



華人策略控股有限公司

Chinese Strategic Holdings Limited

(incorporated in Bermuda with limited liability)

Stock Code: 8089

2015
Interim Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE

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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.

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days and on the Company website at www.chinesestrategic.com from the date of its publication.

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 2015, together with the comparative figures for the corresponding period in year 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Turnover | 3 | 126,517 | 27,658 | 132,330 | 136,132 |
| Revenue | 3 | 1,308 | 2,753 | 2,858 | 4,636 |
| Cost of sales | | (59) | (66) | (123) | (123) |
| Gross profit | | 1,249 | 2,687 | 2,735 | 4,513 |
| Other income and gains | 4 | 2 | 243 | 2 | 245 |
| Administrative expenses | | (23,763) | (24,062) | (41,665) | (40,105) |
| Changes in fair values of investment properties, net | | 2,700 | 9,196 | 2,700 | (656) |
| Changes in fair values of investments held for trading | | 304,857 | (8,084) | 330,817 | (15,983) |
| Gain (loss) on disposals of investments held for trading | | 45,174 | 1,346 | 45,183 | (12,079) |
| Changes in fair values of convertible instruments designated as financial assets at fair value through profit or loss | | – | 70,012 | 1,920 | 165,333 |
| Changes in fair values of derivative financial assets/liabilities | | – | 1,134 | – | (262) |
| Gain arising from derecognition of derivative financial liabilities | | 3,156 | – | 3,156 | – |
| Impairment loss recognised in respect of assets held for sale | | (13,385) | – | (13,385) | – |
| Gain on deemed disposal of partial interest in an associate | | – | – | – | 36,862 |
| Share of profit of a joint venture | | 1,008 | 466 | 2,032 | 1,339 |
| Operating profit | | 320,998 | 52,938 | 333,495 | 139,207 |
| Finance costs | 5 | (4,921) | (10,003) | (12,076) | (10,500) |

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Profit before tax | | 316,077 | 42,935 | 321,419 | 128,707 |
| Income tax expense | 7 | - | - | - | - |
| Profit for the period | 6 | 316,077 | 42,935 | 321,419 | 128,707 |
| Other comprehensive income | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Exchange differences arising on translating foreign operations | | 416 | 1,159 | 344 | 77 |
| Fair value gain on available-for-sale financial assets | | 6,471 | 1,453 | 7,953 | 5,143 |
| Other comprehensive income for the period | | 6,887 | 2,612 | 8,297 | 5,220 |
| Total comprehensive income for the period | | 322,964 | 45,547 | 329,716 | 133,927 |
| Profit (loss) for the period attributable to: | | | | | |
| Owners of the Company | | 315,890 | 44,802 | 321,044 | 130,413 |
| Non-controlling interests | | 187 | (1,867) | 375 | (1,706) |
| | | 316,077 | 42,935 | 321,419 | 128,707 |
| Total comprehensive income (expense) attributable to: | | | | | |
| Owners of the Company | | 322,777 | 47,414 | 329,341 | 135,633 |
| Non-controlling interests | | 187 | (1,867) | 375 | (1,706) |
| | | 322,964 | 45,547 | 329,716 | 133,927 |
| Earnings per share | 9 | | | | |
| Basic (HK cents) | | 44.69 cents | 6.63 cents | 46.43 cents | 19.30 cents |
| Diluted (HK cents) | | 38.96 cents | 5.53 cents | 39.60 cents | 16.08 cents |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---|-------|--|--|
| Non-current assets | | | |
| Plant and equipment | 10 | 7,702 | 8,921 |
| Prepaid lease payment – non-current portion | 11 | 20,525 | 20,719 |
| Investment properties | | 90,700 | 226,538 |
| Interest in an associate | | 380 | – |
| Interest in a joint venture | | 164,195 | 162,163 |
| Club debentures | | 2,690 | 2,690 |
| Available-for-sale financial assets | | 49,599 | 41,646 |
| | | 335,791 | 462,677 |
| Current assets | | | |
| Loan and interest receivables | 12 | 11,236 | 9,316 |
| Convertible instruments designated as financial assets at fair value through profit or loss | | – | 150,626 |
| Prepayments, deposits and other receivables | 13 | 198,868 | 190,289 |
| Prepaid lease payment | 11 | 388 | 388 |
| Investments held for trading | | 747,125 | 231,742 |
| Deposits placed with financial institutions | | 46,368 | – |
| Bank balances and cash | | 46,069 | 17,303 |
| | | 1,050,054 | 599,664 |
| Assets classified as held for sale | | 128,129 | – |
| | | 1,178,183 | 599,664 |
| Current liabilities | | | |
| Accruals and other payables | | 41,675 | 51,761 |
| Borrowings | | 157,512 | 109,367 |
| Derivative financial liabilities | | – | 3,156 |
| Tax liabilities | | 10,002 | 10,002 |
| | | 209,189 | 174,286 |
| Liabilities directly associated with assets classified as held for sale | | 35,128 | – |
| | | 244,317 | 174,286 |
| Net current assets | | 933,866 | 425,378 |
| Total assets less current liabilities | | 1,269,657 | 888,055 |

| | Note | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|--|------|--|--|
| Non-current liabilities | | | |
| Bond payables | | 60,000 | 10,000 |
| Deferred tax liabilities | | 755 | 25,788 |
| | | 60,755 | 35,788 |
| Net assets | | | |
| | | 1,208,902 | 852,267 |
| Capital and reserves | | | |
| Share capital | 14 | 810 | 676 |
| Reserves | | 1,182,462 | 826,336 |
| Equity attributable to owners of the Company | | 1,183,272 | 827,012 |
| Non-controlling interests | | 25,630 | 25,255 |
| Total equity | | 1,208,902 | 852,267 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

| | 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 |
| Capital injection by non-controlling interest | - | - | - | - | - | - | - | - | - | 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 |

Attributable to owners of the Company

| | Share capital HK\$'000 | Share premium HK\$'000 | Share Contributed surplus HK\$'000 | Share options reserve HK\$'000 | Share investment options 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 2015 (audited) | 676 | 2,901,300 | 7,914 | 3,590 | 20,268 | 1,350 | 19,536 | (2,127,622) | 827,012 | 25,255 | 852,267 |
| Profit for the period | - | - | - | - | - | - | - | 321,044 | 321,044 | 375 | 321,419 |
| Other comprehensive income for the period | - | - | - | - | 7,953 | - | 344 | - | 8,297 | - | 8,297 |
| Total comprehensive income for the period | - | - | - | - | 7,953 | - | 344 | 321,044 | 329,341 | 375 | 329,716 |
| Issue of shares upon exercise of non-listed warrants | 134 | 28,135 | - | - | - | (1,350) | - | - | 26,919 | - | 26,919 |
| At 30 June 2015 (unaudited) | 810 | 2,929,435 | 7,914 | 3,590 | 28,221 | - | 19,880 | (1,806,578) | 1,183,272 | 25,630 | 1,208,902 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Net cash (used in)/generated from operating activities | (83,646) | 59,467 |
| Net cash used in investing activities | (1,573) | (339,000) |
| Net cash generated from financing activities | 113,641 | 251,258 |
| Net increase (decrease) in cash and cash equivalents | 28,422 | (28,275) |
| Cash and cash equivalents at the beginning of period | 17,303 | 38,050 |
| Effect of foreign exchange rate changes | 344 | 1,030 |
| Cash and cash equivalents at the end of period | 46,069 | 10,805 |
| Analysis of balances of cash and cash equivalents | | |
| Bank balances and cash | 46,069 | 10,805 |

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 issued 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 principal activity of the Company is investment holding. 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 2015 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 2014.

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 HKFRS 10, HKFRS 12 and HKAS 27 (2011) | Investment Entities |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 36 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to HKAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC*) – Interpretation 21 | Levies |

* IFRIC represents the International Financial Reporting Interpretations Committee

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

The Directors 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 2015.

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

| | |
|--|--|
| Amendments to HKAS 19 (2011) Annual Improvements Project | Defined Benefit Plans: Employee Contributions ² |
| Annual Improvements Project | Annual Improvements 2010-2012 Cycle ¹ |
| Annual Improvements Project | Annual Improvements 2011-2013 Cycle ² |
| HKFRS 14 | Annual Improvements 2012-2014 Cycle ³ |
| Amendments to HKFRS 10 and HKAS 28 | Regulatory Deferral Accounts ⁴ |
| Amendments to HKFRS 11 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| | Accounting for Acquisitions of Interests in Joint Operations ³ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ³ |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants ³ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ³ |
| HKFRS 15 | Revenue from Contracts with Customers ⁵ |
| HKFRS 9 | Financial Instruments ⁶ |

¹ Effective for annual periods beginning on or after 1 July 2014, with limited exception. Early application is permitted.

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1 January 2018, 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, interest income from the provision of loan financing and dividend income from investments held for trading during the period.

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

| | Three months ended 30 June 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | Six months ended 30 June 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
|--|---|---------------------------------|---|---------------------------------|
| Turnover | | | | |
| Rental income | 902 | 754 | 2,253 | 1,509 |
| Net proceeds from the disposal of investments held for trading | 125,209 | 24,905 | 129,472 | 131,497 |
| Interest income from the provision of loan financing | 406 | 1,999 | 605 | 3,126 |
| | 126,517 | 27,658 | 132,330 | 136,132 |
| Revenue | | | | |
| Rental income | 902 | 754 | 2,253 | 1,509 |
| Interest income from the provision of loan financing | 406 | 1,999 | 605 | 3,126 |
| Dividend income from investments held for trading | – | – | – | 1 |
| | 1,308 | 2,753 | 2,858 | 4,636 |

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 makers 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 revenue and results

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

| | Three months ended 30 June 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | Six months ended 30 June 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
|---|---|---------------------------------|---|---------------------------------|
| Segment revenue | | | | |
| Properties investments | 902 | 754 | 2,253 | 1,509 |
| Securities trading | – | – | – | 1 |
| Loan financing | 406 | 1,999 | 605 | 3,126 |
| | 1,308 | 2,753 | 2,858 | 4,636 |
| Segment profit (loss) | | | | |
| Properties investments | 3,543 | 11,232 | 5,176 | 1,332 |
| Securities trading | 349,154 | (7,647) | 375,028 | (29,478) |
| Loan financing | 313 | 1,828 | 512 | 2,266 |
| | 353,010 | 5,413 | 380,716 | (25,880) |
| Unallocated corporate expenses | (21,785) | (23,864) | (38,914) | (37,091) |
| Unallocated corporate income | 2 | 243 | 2 | 245 |
| Changes in fair values of convertible instruments designated as financial assets at FVTPL | – | 70,012 | 1,920 | 165,333 |
| Changes in fair values of derivative financial assets/liabilities | – | 1,134 | – | (262) |
| Gain arising from derecognition of derivative financial liabilities | 3,156 | – | 3,156 | – |
| Impairment loss recognised in respect of assets held for sale | (13,385) | – | (13,385) | – |
| Gain on deemed disposal of partial interest in an associate | – | – | – | 36,862 |
| Finance costs | (4,921) | (10,003) | (12,076) | (10,500) |
| Profit before tax | 316,077 | 42,935 | 321,419 | 128,707 |

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 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|--|--|--|
| Segment assets | | |
| Properties investments | 256,079 | 401,831 |
| Securities trading | 791,522 | 232,774 |
| Loan financing | 13,669 | 9,566 |
| Total segment assets | 1,061,270 | 644,171 |
| Assets classified as held for sale | 128,129 | – |
| Unallocated corporate assets | 324,575 | 418,170 |
| Consolidated assets | 1,513,974 | 1,062,341 |
| Segment liabilities | | |
| Properties investments | 53,379 | 10,147 |
| Securities trading | 95,973 | 3,209 |
| Loan financing | 2,714 | 3,510 |
| Total segment liabilities | 152,066 | 16,866 |
| Liabilities directly associated with assets classified as held for sale | 35,128 | – |
| Unallocated corporate liabilities | 117,878 | 193,208 |
| Consolidated liabilities | 305,072 | 210,074 |

4. OTHER INCOME AND GAINS

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

| | Three months ended 30 June | | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Bank interest income | 2 | 3 | 2 | 5 |
| Gain on disposal of plant and equipment | – | 240 | – | 240 |
| | 2 | 243 | 2 | 245 |

5. FINANCE COSTS

| | Three months ended 30 June | | Six months ended 30 June | |
|------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Interest on: | | | | |
| Bank borrowings | 163 | 206 | 325 | 375 |
| Other loans | 1,968 | 9,647 | 6,411 | 9,825 |
| Bond and note payables | 2,000 | 150 | 4,550 | 300 |
| Margin loans | 790 | – | 790 | – |
| | 4,921 | 10,003 | 12,076 | 10,500 |

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

| | Three months ended 30 June | | Six months ended 30 June | |
|---|----------------------------|-------------|--------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Staff costs including directors' emoluments: | | | | |
| Salaries and allowances | 8,027 | 6,722 | 15,944 | 12,737 |
| Contributions to retirement benefits scheme | 215 | 158 | 419 | 355 |
| | 8,242 | 6,880 | 16,363 | 13,092 |
| Depreciation of plant and equipment | 732 | 658 | 1,369 | 1,271 |
| Amortisation of prepaid lease payment | 97 | 44 | 194 | 44 |
| Minimum lease payments under operating leases | 2,311 | 1,863 | 4,697 | 2,924 |
| Gross rental income | 902 | 754 | 2,253 | 1,509 |
| Less: outgoings (included in cost of sales) | (59) | (66) | (123) | (123) |
| Net rental income | 843 | 688 | 2,130 | 1,386 |

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 2015 and 30 June 2014.

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%.

8. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2015 and 30 June 2014, nor has any dividend been proposed since 30 June 2015 and up to the date of this report.

9. EARNINGS PER SHARE

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

| | Three months ended 30 June 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | Six months ended 30 June 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
|--|---|---------------------------------|---|---------------------------------|
| Profit | | | | |
| Profit for the period attributable to owners of the Company | 315,890 | 44,802 | 321,044 | 130,413 |
| | '000 | '000 | '000 | '000 |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 706,876 | 675,814 | 691,431 | 675,814 |
| Effect of dilutive potential ordinary shares in respect of non-listed warrants | 103,938 | 135,000 | 119,383 | 135,000 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 810,814 | 810,814 | 810,814 | 810,814 |

The computation of diluted earnings per share for the six months ended 30 June 2015 and 30 June 2014 does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price of the Company's shares for the six months ended 30 June 2015 and 30 June 2014.

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had additions to plant and equipment in amount of approximately HK\$891,000 (2014: HK\$2,748,000).

11. PREPAID LEASE PAYMENT

As at 30 June 2015, prepaid of lease payment of approximately HK\$20,913,000 are the leasehold land situated in Tinian in the Commonwealth of Northern Mariana Islands (“CNMI”) (2014: HK\$21,107,000).

12. LOAN AND INTEREST RECEIVABLES

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|--|--|--|
| <i>Loan and interest receivables arising from loan financing business:</i> | | |
| Secured loan and interest receivables | 158,957 | 157,037 |
| Unsecured loan and interest receivables | 64,568 | 64,568 |
| Less: accumulated impairment loss recognised | (212,289) | (212,289) |
| | 11,236 | 9,316 |
| <i>Other loan receivables:</i> | | |
| Amount due from a former subsidiary | 151,980 | 151,980 |
| Less: accumulated impairment loss recognised | (151,980) | (151,980) |
| | — | — |
| | 11,236 | 9,316 |

The secured loan and interest receivables arising from loan financing business are secured by listed equity shares, unlisted shares and properties located in Hong Kong and bear interest at fixed interest rates ranging from 10% to 30% (2014: 8% to 12%) per annum.

The unsecured loan receivables arising from loan financing business bear interest at fixed interest rates ranging from 10% to 14% (2014: 10% to 14%) per annum.

The amount due from a former subsidiary is unsecured, non-interest bearing and repayable on demand.

12. LOAN AND INTEREST RECEIVABLES (Continued)

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

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|--|--|--|
| Less than 3 months | 3,188 | 3,797 |
| More than 3 months but less than 12 months | 3,659 | – |
| More than 12 months | 4,389 | 5,519 |
| | 11,236 | 9,316 |

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---|--|--|
| Deposits paid for acquisition of potential investments | 77,200 | 20,000 |
| Accumulated impairment loss on the deposits paid for acquisition of potential investments | (20,000) | (20,000) |
| | 57,200 | – |
| Prepayments | 986 | 1,370 |
| Rental and utility deposits | 2,880 | 3,053 |
| Other receivables | 137,802 | 185,866 |
| | 198,868 | 190,289 |

14. SHARE CAPITAL

| | Number of shares '000 | Nominal value HK\$'000 |
|---|-----------------------------|------------------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.001 each at 31 December 2014 and 30 June 2015 | 100,000,000 | 100,000 |
| Issued and fully paid ordinary shares of HK\$0.001 each | | |
| At 1 January 2014 and 31 December 2014 | 675,814 | 676 |
| Issue of shares upon exercise of non-listed warrants | 134,600 | 134 |
| At 30 June 2015 | 810,414 | 810 |

15. COMMITMENTS

Operating lease commitment

The Group as lessor

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

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---------------------------------------|--|--|
| Within one year | 2,364 | 2,084 |
| In the second to fifth year inclusive | 847 | 119 |
| | 3,211 | 2,203 |

Operating lease receipts represent rentals receivable by the Group for certain of its investment properties. All of the properties held have committed tenants for the next one to three years (2014: one to three years).

15. COMMITMENTS (Continued)

Operating lease commitment (Continued)

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 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---------------------------------------|--|--|
| Within one year | 5,626 | 6,578 |
| In the second to fifth year inclusive | 1,652 | 3,742 |
| | 7,278 | 10,320 |

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 two years (2014: two years).

Capital commitments

The Group did not have any material capital commitment as at 30 June 2015 and 31 December 2014.

16. RELATED PARTY TRANSACTIONS

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 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
|--|---|---------------------------------|
| Fees | 497 | 497 |
| Salaries and other benefits | 2,316 | 1,888 |
| Retirement benefits scheme contributions | 27 | 15 |
| | 2,840 | 2,400 |

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.

| Financial assets/financial liabilities | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key inputs |
|---|---|---|----------------------|--|
| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 | | |
| 1) Investments held for trading | Assets – HK\$747,125 | Assets – HK\$231,742 | Level 1 | Quoted bid prices in an active market. |
| 2) Convertible instruments designated as financial assets at FVTPL | – | Assets – HK\$150,626 | Level 2 | Discount rate and volatility levels determined using a Binominal option pricing model. |
| 3) Unlisted investment in funds classified as available-for-sale financial assets | Assets – HK\$43,707 | Assets – HK\$35,754 | Level 2 | Quoted bid prices from bank. |
| 4) Derivative financial liabilities | – | Liabilities – HK\$3,156 | Level 2 | Discount rate and volatility levels determined using a Binominal option pricing model. |

During the six months ended 30 June 2015, 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 2015, the Group recorded a turnover of approximately HK\$132,330,000 (six months ended 30 June 2014: approximately HK\$136,132,000), representing a decrease of approximately 2.8% as compared with the last corresponding period. The decrease in turnover was due to the decrease in volume in securities trading and interest income from the provision of loan financing.


Administrative expenses for the six months ended 30 June 2015 was approximately HK\$41,665,000 (six months ended 30 June 2014: approximately HK\$40,105,000), representing an increase of approximately 3.9% as compared with the last corresponding period.

The profit attributable to the owners of the Company for the six months ended 30 June 2015 aggregated at approximately HK\$321,044,000 (six months ended 30 June 2014: approximately HK\$130,413,000). The increase in profit for the period is mainly attributable to changes in fair values of investments held for trading and gain on disposal of investments held for trading of approximately HK\$330,817,000 and HK\$45,183,000 respectively. The basic earnings per share for six months ended 30 June 2015 was HK46.43 cents (six months ended 30 June 2014: HK19.30 cents).

Business Review and Outlook

Through renting out of the properties, the Group recorded a rental income of approximately HK\$2,253,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$1,509,000). As at 30 June 2015, the Group held properties in Hong Kong for investment purposes with total fair value amounted to approximately HK\$90,700,000 (31 December 2014: approximately HK\$226,538,000). Following a sale and purchase agreement entered into to dispose a subsidiary, two properties in Mainland China with the book value of approximately HK\$138,538,000 were classified as assets held for sale. The Board considers that it is a good opportunity to realise its gain from the investment properties in Mainland China and strengthen the financial position of the Group. The management 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 2015 was HK\$129,472,000 (six months ended 30 June 2014: approximately HK\$131,497,000). During the period under review, the Group recorded a gain arising from the fair value changes of investments held for trading of approximately HK\$330,817,000 (six months ended 30



June 2014: loss of approximately HK\$15,983,000) and a gain on disposals of investments held for trading of approximately HK\$45,183,000 (six months ended 30 June 2014: loss of approximately HK\$12,079,000). As at 30 June 2015, the Group had investments held for trading amounted to approximately HK\$747,125,000 (31 December 2014: approximately HK\$231,742,000). Following Mainland capital propelled Hong Kong stocks in the second quarter and taking drastic rescue measures in shares in July, a high degree of volatility in the stock market is inevitable. The management believes that Hong Kong stocks remain worthwhile to invest for the long term.

The loan financing business generated an interest income of approximately HK\$605,000 during the period under review (six months ended 30 June 2014: approximately HK\$3,126,000), representing a decrease of approximately 80.6%. The loan financing business slightly shows sign of improvement in the second half of the year.

The Group has been negotiating with Hong Kong Entertainment (Overseas) Investments Limited (“**HKE**”) and the relevant regulatory authority regarding the possible investment opportunities in the Hotel-Casino Complex since 2013 and has been looking for business opportunities to expand into the hospitality industry in Tinian, CNMI, including travel agency and duty free shopping. The management will update the shareholders of the Company and public regarding such development.

Fund Raising Activities

On 15 June 2015, Mr. Chen Chien Yeh (the “**Subscriber**”) and the Company entered into a subscription agreement pursuant to which the Company issued and the Subscriber subscribed the bonds in the principal amount of HK\$50,000,000 at a consideration of HK\$50,000,000 (the “**Subscription Bonds**”). The holders of the Subscription Bonds are entitled to exchange the entire outstanding principal amount of the Subscription Bonds or any part thereof into an equivalent principal amount of the convertible bonds on a dollar-to-dollar basis, which are convertible into shares of the Company at a conversion price of HK\$1.9 per share. Details are set out in the announcement of the Company dated 25 June 2015.

On 15 June 2015, the Company and the placing agent entered into the placing agreement (as revised and supplemented by three supplemental agreements on 25 June 2015, 17 July 2015 and 6 August 2015), 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 placees to subscribe for the convertible bonds of the Company in the principal amount of up to HK\$76,000,000 (the “**CB**”). Each holder of the CB in the principal amount of HK\$1,900,000 shall have the priority to subscribe up to three options at the option premium of HK\$30,000 per option. Each option entitles the holder of the option to subscribe for the further convertible bonds (the “**Further CBs**”) in the principal amount of HK\$1,900,000 at the subscription price of HK\$1,900,000, pursuant to which a maximum of 120 options shall be issued. Upon exercise of the 120 options to subscribe the Further CBs, the Further CBs will be in the aggregate amount of HK\$228,000,000. Upon full conversion of the CB in the principal amount of HK\$76,000,000 and the Further CBs in the principal amount of HK\$228,000,000 at the initial conversion price of HK\$1.90, a total of 40,000,000 new shares and 120,000,000 new shares shall be allotted and issued by the Company. Details are set out in the announcements of the Company dated 25 June 2015, 17 July 2015 and 6 August 2015. As at the date hereof, the placing is not yet completed.

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 2015, the Group had cash and cash equivalent of approximately HK\$46,069,000 (31 December 2014: approximately HK\$17,303,000) and had interest-bearing borrowings of approximately HK\$157,512,000 (31 December 2014: approximately HK\$109,367,000).

As at 30 June 2015, the gearing ratio (measured as total liabilities to total assets) was approximately 20% (31 December 2014: approximately 20%).

Capital Structure

As at 30 June 2015, the Company’s issued share capital was HK\$810,414 (31 December 2014: HK\$675,814), divided into 810,414,000 shares (31 December 2014: 675,814,000 shares) of HK\$0.001 each. During the six months ended 30 June 2015, the Company allotted and issued 134,600,000 new shares upon the exercise of the unlisted warrants.



Contingent Liabilities

As at 30 June 2015, the Group did not have any material contingent liability (31 December 2014: nil).

Charges on Assets

As at 30 June 2015, investment properties and certain investments held for trading with an aggregate carrying value of HK\$428,349,000 (31 December 2014: HK\$245,533,000) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group.

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 denominated 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 29 May 2015, Rich Best Asia Limited, a wholly-owned subsidiary of the Company (“**Rich Best**”), entered into a sale and purchase agreement pursuant to which Rich Best has agreed to sell the entire issued share capital of China Smart Asia Limited, an indirectly-owned subsidiary of the Company (“**China Smart**”) and to assign a debt owed by China Smart to the purchaser, Delightful Hope Limited as at 31 December 2014, being HK\$120,203,956 and shall not exceed HK\$126,000,000, at a consideration in the aggregate sum of HK\$93,000,000. Details are set out in the announcement of the Company dated 29 May 2015. As at the date hereof, the transaction is not yet completed.

Litigations

Reference is made to page 12 of 2014 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's amendments to its Statement of Claim in so far as it relates to the cause of action against the Company were struck out by the order of Master Hui on 3rd June 2015 ("**the said Order**") with costs in favour of the Company. The Plaintiff then filed the Notice of Appeal on 17th June 2015 ("**the said Appeal**") to appeal against the said Order and the hearing of this Appeal has been scheduled on 9th December 2015.

Moreover, the Plaintiff also applied to amend its Amended Statement of Claim by summons on 17th June 2015. However, the hearing of this Summons has been adjourned sine die pending the determination of the said Appeal.

The Company will announce or disclose the conduct of litigation matters and/or outcome thereof 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. Subsequently, such amount was applied in entirety to settle and discharge the rental prepayment of HK\$151,638,010 (the "**Rental Prepayment**") upon the execution of the agency agreement with HKE. On 9 December 2014, the Rental Prepayment was scheduled to be repaid by HKE to Gain Millennia Limited under a deed of settlement. On 15 February 2015 and 24 March 2015, HKE and Tinian Entertainment Co., Ltd ("**TEC**"), an indirect wholly-owned subsidiary of the Company, entered into a provisional operating agreement and operating agreement respectively ("**Operating Agreement**") under which HKE intended to lease to TEC and TEC intended to lease from HKE, the leased property comprising of the Dynasty Hotel and the relevant assets at the occupation fees of approximately HK\$133,000,000 ("**Occupation Fees**"). Upon the entering into the Operating Agreement, TEC has paid to HKE a refundable deposit of HK\$50,000,000, which has been set off with part of the Rental Prepayment repayable by HKE. As at 30 June 2015, the remaining balance of the Rental Prepayment that should be refunded under the deed of settlement was reduced to HK\$101,638,010. TEC intends to pay HKE the remaining of the Occupation Fees upon the approval from Tinian Casino Gaming Control Commission ("**TCGCC**") regarding the Operating Agreement. Details are set out in the announcements of the Company dated 23 February 2015, 3 March 2015 and 20 April 2015.



Events after the Reporting Period

On 2 July 2015, TEC, TCGCC and HKE entered into a legally binding memorandum of understanding (“**Tri-Party MOU**”) in relation to the transition in the operation of the Hotel-Casino Complex and perfect the ultimate transfer of ownership and operational control of the Hotel-Casino Complex from HKE to TEC. Details are set out in the announcement of the Company dated 2 July 2015.

On 17 July 2015 and 6 August 2015, the Company and the placing agent entered into a second and third supplemental placing agreements pursuant to which the Company conditionally agreed to place and the placing agent conditionally agreed to procure, on a best effort basis, not less than six places to subscribe for the convertible bonds in the principal amount of up to HK\$76,000,000. Details are disclosed in the above section headed “**Fund Raising Activities**” and set out in the announcements of the Company dated 17 July 2015 and 6 August 2015.

Employee Information and Remuneration Policy

The Group had 68 employees (31 December 2014: 68 employees) in Hong Kong and Mainland China as at 30 June 2015. During the six months ended 30 June 2015, the Group incurred staff costs (including Directors’ emoluments) of approximately HK\$16,363,000 (six months ended 30 June 2014: approximately HK\$13,092,000).

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 21 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 | Number of share options | | | | Validity period of shares options | Exercise price HK\$ | | |
|------------------|--------------------------------|------------------------------|--|-----------|--------|-----------------------------------|---------------------|------------------------------|------|
| | | Outstanding as at 01.01.2015 | During the six months ended 30 June 2015 | | | | | Outstanding as at 30.06.2015 | |
| | | | 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 | | |

Pursuant to an ordinary resolution passed and approved at the special general meeting of the shareholders held on 2 April 2014, the Company adopted a new share option scheme to 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 option was granted during the six months ended 30 June 2015.

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

As at 30 June 2015, 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 2015, 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

At no time during the six months ended 30 June 2015 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 2015.

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 2015 or at any time during the six months ended 30 June 2015.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, 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 | Approximate percentage of interests |
|------------------------------------|-------------------------------------|----------------------|-------------------------------------|
| Chinese Capital Management Limited | Beneficial owner | 106,000,000 | 13.07% |
| Well Support Limited | Beneficial owner | 67,081,466 (Note) | 8.27% |
| Liu Yi Dong | Trustee of Liu Yi Dong Family Trust | 67,081,466 (Note) | 8.27% |

Note: 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.

As at 30 June 2015, the number of shares issued by the Company was 810,414,000.

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 2015 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 2015.



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 2015 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 Kwok 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.

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 2015.


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 2015.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes of information during the six months ended 30 June 2015 on Directors are as follows:

Mr. Lam Kwok Hing Wilfred was appointed as an executive director, the chairman of the board, the chairman of the investment and management committee and one of the authorized representatives under the Listing Rules, of China New Energy Power Group Limited (stock code: 1041), a company listed on the Main Board of the Stock Exchange, with effect from 16 June 2015 and was re-designated from an executive director to a non-executive director, resigned as a member of the executive committee and ceased to be an authorised representative under the Listing Rules, of Hong Kong Resources Holdings Company Limited (stock code: 2882), a company listed on the Main Board of the Stock Exchange, with effect from 1 July 2015.



Mr. Mok Tsan San was appointed as a non-executive director of Casablanca Group Limited (stock code: 2223), a company listed on the Main Board of the Stock Exchange, with effect from 9 April 2015 and as an executive director of Hin Sang Group (International) Holdings Co., Ltd (stock code: 6893), a company listed on the Main Board of the Stock Exchange, with effect from 1 May 2015.

COMPLIANCE ADVISER

CLC International Limited (“**CLC**”) being the compliance adviser of the Company as at 30 June 2015, 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 2015 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 condensed consolidated financial statements and this interim report for the six months ended 30 June 2015 and has provided comments thereon.

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

Hong Kong, 12 August 2015

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