ended 30 June 2018.

## PUBLICATION OF INTERIM RESULTS AND INTERIM 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 interim report for the six months ended 30 June 2018 will be published on the above websites in due course.

By Order of the Board  
**Global Strategic Group Limited**  
**Cheung Tuen Ting**

*Executive Director and Chief Executive Director*

Hong Kong, 13 August 2018

*As at the date of this report, the executive Directors are 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 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.*