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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)

DISCLOSEABLE TRANSACTION - FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

On 16 March 2022 (after trading hours), Yichang Biaodian, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company as a production and operation platform to consolidate resources and jointly develop the natural gas comprehensive utilization market in Zhijiang Yaojiagang Chemical Industry Park, the PRC.

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB30,000,000. Yichang Biaodian will contribute RMB15,000,000, and Joint Venture Partner will contribute RMB15,000,000, towards the registered capital of the Joint Venture Company. The Joint Venture Company will be owned as to 50% by Yichang Biaodian and as to 50% by Joint Venture Partner upon its establishment, and will not be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment in the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

On 16 March 2022 (after trading hours), Yichang Biaodian, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company.

The principal terms of the Joint Venture Agreement are set out below.

Subject matter

The Joint Venture Company will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the Joint Venture Agreement.

Subject to the approval of relevant government authority, the proposed name of the Joint Venture Company is “Zhijiang Yuanheng Natural Gas Utilization Co., Ltd.* (枝江市源恒天然氣利用有限公司)”.

Purpose and proposed business scope of the Joint Venture Company

Pursuant to the Joint Venture Agreement, Yichang Biaodian and the Joint Venture Partner agreed to establish the Joint Venture Company as a production and operation platform to consolidate resources and jointly develop the natural gas comprehensive utilization market in Zhijiang Yaojiagang Chemical Industry Park, the PRC. Subject to approval of relevant government authority, the Joint Venture Company will be principally engaged in, among other things, the production, utilization and sale of natural gas; sale, supply and maintenance of pipeline gas appliances and relevant equipment; natural gas consulting services; installation of pipelines; and wholesaling and retailing of gas pipes and accessories.

Capital contribution

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB30,000,000. The capital to be contributed to the Joint Venture Company by the parties to the Joint Venture Company and the shareholding of the Joint Venture Company upon its establishment will be as follows:

Shareholder	Capital Contribution (RMB)	Shareholding percentage
Yichang Biaodian	15,000,000	50%
Joint Venture Partner	15,000,000	50%
	<u>30,000,000</u>	<u>100%</u>

The parties to the Joint Venture Agreement shall make their respective capital contribution by way of injection of fixed assets and cash. The parties shall jointly engage third party valuer to evaluate the relevant pipeline networks and facilities to be injected and such valuation shall be completed no later than 15 May 2022. The amount of capital contribution was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the Joint Venture Company. The Group intends to finance its investment in the Joint Venture Company from its internal resources. The Joint Venture Company will be owned as to 50% by Yichang Biaodian and as to 50% by Joint Venture Partner upon its establishment, and will not be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

Management of the Joint Venture Company

The board of directors of the Joint Venture Company shall consist of four directors, among which, Yichang Biaodian and the Joint Venture Partner shall each appoint two directors respectively. The chairman of the board who shall also act as the legal representative of the Joint Venture Company, shall be appointed by Yichang Biaodian and the Joint Venture Partner every two years on a rotating basis. The Joint Venture Company will not have a supervisory board, but will have two supervisors, among which, Yichang Biaodian and the Joint Venture Partner shall each appoint one supervisor respectively.

Information on the parties

Yichang Biaodian

Yichang Biaodian is a wholly-owned subsidiary of the Company and is principally engaged in natural gas supply operation.

Joint Venture Partner

The Joint Venture Partner is a limited liability company established in the PRC. It is principally engaged in the business of gas supply, gas pipeline installation, retailing and maintenance of gas appliances and wholesaling and retailing of gas pipes and fittings. The Joint Venture Partner is wholly owned as to approximately 70% by Hainan Yuhong Huayuan Investment Co., Ltd.* (海南渝宏華源投資有限責任公司) ("**Hainan Yuhong Huayuan**") and approximately 30% by Zhijiang Jinrunyuan Water Co., Ltd.* (枝江市金潤源水務有限公司) ("**Zhijiang Jinrunyuan**"). Hainan Yuhong Huayuan is a company established in the PRC with limited liability, mainly engaging in project investment in energy, education, real estate, and advertising industries. Zhijiang Jinrunyuan is a company established in the PRC with limited liability, mainly engaging in production and supply of drinking water.

To the best of the Directors' knowledge, information and belief and after making reasonable enquires, the Joint Venture Partner and its ultimate beneficial owners are not connected persons of the Company.

Reasons and benefits

The Group is principally engaged in the natural gas business. The investment in the Joint Venture Company allows the Group to further develop its core businesses in the natural gas industry and is in line with the business development strategy of the Group. The Board considers that the Joint Venture Agreement allows the Group to leverage resources and advantage of both Yichang Biaodian and the Joint Venture Partner in view to seize the opportunity to jointly develop natural gas comprehensive utilization market in Zhijiang Yaojiagang Chemical Industry Park, by upgrading the gas basic infrastructure and assuring the natural gas supply in the industry park.

The terms of the Joint Venture Agreement were negotiated after arm's length negotiations. The Directors are of the view that the terms of the Joint Venture Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment in the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board”	the board of Directors;
“Company”	Global Strategic Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8007);
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company from time to time;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Venture Agreement”	the agreement dated 16 March 2022 between Yichang Biaodian and the Joint Venture Partner in relation to the formation and management of the Joint Venture Company;
“Joint Venture Company”	the joint venture company to be established pursuant to the terms of the Joint Venture Agreement;
“Joint Venture Partner”	Zhijiang Natural Gas Co., Ltd.* (枝江市天然氣有限責任公司), a limited liability company established in the PRC;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yichang Biaodian”	Yichang Biaodian Natural Gas Utilization Co., Ltd.* (宜昌市標典天然氣利用有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

By order of the Board
Global Strategic Group Limited
Wang Wenzhou
Executive Director and Chief Executive Officer

Hong Kong, 16 March 2022

As at the date of this announcement, the Executive Directors are Mr. Wang Wenzhou (Chief Executive Officer), Mr. Wu Guoming and Mr. Duan Fanfan; and the Independent Non-executive Directors are Mr. Leung Oh Man, Martin, Mr. Sun Zhi Jun and Dr. Chung Ling Cheong Dicky.

This announcement, for which the Directors 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 of Hong Kong Limited 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the day of its posting and the Company’s website at www.globalstrategicgroup.com.hk.

** For identification purpose only*