



華人策略控股有限公司

Chinese Strategic Holdings Limited

(incorporated in Bermuda with limited liability)

Stock Code: 8089

Interim Report 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF 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 Chinese Strategic Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“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 that 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 Chinese Strategic Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in year 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Turnover	3	27,658	11,805	136,132	52,211
Revenue	3	2,753	3,025	4,636	5,949
Cost of sales		(66)	(61)	(123)	(108)
Gross profit		2,687	2,964	4,513	5,841
Other income	4	243	471	245	537
Administrative expenses		(24,062)	(11,147)	(40,105)	(20,653)
Net increase (decrease) in fair value changes in investment properties		9,196	2,902	(656)	2,902
(Loss) gain arising from fair value changes of investments held for trading		(8,084)	8,982	(15,983)	(3,678)
(Loss) gain on disposals of investments held for trading		1,346	(957)	(12,079)	3,321
Gain arising from fair value changes of convertible instruments designated at financial assets at fair value through profit or loss		70,012	5,735	165,333	6,067
(Loss) gain arising from fair value changes of derivative financial liabilities		1,134	–	(262)	2,334
Gain on derecognition of derivative financial assets/liabilities		–	2,233	–	2,233
Gain on derecognition of an associate		–	–	36,862	–
Impairment loss on interest in an associate		–	(7,379)	–	(24,351)
Share of profit of a joint venture		466	622	1,339	1,476
Finance costs	5	(10,003)	(334)	(10,500)	(661)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Profit (loss) before tax	6	42,935	4,092	128,707	(24,632)
Income tax expense	7	-	-	-	-
Profit (loss) for the period		42,935	4,092	128,707	(24,632)
Other comprehensive (expense) income					
Item that may be reclassified subsequently to profit or loss:					
Fair value gain on available-for-sale financial assets		1,453	720	5,143	3,065
Exchange differences arising on translating foreign operations		1,159	2,812	77	2,930
Other comprehensive income for the period		2,612	3,532	5,220	5,995
Total comprehensive (expense) income for the period		45,547	7,624	133,927	(18,637)
Profit (loss) for the period attributable to:					
Owners of the Company		44,802	3,977	130,413	(24,905)
Non-controlling interests		(1,867)	115	(1,706)	273
		42,935	4,092	128,707	(24,632)
Total comprehensive (expense) income attributable to:					
Owners of the Company		47,414	7,509	135,633	(18,910)
Non-controlling interests		(1,867)	115	(1,706)	273
		45,547	7,624	133,927	(18,637)
Earnings (loss) per share	9	HK cents	HK cents	HK cents	HK cents
Basic		6.63	0.59	19.30	(3.69)
Diluted		5.53	0.59	16.08	(3.69)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Plant and equipment	10	9,847	9,033
Prepaid lease payment of leasehold land	11	20,527	–
Investment properties		218,356	219,964
Interest in an associate		–	41,725
Interest in a joint venture		148,100	146,761
Deposits paid for acquisition of potential investment		151,638	–
Club debentures		2,690	2,690
Available-for-sale financial assets		38,046	32,904
		589,204	453,077
Current assets			
Loan receivables	12	27,140	48,459
Convertible instruments designated at financial assets at fair value through profit or loss		228,945	66,612
Prepayments, deposits and other receivables	13	332,260	105,853
Prepaid lease payment of leasehold land	11	381	–
Investments held for trading		143,628	170,831
Derivative financial assets		562	2,014
Bank balances and cash		10,805	38,050
		743,721	431,819
Current liabilities			
Accruals and other payables		81,199	22,509
Taxation		9,493	9,493
Bank and other borrowings		285,013	29,731
Derivative financial liabilities		110	–
		375,815	61,733
Net current assets		367,906	370,086
Total assets less current liabilities		957,110	823,163

		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Bond payables		10,000	10,000
Deferred taxation		22,525	22,525
		32,525	32,525
Net assets		924,585	790,638
Capital and reserves			
Share capital	14	676	676
Reserves		900,908	765,275
Total equity attributable to equity shareholders of the Company		901,584	765,951
Non-controlling interests		23,001	24,687
Total equity		924,585	790,638

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Warrant reserve HK\$'000	Translation reserve HK\$'000			Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2013 (audited)	676	2,901,300	7,914	3,590	5,325	-	13,662	(2,160,749)	771,718	22,681	794,399
Loss for the period	-	-	-	-	-	-	-	(24,905)	(24,905)	273	(24,632)
Other comprehensive income for the period	-	-	-	-	3,065	-	2,930	-	5,995	-	5,995
Total comprehensive income (expense) for the period	-	-	-	-	3,065	-	2,930	(24,905)	(18,910)	273	(18,637)
Issue of non-listed warrants	-	-	-	-	-	1,350	-	-	1,350	-	1,350
At 30 June 2013 (unaudited)	676	2,901,300	7,914	3,590	8,390	1,350	16,592	(2,185,654)	745,158	22,954	777,112

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Share Contributed surplus HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Warrant reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	676	2,901,300	7,914	3,590	13,418	1,350	20,867	(2,183,164)	765,951	24,687	790,638
Profit for the period	-	-	-	-	-	-	-	130,413	130,413	(1,706)	128,707
Other comprehensive income for the period	-	-	-	-	5,143	-	77	-	5,220	-	5,220
Total comprehensive income (expense) for the period	-	-	-	-	5,143	-	77	130,413	135,633	(1,706)	133,927
Acquisition of assets through acquisition of subsidiary	-	-	-	-	-	-	-	-	-	20	20
At 30 June 2014 (unaudited)	676	2,901,300	7,914	3,590	18,561	1,350	20,944	(2,052,751)	901,584	23,001	924,585

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	59,467	(3,311)
Net cash used in investing activities	(339,000)	(13,922)
Net cash generated from financing activities	251,258	371
Net decrease in cash and cash equivalents	(28,275)	(16,862)
Cash and cash equivalents at the beginning of period	38,050	43,363
Effect of foreign exchange rates changes	1,030	103
Cash and cash equivalents at the end of period	10,805	26,604
Analysis of balances of cash and cash equivalents		
Bank balances and cash	10,805	26,604

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY INFORMATION

The Company was incorporated in Bermuda on 25 February 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its shares are listed on GEM of the Stock Exchange since 18 May 2000. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and its principal place of business is located at 2/F, SBI Centre, Nos. 54-58 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in preparing the condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2013.

In the current accounting period, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standard ("HKAS(s)") and Interpretation ("Int(s)"), issued by HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

HKAS 19 (revised 2011)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
HK (International Financial Reporting Interpretation Committee) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Directors of the Company believe that the application of the new and revised HKFRSs has no material impact on the unaudited condensed consolidated financial statements for the six months ended 30 June 2014.

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁴
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK (International Financial Reporting Interpretation Committee) - Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.

³ HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9.

The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3. TURNOVER, REVENUE AND SEGMENT REPORTING

Turnover represents the aggregate of rental income; net proceeds from the disposal of investments held for trading and interest income from the provision of loan financing during the period. Revenue represents the aggregate of rental income; dividend income from investments held for trading and interest income from the provision of loan financing during the period.

The analysis of the Group's turnover and revenue for the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Turnover				
Rental income	754	810	1,509	1,414
Net proceeds from the disposal of investments held for trading	24,905	8,793	131,497	46,275
Interest income from the provision of loan financing	1,999	2,202	3,126	4,522
	27,658	11,805	136,132	52,211
Revenue				
Rental income	754	810	1,509	1,414
Dividend income from investments held for trading	–	13	1	13
Interest income from the provision of loan financing	1,999	2,202	3,126	4,522
	2,753	3,025	4,636	5,949

Segment information

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments under HKFRS 8 are as follows:

1. Properties investments – investment in properties for rental income purpose
2. Securities trading – trading of securities and dividend income from investments held for trading
3. Loan financing – provision of financing services

3. TURNOVER, REVENUE AND SEGMENT REPORTING (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Segment revenue from external customers				
Properties investments	754	810	1,509	1,414
Dividend income from investments held for trading	–	13	1	13
Loan financing	1,999	2,202	3,126	4,522
	2,753	3,025	4,636	5,949
Segment profit (loss)				
Properties investments	11,232	3,017	1,332	3,333
Securities trading	(7,647)	7,883	(29,478)	(729)
Loan financing	1,828	1,426	2,266	3,476
	5,413	12,326	(25,880)	6,080
Unallocated corporate expenses	(23,864)	(8,960)	(37,091)	(16,871)
Unallocated corporate income	243	471	245	537
Gain arising from fair value changes of convertible instruments designated at financial assets at FVTPL	70,012	5,735	165,333	6,067
(Loss) gain arising from fair value changes of derivative financial liabilities	1,134	–	(262)	2,334
Gain on derecognition of derivative financial assets/liabilities	–	2,233	–	2,233
Gain on derecognition of an associate	–	–	36,862	–
Impairment loss on interest in an associate	–	(7,379)	–	(24,351)
Finance costs	(10,003)	(334)	(10,500)	(661)
	42,935	4,092	128,707	(24,632)
Profit (loss) before tax				

3. TURNOVER, REVENUE AND SEGMENT REPORTING (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Segment assets		
Properties investments	379,181	381,405
Securities trading	152,476	172,591
Loan financing	27,785	49,183
Total segment assets	559,442	603,179
Unallocated corporate assets	773,483	281,717
Consolidated assets	1,332,925	884,896
Segment liabilities		
Properties investments	9,703	10,418
Securities trading	1,868	3,458
Loan financing	–	821
Total segment liabilities	11,571	14,697
Unallocated corporate liabilities	396,769	79,561
Consolidated liabilities	408,340	94,258

4. OTHER INCOME

The analysis of the Group's other income for the period are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	3	25	5	41
Interest on promissory note receivable/ convertible instruments	-	446	-	496
Sundry income	240	-	240	-
	243	471	245	537

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on:				
Bank borrowings	206	177	375	354
Other borrowings	9,647	-	9,825	-
Bond payables	150	157	300	307
	10,003	334	10,500	661

6. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging (crediting):

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Staff costs including directors' emoluments:				
Salaries and allowances	6,722	5,061	12,737	9,513
Contributions to retirement benefits scheme	158	180	355	310
	6,880	5,241	13,092	9,823
Depreciation of plant and equipment	658	573	1,271	1,155
Amortisation of leasehold land	44	-	44	-
Minimum lease payments under operating leases	1,863	1,283	2,924	2,410
Gross rental income	754	810	1,509	1,414
Less: outgoings (included in cost of sales)	(66)	(61)	(123)	(108)
Net rental income	688	749	1,386	1,306

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2014 and 30 June 2013.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2014 and 30 June 2013, nor has any dividend been proposed since 30 June 2014 and up to the date of this announcement.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (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	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings (loss)				
Profit (loss) for the period attributable to owners of the company	44,802	3,977	130,413	(24,905)
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	675,814	675,814	675,814	675,814
Effect of dilutive potential ordinary shares in respect of non-listed warrants	135,000	-	135,000	-
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	810,814	675,814	810,814	675,815

The computation of diluted earnings per share for the three months and six months ended 30 June 2014 does not assume the exercise of the Company's share options and the option to subscribe convertible bond because the respective exercise price of the Company's share options and the option to subscribe convertible bond were higher than the average market price of the Company's shares for the period in 2014.

The computation of diluted loss per share for the three months and six months ended 30 June 2013 does not assume the exercise of the Company's share options and non-listed warrants because the respective exercise prices of the Company's share options and non-listed warrants were higher than the average market price of the Company's shares for the period in 2013.

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group had additions to plant and equipment in amount of approximately HK\$2,088,000 (2013: HK\$610,000).

11. PREPAID LEASE PAYMENT OF LEASEHOLD LAND

Prepaid of lease payment of approximately HK\$20,952,000 are the leasehold land situated in Tinian in the Commonwealth of Northern Mariana Islands.

12. LOAN RECEIVABLE

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<i>Loan receivables arising from loan financing business:</i>		
Secured loan receivables	198,498	206,121
Unsecured loan receivables	66,589	73,796
Less: impairment loss recognised	(237,947)	(237,947)
	27,140	41,970
<i>Other loan receivables:</i>		
Amount due from a former subsidiary	151,980	151,980
Advance to a former associate	–	6,489
Other unsecured loan receivable	3,823	3,823
	155,803	162,292
Less: impairment loss recognised	(155,803)	(155,803)
	–	6,489
	27,140	48,459

The secured loan receivables arising from loan financing business are secured by listed equity shares, convertible bonds issued by listed companies, unlisted shares and bear interest at fixed interest rate ranging from 8% to 30% (2013: 8% to 14%) per annum.

The unsecured loan receivables arising from loan financing business bear interest at a fixed rate ranging from 8% to 14% (2013: 8% to 14%) per annum. Included in the unsecured loan receivables of HK\$2,020,000 (2013: nil) are guaranteed by independent third parties.

Amount due from a former subsidiary and other unsecured loan receivable is unsecured, non-interest bearing and repayable on demand.

Advance to a former associate is unsecured, bears interest at 6% per annum and was fully repaid on 30 March 2014.

12. LOAN RECEIVABLE (Continued)

The following table illustrates the ageing analysis, based on the loan drawn down date of the loan receivables (net of accumulated impairment losses) outstanding at the end of the reporting period:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Less than 3 months	2,020	–
More than 3 months but less than 6 months	16,137	5,118
More than 6 months but less than 12 months	5,415	–
More than 12 months	3,568	43,341
	27,140	48,459

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Deposits paid for acquisition of potential investments	60,000	76,000
Accumulated impairment loss on the deposits paid for acquisition of potential investments	(20,000)	(20,000)
	40,000	56,000
Prepayments	244,236	1,673
Rental and utility deposits	3,586	689
Other receivables	44,413	46,772
Deposit with a securities broker	25	719
	332,260	105,853

14. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 each at 31 December 2013 and 30 June 2014	100,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.001 each at 1 January 2013, 31 December 2013 and 30 June 2014	675,814	676

15. COMMITMENTS

Operating leases

The Group as lessor

The Group had contracted with tenants for the following future minimum lease payments:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within one year	1,217	2,835
In the second to fifth year inclusive	503	1,862
	1,720	4,697

Operating lease receipts represent rentals receivable by the Group for certain of its investment properties. Leases are negotiated and rentals are fixed for one to five years.

The Group as lessee

The Group had commitments for future minimum lease payments in respect of premises under various non-cancellable operating leases which fall due as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within one year	6,586	3,782
In the second to fifth year inclusive	6,037	1,429
	12,623	5,211

Operating lease payments represent rentals payable by the Group for certain of its office properties and staff quarters. Leases are negotiated and rentals are fixed for an average of three years.

Capital commitments

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Capital expenditure contracted but not provided for	-	-

16. RELATED PARTY TRANSACTIONS

(a) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Fees	497	497
Salaries and other benefits	1,888	1,656
Retirement benefits scheme contribution	15	15
	2,400	2,168

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into level 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data unobservable inputs.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique(s)	Key inputs
		30 June 2014 HK\$'000	31 December 2013 HK\$'000		
Financial assets at FVTPL					
- listed equity securities held for trading	Level 1	143,628	170,831	Quoted prices in active markets	N/A
- convertible instruments designated at FVTPL	Level 2	228,945	66,612	Binomial model	Risk-free rate, applicable stock price, volatility, credit spread
- derivative financial assets	Level 2	562	2,014	Binomial option pricing model	Risk-free rate, applicable stock price and volatility
Available-for-sale-financial assets					
- unlisted investment in funds	Level 2	34,046	28,904	Quoted price from bank	Quoted price from bank
Financial liabilities at FVTPL					
- derivative financial liabilities	Level 2	110	-	Binomial option pricing model	Risk-free rate, applicable stock price, volatility and credit spread

The fair value of financial instruments designated at FVTPL in level 2 were valued by an independent qualified professional valuer not connected with the Group.

During the six months ended 30 June 2014, there was no transfer between the different levels of the fair value hierarchy for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 30 June 2014, the Group recorded a turnover of approximately HK\$136,132,000 (six months ended 30 June 2013: approximately HK\$52,211,000), representing an increase of approximately 160.7% as compared with the last corresponding period. The increase in turnover was mainly due to the increase in volume in securities trading.

Administrative expenses for the six months ended 30 June 2014 was approximately HK\$40,105,000 (six months ended 30 June 2013: approximately HK\$20,653,000), representing an increase of approximately 94.2% as compared with the last corresponding period. The increase in expenses was mainly due to increase in consultancy and professional fees expenses, as well as staff costs, most of which were incurred in relation to the potential investments and application for a casino resort developer license in Tinian and Saipan in the Commonwealth of the Northern Mariana Islands ("CNMI").

The profit attributable to the owners of the Company for the six months ended 30 June 2014 aggregated at approximately HK\$130,413,000 (six months ended 30 June 2013: loss approximately HK\$24,905,000). Profit for the period is mainly attributable to gain arising from fair value changes of convertible instruments designated at financial assets at fair value through profit or loss. The basic earnings per share for the six months ended 30 June 2014 was approximately HK19.30 cents (six months ended 30 June 2013: loss per share approximately HK3.69 cents).

Business Review and Outlook

Through renting out of the properties, the Group recorded a rental income of approximately HK\$1,509,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: approximately HK\$1,414,000). As at 30 June 2014, the Group held properties in Hong Kong and in Mainland China for investment purposes with total fair value amounted to approximately HK\$218,356,000 (31 December 2013: approximately HK\$219,964,000). Despite that the properties market in Hong Kong remains buoyant, the Board will from time to time review the portfolio of investment properties in a prudent manner for the benefit of the Company and its shareholders.

Segmental turnover of the securities trading business for the six months ended 30 June 2014 was approximately HK\$131,497,000 (six months ended 30 June 2013: approximately HK\$46,275,000). The Group recorded a loss arising from the fair value changes of investments held for trading of approximately HK\$15,983,000 (six months ended 30 June 2013: approximately HK\$3,678,000) and a loss on disposals of investments held for trading of approximately HK\$12,079,000 (six months ended 30 June 2013: gain approximately HK\$3,321,000); a gain arising from fair value changes of convertible instruments designated at financial assets at

fair value through profit or loss of approximately HK\$165,333,000 (six months ended 30 June 2013: approximately HK\$6,067,000). As at 30 June 2014, the Group had investments held for trading amounted to approximately HK\$143,628,000 (31 December 2013: approximately HK\$170,831,000), and convertible instruments designated at financial assets at fair value through profit of loss amounted to approximately HK\$228,945,000 (31 December 2013: approximately HK\$66,612,000). The global stock market is expected to continue to be volatile. The Group will remain cautious in its investment strategy.

The performance of the loan financing business remained unsatisfactory, and the turnover dropped by 30.9% to approximately HK\$3,126,000 during the period under review (six months ended 30 June 2013: approximately HK\$4,522,000), because the effort to expand its customer base has been unsuccessful. In view of the uncertainty in the credit market, the management has continued to adopt a conservative approach in implementing the lending practice and loan policy.

As the global economy has been recovering at a slower pace than anticipated, the Group will continue to adopt a positive but prudent approach in managing its financial resources and towards its investment strategy in exploring the feasibility of expansion into other business segments.

Fund Raising Activities

On 18 June 2014, the Group entered into an option placing agreement with Fortune (HK) Securities Limited as placing agent (the "Placing Agent") pursuant to which the Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six independent placees to subscribe for up to 130 options (the "Options") at a premium of HK\$10,000 per Option. On 27 June 2014, completion took place in which the Options have been fully placed to the placees which included 5 individual investors and 1 corporate investor. The gross proceeds and net proceeds from the placing were approximately HK\$1,300,000 and HK\$918,000 respectively, resulting in the net placing price of approximately HK\$7,000 for each Option. The net proceeds from the placing of HK\$918,000 were used as operating expenditure of the Group. Upon exercise of each of the Options, the optionholders are entitled to subscribe for HK\$1,000,000 in the principal amount of the convertible bonds (the "Convertible Bonds") at the subscription price of HK\$1,000,000. Assuming exercise of all of the 130 Options, the optionholders are entitled to subscribe for, in aggregate, the Convertible Bonds in the principal amount of HK\$130,000,000 at the aggregate subscription price of HK\$130,000,000. The Convertible Bonds are convertible into 130,000,000 new shares of the Company at the conversion price of HK\$1 per conversion share. Details are set out in the Company's announcements dated 18 June 2014 and 28 June 2014 respectively.

Liquidity and Financial Resources

The Group principally finances its operations through a combination of shareholders equity, internally generated cash flows and borrowings.

As at 30 June 2014, the Group's current liabilities increased to approximately HK\$375,815,000 from approximately HK\$61,733,000 from last financial year. The Group had cash and cash equivalent of approximately HK\$10,805,000 (31 December 2013: approximately HK\$38,050,000) and had interest-bearing borrowings of approximately HK\$285,013,000 (31 December 2013: approximately HK\$29,731,000).

As at 30 June 2014, the gearing ratio (measured as total liabilities to total assets) was approximately 30.6% (31 December 2013: approximately 10.7%).

Capital Structure

As at 30 June 2014 and 31 December 2013, the Company's issued share capital was HK\$675,814, divided into 675,814,000 shares of HK\$0.001 each.

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liability (31 December 2013: nil).

Charges on Assets

As at 30 June 2014, investment properties of the Group and shares of certain subsidiaries of the Company with an aggregate carrying value of HK\$439,800,000 have been pledged to banks and other financial institution to secure the credit facilities granted to the Group (31 December 2013: HK\$77,700,000).

Exposure to Fluctuation in Exchange Rates and Related Hedges

The reporting currency adopted by the Group is Hong Kong dollars ("HK\$"). The majority of the Group's sales, receivables and expenditures are dominated in HK\$, United States dollars ("USD") or Renminbi ("RMB"). HK\$ is closely linked with USD. Although the exchange rate of HK\$ against RMB had steadily depreciated during the period under review, the Directors do not consider that the Group is exposed to any material foreign currency exchange risk. No hedging or other similar device has been implemented. However, the Directors will constantly monitor the Group's foreign exchange exposure and implement foreign currency hedging measures should the need arises.

Material Acquisitions and Disposals

On 9 January 2014, Gain Millennia Limited (the “Lessee”), a wholly-owned subsidiary of the Company, entered into a leasing agreement (the “Leasing Agreement”) with Hong Kong Entertainment (Overseas) Investments Limited (the “Lessor”), Mega Stars Overseas Limited and Tinian Dynasty Investments Limited, pursuant to which the Lessor has conditionally agreed to, as head lessee of various pieces of land in Tinian, the CNMI (the “Land”), grant the leasing of the Land, together with the Tinian Dynasty Hotel & Casino on the Land (the “Hotel and Casino”), to the Lessee during the term of the land lease ending on 18 May 2051 (the “Land Lease”), and the Lessee has agreed to take up the Land Lease from the Lessor, at the consideration of HK\$1,000,000,000, which shall be satisfied as to HK\$300,000,000 by cash and as to HK\$700,000,000 by promissory notes. Details are set out in the announcements of the Company dated 11 February 2014, 27 February 2014, 3 April 2014 and 15 April 2014.

On 6 February 2014, the Group agreed to subscribe for the convertible bonds of The Hong Kong Building and Loan Agency Limited (“HKBLA”) (a company listed on the Stock Exchange with stock code 145) in the principal amount of HK\$43,200,000. Assuming the conversion rights attaching to the convertible bonds are exercised in full at the initial conversion price of HK\$0.135 per conversion share, a total of 320,000,000 conversion shares will be allotted and issued. Details are set out in the announcement of the Company dated 7 February 2014. The subscription was completed on 17 February 2014.

On 9 April 2014, the Group entered into a framework agreement (as revised and supplemented by the first supplemental framework agreement dated 5 June 2014, the second supplemental framework agreement dated 27 June 2014) (collectively, the “Framework Agreements”) with Well Target Limited (“Well Target”), pursuant to which Well Target intends to procure a new company to issue the convertible notes and the Group intends to subscribe the convertible notes at a consideration of HK\$340,000,000. Assuming the conversion rights attaching to the convertible notes are exercised in full, representing approximately 60% of the enlarged issued share capital of the issuer. Details are set out in the announcements of the Company dated 9 April 2014, 15 April 2014, 22 May 2014, 5 June 2014 and 28 June 2014 .

On 21 April 2014, the Group submitted an application for a casino resort developer license in CNMI (the "Application"). In support of the Application, the Group paid a non-refundable license application fee in the amount of US\$1,000,000 to the Commonwealth Treasury of the CNMI on 17 April 2014. Further, in respect of the Application and in accordance with the CNMI Public Laws, on 30 April 2014, the Group entered into an escrow agreement (as revised and supplemented by the amendments of escrow instructions dated 18 June 2014, 19 June 2014 and 30 June 2014 respectively) with CNMI and Bank of Guam pursuant to which the Group paid a deposit in the amount of US\$30,000,000 into an escrow account, the amount of which shall be applied towards the annual license fee of US\$15,000,000 per year for the first and the fifth year, which shall be payable upon the receipt of the license. On 1 August 2014, the Group received a letter from the Commonwealth Lottery Commission stating that it has decided not to consider the Application any further. On the same day, the Bank of Guam had disbursed US\$30,000,000 and all interest to the Group. Details are set out in the announcements of the Company dated 22 April 2014, 8 May 2014, 10 May 2014, 16 May 2014, 19 June 2014, 30 June 2014, 4 July 2014, 28 July 2014 and 1 August 2014.

On 23 May 2014, the Group, as the assignee, executed (i) an assignment of shares of Tinian Realty International Co. ("TRI") pursuant to which the assignor assigned the entire issued shares capital of TRI at the consideration of US\$50,000; (ii) a deed of loan assignment pursuant to which the assignee acquired all the assignor's interest in the indebtedness of TRI at the consideration of US\$100,000. Prior to the Assignment, TRI entered into a ground land lease agreement with an independent third party on 19 May 2014 regarding a land situated in Tinian, CNMI. Details are set out in the announcement of the Company dated 23 May 2014.

Litigations

Reference is made to page 10 of the 2013 annual report of the company which discloses particulars on and progress of litigation matters in which the Company and/or its subsidiaries are involved.

In relation to the litigation matter in which the Company was sued as the 2nd Defendant, the Plaintiff has amended their Statement of Claim on 13 May 2014. The Company is now seeking legal advice on disallowing such amendment of the Statement of Claim by the Plaintiff.

The Company will announce or disclose the conduct of litigation matters and/or outcome of enforcement proceedings wherever appropriate or necessary.

Advance to an Entity

On 11 April 2014 and 21 May 2014 the Group made payment in the amount of HK\$8,000,000 and HK\$27,000,000 respectively to Well Target Limited as further deposit of the convertible notes. Details are set out in the announcements of the Company dated 22 May 2014, 5 June 2014, 28 June 2014 and 18 July 2014. At 30 June 2014, the amount due from Well Target Limited was approximately HK\$151,638,010. Subsequently, such amount was applied in entirety to settle and discharge the rental prepayment upon the execution of the agency agreement as disclosed in the below section headed "Events after the Reporting Period".

On 30 April 2014, Marianas Stars Entertainment, Inc., an indirect non-wholly owned subsidiary of the Company (“MSE”), entered into an escrow agreement in respect of the application for a casino resort developer license in the CNMI. MSE was required to pay US\$30,000,000 into the escrow account. Details are set out in the announcement of the Company dated 8 May 2014, 16 May 2014, 30 June 2014, 28 July 2014 and 1 August 2014. At 30 June 2014, the amount due from MSE was approximately HK\$240,859,000.

Events after the Reporting Period

On 17 July 2014, Gain Millennia Limited (the “Preferred Agent”), a wholly-owned subsidiary of the Company, entered into the agency agreement with Hong Kong Entertainment (Overseas) Investments Limited (the “Principal”) and Well Target Limited as the guarantor, pursuant to which the Principal agreed to appoint the Preferred Agent to, and the Preferred Agent agreed to its being appointed to, inter alia, render the agency services in Tinian, the CNMI. The appointment commenced on 17 July 2014. Details are set out in the announcement of the Company dated 18 July 2014.

On 17 July 2014, Chinese Travel (Holdings) Limited, a wholly-owned subsidiary of the Company (“Purchaser”) and Mr. Chan Kin Chung (the “Vendor”) entered into the sale and purchase agreement pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 1,520,000 shares, representing 38% of the entire issued share capital, of Oriental Tours & Travel Co. Limited, a company principally engaged in travel agent business for a consideration of HK\$380,000. Details are set out in the announcement of the Company dated 18 July 2014.

Employee Information and Remuneration Policy

The Group had 69 employees (31 December 2013: 65 employees) in Hong Kong and Mainland China as at 30 June 2014. During the six months ended 30 June 2014, the Group incurred staff costs (including Directors’ emoluments) of approximately HK\$13,092,000 (six months ended 30 June 2013: approximately HK\$9,823,000).

The emoluments of the Directors are recommended by the remuneration committee, and approved by the Board, as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors’ skills, knowledge and involvement in the Company’s affairs. None of the Directors are involved in deciding their own remuneration.

The employees are remunerated with basic salary and discretionary bonus with reference to corporate and individual’s performance during the period. The Group offers competitive remuneration package, including medical and retirement benefits, to eligible employees. Apart from basic salary, executive directors and employees are eligible to receive a discretionary bonus taking into account factors, such as market conditions as well as corporate and individual’s performance during the period.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 13 November 2002 which was expired on 12 November 2012 (the “Expired Share Option Scheme”), to allow the Company to grant share options to the participants for the purpose of providing incentives or rewards to the participants for their contribution to the Group. Details of the share options outstanding during the six months ended 30 June 2014 were:

Name of category	Date of grant of share options	Outstanding as at 01.01.2014	During the six months ended 30 June 2014				Outstanding as at 30.06.2014	Validity period of shares options	Exercise price HK\$
			Granted	Exercised	Lapsed	Cancelled			
Employees	3/4/2007	1,000,000	-	-	-	-	1,000,000	3/4/2007 – 2/4/2017	7.35
Consultants	3/4/2007	1,200,000	-	-	-	-	1,200,000	3/4/2007 – 2/4/2017	7.35
Total		2,200,000	-	-	-	-	2,200,000		

A new share option scheme has been adopted and approved by the shareholders of the Company by passing an ordinary resolution proposed at the special general meeting held on 2 April 2014 so that the Company can continue to provide incentives and/or rewards to the participants by way of granting options. The general scheme limit of the Company is 67,581,400 shares representing 10% of the issued share capital by the time of passing the relevant resolution. No share options has been granted during the six months ended 30 June 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2014, the interests and short positions of the Directors and the chief executives of the Company 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 ((Chapter 571 of the Laws of Hong Kong) (the “SFO”)), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provision of the SFO), or 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 directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules were as follows:

Long position in shares and underlying shares of the Company

Name of Director	Type of interests	Number of issued ordinary shares held	Approximate percentage of the issued share capital
Chan Shui Sheung Ivy	Beneficial owner	60,000	0.01%

Save as disclosed above, as at 30 June 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of 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 rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above section headed "Directors' and Chief Executives' Interests in Shares of the Company", at no time during the six months ended 30 June 2014 was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the Directors, their spouse or their children under the age 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 30 June 2014.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors or Company's members of its management had a material interest, whether directly or indirectly, subsisted at 30 June 2014 or at any time during the six months ended 30 June 2014.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, persons (other than a director or chief executive of the Company) who had interests or short positions directly or indirectly in the Company's shares and/or underlying shares recorded in the register kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long position in shares and underlying shares of the Company

Name of Shareholders	Capacity	Number of shares	Number of underlying shares	Approximate percentage of interests
Chinese Capital Management Limited	Beneficial owner	–	124,000,000 (note 1)	18.35%
PME Group Limited	Interest of corporation controlled	67,294,000 (note 2)	–	9.96%
Sunbright Asia Limited	Beneficial owner	61,500,000 (note 2)	–	9.10%
Well Support Limited	Beneficial owner	67,081,466 (note 3)	–	9.93%
Liu Yi Dong	Trustee of Liu Yi Dong Family Trust	67,081,466 (note 3)	–	9.93%

notes:

1. This is an interest in underlying shares held directly by Chinese Capital Management Limited in respect of each warrant to subscribe for one subscription share of the Company a maximum of 124,000,000 subscription shares (with an aggregate nominal value of HK\$124,000 of the subscription shares) upon full exercise of the subscription rights attaching to the warrants.
2. In accordance with the corporate substantial shareholder notices filed by PME Group Limited ("PME") and Sunbright Asia Limited ("Sunbright"), these 67,294,000 shares comprised 61,500,000 shares held by Sunbright and 5,794,000 shares held by Betterment Enterprises Limited ("Betterment"). Sunbright is wholly-owned by CR Investment Group Limited ("CR Investment"). Betterment is owned as to 99.49% by Richcom Group Limited ("Richcom"). Richcom is in turn wholly-owned by CR Investment. CR Investment is in turn wholly-owned by PME. Accordingly, each of Richcom, CR Investment and PME is deemed to be interested in the shares held by Betterment; and each of CR Investment and PME is deemed to be interested in the shares held by Sunbright.
3. Pursuant to the corporate substantial shareholder notice filed by Well Support Limited and the individual substantial shareholder notice filed by Liu Yi Dong, these shares are held by Well Support Limited, which is beneficially owned by Liu Yi Dong Family Trust and the beneficiaries of which are Liu Yi Dong and his family members.

Save as disclosed above, the Directors were not aware of any other persons, other than a director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company as at 30 June 2014 as recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company or the Stock Exchange.

COMPETING INTERESTS

None of the Directors or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that competes or may compete with the business of the Group or had any other conflict of interest with the Group during the six months ended 30 June 2014.

CODE ON CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the "CG Code") for the six months ended 30 June 2014 except for the following deviations:

The code provision A.2.1 of the CG Code prescribed, among others, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Lam Hing Wilfred has been appointed as the chairman of the Board with effect from 1 January 2014. The Board will keep reviewing the current structure from time to time and appoint candidate with suitable knowledge, skill, and experience as chief executive of the Company if identified.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). Following a specific enquiry, all Directors confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes of information on Directors are as follow:

Mr. Lam Kwok Hing Wilfred resigned as a non-executive director and non-executive vice-chairman of National Arts Entertainment and Culture Group Limited (stock code: 8228), a company listed on GEM of the Stock Exchange, with effect from 11 July 2014.

Ms. Chan Shui Sheung Ivy has retired as an executive director of PME Group Limited (stock code: 379), a company listed on the Stock Exchange, with effect from 11 June 2014.

Ms. Yuen Wai Man has been appointed as an independent non-executive director of Tai Shing International (Holdings) Limited (stock code: 8103), a company listed on GEM of the Stock Exchange, with effect from 3 April 2014.

COMPLIANCE ADVISER

CLC International Limited (“CLC”) being the compliance adviser of the Company as at 30 June 2014, confirmed that CLC together with its directors, employees or associates (as defined under the GEM Listing Rules) were not interested in any share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2014 pursuant to Rule 6A.32 of the GEM Listing Rules.

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 report and financial statements, interim reports and quarterly reports and to provide comments thereon to the Board.

The Audit Committee has reviewed the Group’s unaudited financial results for the six months ended 30 June 2014 and has provided comments thereon.

On behalf of the Board
Chinese Strategic Holdings Limited
Lam Kwok Hing Wilfred
Chairman and Executive Director

Hong Kong, 11 August 2014

As at the date hereof, the Company’s executive Directors are Mr. Lam Kwok Hing Wilfred, J.P., (Chairman) and Ms. Chan Shui Sheung Ivy; and the independent non-executive Directors are Ms. Yuen Wai Man, Mr. Wang Chin Mong and Mr. Chow Fu Kit Edward.