



GLOBAL STRATEGIC GROUP LIMITED

環球戰略集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

環球戰略集團有限公司

(Stock Code : 8007)

2022/2023

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 small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “**Directors**”) of Global Strategic Group Limited (the “**Company**” and its subsidiaries, collectively referred to as the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Group for the three months ended 31 December 2022, together with the comparative unaudited figures for the corresponding period in 2021, are as follows:

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

FOR THE THREE MONTHS ENDED 31 DECEMBER 2022

	Notes	Unaudited Three months ended 31 December	
		2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	2	<b>42,348</b>	29,680
Cost of sales		<b>(37,813)</b>	(27,028)
<b>Gross profit</b>		<b>4,535</b>	2,652
Other income	4(a)	<b>132</b>	93
Other losses	4(b)	<b>(14)</b>	–
Selling and distribution costs		<b>(2,452)</b>	(2,188)
General and administrative expenses		<b>(6,045)</b>	(8,546)
<b>Loss from operations</b>		<b>(3,844)</b>	(7,989)
Finance costs	4(c)	<b>(892)</b>	(825)
<b>Loss before tax</b>		<b>(4,736)</b>	(8,814)
Income tax credit	3	<b>195</b>	177
<b>Loss for the period</b>	4(d)	<b>(4,541)</b>	(8,637)



		<b>Unaudited</b>	
		<b>Three months ended</b>	
	<i>Note</i>	<b>31 December</b>	
		<b>2022</b>	<b>2021</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements to presentation currency		<u>(2,178)</u>	<u>705</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>(2,178)</u>	<u>705</u>
<b>Total comprehensive income for the period</b>		<u>(6,719)</u>	<u>(7,932)</u>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<u>(5,094)</u>	<u>(8,007)</u>
Non-controlling interests ("NCI")		<u>553</u>	<u>(630)</u>
		<u>(4,541)</u>	<u>(8,637)</u>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<u>(5,632)</u>	<u>(7,982)</u>
NCI		<u>(1,087)</u>	<u>50</u>
		<u>(6,719)</u>	<u>(7,932)</u>
<b>Loss per share</b>			
<b>Basic</b> ( <i>HK cents per share</i> )	6	<u>(1.12)</u>	<u>(1.76)</u>
<b>Diluted</b> ( <i>HK cents per share</i> )		<u>(1.12)</u>	<u>(1.76)</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 DECEMBER 2022

	Attributable to owners of the Company							NCI	Total equity
	Share capital	Capital reserve	Share premium	Other reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000 <i>(note)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2021 (audited)	4,559	7,540	346,252	12,255	(1,308)	(341,443)	27,855	44,777	72,632
Total comprehensive income for the period	-	-	-	-	25	(8,007)	(7,982)	50	(7,932)
At 31 December 2021 (unaudited)	4,559	7,540	346,252	12,255	(1,283)	(349,450)	19,873	44,827	64,700
At 1 October 2022 (audited)	4,559	7,540	346,252	12,255	(40)	(354,790)	15,776	66,561	82,337
Total comprehensive income for the period	-	-	-	-	(538)	(5,094)	(5,632)	(1,087)	(6,719)
At 31 December 2022 (unaudited)	4,559	7,540	346,252	12,255	(578)	(359,884)	10,144	65,474	75,618

*Note:* The capital reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value allocated to the separable net assets of the subsidiaries at the date of acquisition arisen from a group reorganisation in March 2000.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED 31 DECEMBER 2022

## 1. BASIS OF PREPARATION

The unaudited condensed financial information for the three months ended 31 December 2022 (“**Financial Information**”) has been prepared by the Directors of the Company in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The amounts included in the Financial Information have been computed in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) applicable to the periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

This Financial Information should be read in conjunction with the 2022 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this Financial Information are consistent with those used in the annual financial statements for the year ended 30 September 2022.

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\$4,541,000 for the three months ended 31 December 2022, and, as of that date, the Group had net current liabilities and taking into account of capital commitments as of that date.

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

The directors have estimated the Group’s cash requirements by preparing a cashflow forecast of the Group for the period ending 31 March 2024. Mr. Wu Guoming (“**Mr. Wu**”), a shareholder and a director of the Company, and Mr. Wang Wenzhou (“**Mr. Wang**”), a director of the Company, as at 30 September 2022, have agreed to provide sufficient funds to the Group so that the Group will be able to meet all current obligations as they fall due for the foreseeable future. Mr. Wu and Mr. Wang both agreed to pledge their properties as collaterals, if necessary, to borrow funds to provide financial support to the Group.

During the period, the bonds with principal amount of HK\$3,850,000 have been renewed with maturity date extended to 30 September 2024.

The directors of the Company therefore consider it appropriate to adopt the going concern basis in preparing this Financial Information on the basis that Mr. Wu and Mr. Wang have agreed to provide continuous financial support to the Group. Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in this Financial Information.

## 2. REVENUE

### Disaggregation of revenue

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

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of natural gas	<b>39,124</b>	27,458
– Sales of steel support axial force servo systems	–	1,088
– Rendering of services	<b>2,615</b>	779
– Commission income	–	15
	<b>41,739</b>	29,340
<b>Revenue from other sources</b>		
– Leasing income	<b>609</b>	340
	<b>42,348</b>	29,680

For the three months ended 31 December	Sales of natural gas		Sales of steel support axial force servo systems		Pipeline installation services		Provision of technology support services		Independent financial advisory		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Primary geographical markets</b>												
- The People's Republic of China ("PRC") except Hong Kong	39,124	27,458	-	1,088	2,447	451	168	328	-	-	41,739	29,325
- Hong Kong	-	-	-	-	-	-	-	-	-	15	-	15
Revenue from external customers	39,124	27,458	-	1,088	2,447	451	168	328	-	15	41,739	29,340
<b>Timing of revenue recognition</b>												
Products and services transferred at a point in time	-	-	-	1,088	2,447	451	-	-	-	15	2,447	1,554
Products and services transferred over time	39,124	27,458	-	-	-	-	168	328	-	-	39,292	27,786
Total	39,124	27,458	-	1,088	2,447	451	168	328	-	15	41,739	29,340

### 3. INCOME TAX CREDIT

	Unaudited Three months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax ("EIT")	13	7
Deferred tax	(208)	(184)
	<b>(195)</b>	<b>(177)</b>

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

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2021: 25%). Pursuant to relevant laws and regulations in the PRC, the effective EIT rate for a subsidiary which qualified as small and micro enterprises is 2.5% (for assessable profits below RMB1 million) for the three months ended 31 December 2021 and 2022.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the three months ended 31 December 2022 (2021: Nil).



#### 4. LOSS FOR THE PERIOD

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

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(a) Other income</b>		
Bank interest income	(4)	–
Interest income from loan to third parties	–	(92)
Government grants ( <i>note</i> )	(48)	–
Waiver of non-convertible bond payments	(80)	–
Others	–	(1)
	<u>(132)</u>	<u>(93)</u>
<b>(b) Other losses</b>		
Loss on disposal of property, plant and equipment	<u>14</u>	<u>–</u>
<b>(c) Finance costs</b>		
Interest on bank borrowings	358	383
Interest on non-convertible bonds	500	370
Interest on lease liabilities	<u>34</u>	<u>72</u>
	<u>892</u>	<u>825</u>
<b>(d) Other items</b>		
Amortisation of intangible assets (included in selling and distribution costs)	832	734
Employee benefits expenses (including directors' remuneration)		
– Salaries, bonuses and allowances	2,920	2,806
– Retirement benefit scheme contributions	145	131
	<u>3,065</u>	<u>2,937</u>
Cost of inventories sold	36,385	23,032
Depreciation of property, plant and equipment	2,557	1,720
Depreciation of right-of-use assets (included in general and administrative expenses)	416	341
Expenses related to short-term lease (included in general and administrative expenses)	<u>58</u>	<u>38</u>

*Note:* During the period ended 31 December 2022, the Group recognised government grants of HK\$48,000 (2021: Nil) relating to Employment Support Scheme provided by the Government of Hong Kong in respect of COVID-19.



## 5. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 31 December 2022 (2021: Nil).

## 6. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$5,094,000 (2021: HK\$8,007,000) and the weighted average number of ordinary shares of 455,860,000 (2021: 455,860,000) in issue during the period.

### (b) Diluted loss per share

No diluted loss per share for the three months ended 31 December 2022 and 2021 are presented as the Company had no potential ordinary shares outstanding.

## 7. SHARE CAPITAL

	At 31 December 2022		At 30 September 2022	
	Number of	Amount	Number of	Amount
	shares	HK\$'000	shares	HK\$'000
	'000	'000	'000	'000
	Unaudited	Unaudited	Audited	Audited
Authorised:				
Ordinary shares of HK\$0.01 each	<u>8,000,000</u>	<u>80,000</u>	<u>8,000,000</u>	<u>80,000</u>
Issued and fully paid:				
At beginning and end of period	<u>455,860</u>	<u>4,559</u>	<u>455,860</u>	<u>4,559</u>

## 8. LITIGATION

During the year ended 31 December 2018, 宜昌市標典天然氣利用有限公司 (Yichang Biaodian Natural Gas Utilisation Co., Ltd\*) (“**Yichang Biaodian**”) had disputes with one of its suppliers regarding the quality of work performed by such supplier. Legal proceedings were initiated by the supplier (the “**Yichang Plaintiff**”).

On 13 March 2019, the Court issued civil mediation agreement which set out that the Yichang Plaintiff and Yichang Biaodian agreed with the repayment terms in relation to the amount of RMB8,787,000 (equivalent to HK\$10,413,000). However, Yichang Biaodian did not repay all the outstanding amount as scheduled in civil mediation agreement. Thus, the Yichang Plaintiff exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of amount overdue. On 19 May 2022, the Yichang Plaintiff and Yichang Biaodian signed another mediation agreement which set out that the outstanding balance would be repaid in 25 monthly installments of RMB300,000 from June 2022 to July 2024, and it would be guaranteed by Mr. Xiong Songgan, a key management personnel of Yichang Biaodian. If Yichang Biaodian fail to repay as scheduled, default interest would be charged at 12% per annum on the outstanding balance owed to the Yichang Plaintiff since 1 May 2019. The directors of the Company considered that as the full amount of the remaining debts of RMB5,487,000 (equivalent to HK\$6,154,000) claimed by Yichang Plaintiff are fully provided as liability of the Group as at 31 December 2022 and Yichang Biaodian repaid the amount owed to Yichang Plaintiff as scheduled, no further liability will be incurred.

## 9. CAPITAL COMMITMENTS

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

	<b>31 December 2022</b>	30 September 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
Capital expenditure in respect of the acquisition of property, plant and equipment, development of systems and networks		
– contracted but not accounted for	<u>10,240</u>	<u>30,353</u>

## 10. APPROVAL OF FINANCIAL STATEMENTS

The financial information for the three months ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 13 February 2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL AND BUSINESS REVIEW

### Revenue

The Group's revenue was increased to approximately HK\$42,348,000 for the three months ended 31 December 2022 from approximately HK\$29,680,000 for the three months ended 31 December 2021. It was mainly generated from the revenue from the segment of natural gas operations of approximately HK\$39,124,000, while revenue generated from sales and leasing business segments contributed approximately HK\$3,224,000 for the three months ended 31 December 2022.

### Operating expenses

The Group's total operating expenses, which include selling and distribution costs and general and administrative expenses, for the three months ended 31 December 2022 decreased to approximately HK\$8,497,000 from approximately HK\$10,734,000 for the three months ended 31 December 2021. The change was attributable to a significant decrease in commission fee incurred for the three months ended 31 December 2021.

### Finance costs

Finance cost of the Group was approximately HK\$892,000 for the three months ended 31 December 2022 (three months ended 31 December 2021: HK\$825,000), which mainly represented interest on bank borrowings and non-convertible bonds. The increase was mainly due to increase in interest on non-convertible bonds.

Loss for the three months ended 31 December 2022 was approximately HK\$4,541,000, compared with loss of approximately HK\$8,637,000 for the three months ended 31 December 2021.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 December 2022, the Group's total borrowings comprised of (i) amounts due to non-controlling shareholders of a subsidiary and its related parties, (ii) bank and other borrowings, (iii) due to directors, (iv) non-convertible bonds, (v) lease liabilities, and (vi) due to related parties totaling approximately HK\$77,703,000 (as at 30 September 2022: HK\$81,496,000).

The Group's total gearing ratio was approximately 97% (as at 30 September 2022: 93%). The gearing ratio was calculated as the Group's total borrowings net of cash available divided by total equity of the Group.

## UPDATE ON NATURAL GAS BUSINESS

From October to December each year is the peak period of natural gas consumption for industrial customers. For the three months ended 31 December 2022, the sales volume of natural gas was increased by approximately 31% compared with the same period in 2021 to approximately 10,609,000 M<sup>3</sup> (three months ended 31 December 2021: 8,113,000 M<sup>3</sup>).

The carrying amount of 宜昌市標典天然氣利用有限公司 (Yichang Biaodian Natural Gas Utilisation Co., Ltd.\*) ("**Yichang Biaodian**") as at 30 September 2022 was adjusted approximate to its recoverable amount which has been fully considered the factors such as recent business conditions, government policies and economic environment from October to mid-December 2022. From mid-December 2022 to the present, Yichang Biaodian's business conditions, government policies and economic environment have not undergone major changes. By considering the reasons as aforesaid, the management of the Group believes that there is no significant need for Yichang Biaodian to recognize any reversal of impairment or impairment so as to adjust the carrying amount to the recoverable amount for the three months ended 31 December 2022.



## LITIGATION

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

During the year ended 31 December 2018, Yichang Biaodian had disputes with one of its suppliers regarding the quality of work performed by such supplier. Legal proceedings were initiated by the supplier (the “**Yichang Plaintiff**”).

On 13 March 2019, the Court issued civil mediation agreement which set out that the Yichang Plaintiff and Yichang Biaodian agreed with the repayment terms in relation to the amount of RMB8,787,000 (equivalent to HK\$10,413,000). However, Yichang Biaodian did not repay all the outstanding amount as scheduled in civil mediation agreement. Thus, the Yichang Plaintiff exercised its rights to apply for a court order to enforce Yichang Biaodian for settlement of amount overdue. On 19 May 2022, the Yichang Plaintiff and Yichang Biaodian signed another mediation agreement which set out that the outstanding balance would be repaid in 25 monthly installments of RMB300,000 from June 2022 to July 2024, and it would be guaranteed by Mr. Xiong Songgan, a key management personnel of Yichang Biaodian. If Yichang Biaodian fail to repay as scheduled, default interest would be charged at 12% per annum on the outstanding balance owed to the Yichang Plaintiff since 1 May 2019. The directors of the Company considered that as the full amount of the remaining debts of RMB5,487,000 (equivalent to HK\$6,154,000) claimed by Yichang Plaintiff are fully provided as liability of the Group as at 31 December 2022 and Yichang Biaodian repaid the amount owed to Yichang Plaintiff as scheduled, no further liability will be incurred.

## SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

### Acquisition of Machinery

On 25 November 2022, 森籌環境科技(上海)有限公司 (Senchou Environmental Technology (Shanghai) Co., Ltd.\*) (“**Shanghai Senchou**”) has completed the acquisition of certain machinery with price of RMB24,270,000 from an independent third party vendor included in the contracts signed with the vendor on 29 March 2022 and 3 August 2022 as announced on respective dates. Deposits for acquisition of property, plant and equipment of RMB7,289,000 (equivalent to HK\$8,391,000) as at 30 September 2022 are utilized on that date. Details of the acquisition of machinery are disclosed in the Company’s announcements dated 29 March 2022 and 3 August 2022.

### PLEDGE OF ASSETS

The Group pledged (i) natural gas supply exclusive rights amounted to approximately HK\$78,046,000 for bank borrowings of approximately HK\$21,309,000 (as at 30 September 2022: HK\$21,873,000); (ii) a property amounted to approximately HK\$1,862,000 (as at 30 September 2022: HK\$1,949,000) to an independent third party for obtaining an advance of HK\$112,000 as at 31 December 2022.

### DIVIDENDS

The Board does not recommend the payment of interim dividend for the three months ended 31 December 2022 (three months ended 31 December 2021: Nil).

### CONTINGENT LIABILITIES

The Group did not have any other significant contingent liabilities as at 31 December 2022 (as at 30 September 2022: Nil).

### PROSPECT

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

### Natural gas operations

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



## Sales and leasing business

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

Management will be more cautious and conservative in seeking new potential merger and acquisition, business integration and expansion in order to sustain the growth and profitability of the Group.

## EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

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

During the three months ended 31 December 2022, the Group has not entered into any agreement or commit to any financial instruments to hedge on the exchange rate exposure relating to RMB. The Group will continue to monitor its foreign exchange exposure.

## HUMAN RESOURCES AND REMUNERATION POLICY OF THE GROUP

As at 31 December 2022, the Group employed 57 staff (as at 31 December 2021: 55 staff). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance-linked bonuses, retirement benefits schemes and other benefits such as medical scheme and share option scheme. The Group's remuneration policies and packages are reviewed by management on regular basis. The Company has established a Human Resources and Remuneration Committee. The Directors' emoluments are determined with reference to Directors' duties, responsibilities and the operating performance of the Group.



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

As at 31 December 2022, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of GEM Listing Rules were as follows:

### Interests in the Company

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

Directors/chief executive	Corporate Interests	Long (L) or short (S) position	Percentage of interests
Mr. Wu Guoming	18,437,500	L	4.04%

L: Long position

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of GEM Listing Rules.





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

As at 31 December 2022, so far as known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares or underlying shares held	Long (L) or short (S) position	Approximate percentage of interest in the Company
Sze Ching Lau	Beneficiary owner	49,330,000	L	10.82%

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any other persons who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under Section 336 of the SFO.

## COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any business or interest which competed or might compete with the business of the Group nor had any other conflict of interests with the Group for the three months ended 31 December 2022.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 December 2022.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. It met all the code provisions of the Corporate Governance Code (“CG Code”) set out in Appendix 15 of the GEM Listing Rules in the three months ended 31 December 2022 except for the following deviation:

Under code provision C.2.1 of the CG Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The Company did not appoint a chairman from 19 April 2018. The Board will keep reviewing the current structure from time to time and appoint candidate with suitable knowledge, skill and experience as chairman of the Company, if identified.

## 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 December 2022.

## AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and financial statements, interim reports, quarterly reports and risk management and internal control systems and to provide comments thereon to the Board.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements and this quarterly report for the three months ended 31 December 2022 and has provided comments thereon.

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

*Executive Director and Chief Executive Officer*

Hong Kong, 13 February 2023

*As at the date of this report, the executive Directors are Mr. Wang Wenzhou (Chief Executive Officer), Mr. Wu Guoming, and Mr. Duan Fanfan; the Non-executive Director is Mr. Chen Long; and the Independent Non-executive Directors are Mr. Leung Oh Man, Martin, Dr. Chung Ling Cheong Dicky and Ms. Lam Yuk Kan Ester.*

\* *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.*