



華人策略控股有限公司

Chinese Strategic Holdings Limited

(incorporated in Bermuda with limited liability)

Stock Code: 8089

2016

First Quarterly Report



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.

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**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2016, together with the comparative figures for the corresponding period in year 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 March	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover	3	24,047	5,813
Revenue	3	1,185	1,550
Cost of sales		(64)	(64)
Gross profit		1,121	1,486
Other income and gains		249	–
Administrative expenses		(31,179)	(17,902)
Changes in fair value in investment properties, net		(5,700)	–
Changes in fair value of investments held for trading		(72,563)	25,960
(Loss) gain on disposals of investments held for trading		(6,243)	9
Changes in fair value of convertible instruments designated as financial assets at fair value through profit or loss		(8,455)	1,920
Changes in fair value of derivative financial liabilities		5,811	–
Share of loss of an associate		(62)	–
Share of profit of a joint venture		1,077	1,024
Operating (loss) profit		(115,944)	12,497
Finance costs	4	(6,454)	(7,155)
(Loss) profit before tax	5	(122,398)	5,342
Income tax expense		–	–
(Loss) profit for the period	6	(122,398)	5,342

	Notes	Three months ended 31 March	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		–	(72)
Fair value (loss) gain on available-for-sale financial assets		(2,043)	1,482
Other comprehensive (expense) income for the period, net of income tax		(2,043)	1,410
Total comprehensive (expense) income for the period		(124,441)	6,752
(Loss) profit for the period attributable to:			
Owners of the Company		(122,598)	5,154
Non-controlling interests		200	188
		(122,398)	5,342
Total comprehensive (expense) income attributable to:			
Owners of the Company		(124,641)	6,564
Non-controlling interests		200	188
		(124,441)	6,752
(Loss) earnings per share	8		
Basic (HK cents)		(12.48) cents	0.76 cent
Diluted (HK cents)		(12.48) cents	0.64 cent

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

	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 revaluation reserve HK\$'000	Warrant reserve HK\$'000	Convertible loan notes 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	(2,177,622)	827,012	25,255	852,267
Profit for the period	-	-	-	-	-	-	-	-	5,154	5,154	188	5,342
Other comprehensive income (expense) for the period	-	-	-	-	1,482	-	-	(72)	-	1,410	-	1,410
Total comprehensive income (expense) for the period	-	-	-	-	1,482	-	-	(72)	5,154	6,564	188	6,752
At 31 March 2015 (unaudited)	676	2,901,300	7,914	3,590	21,750	1,350	-	19,464	(2,122,468)	833,576	25,443	859,019
At 1 January 2016 (audited)	982	3,042,196	7,914	3,590	22,752	-	3,368	1,747	(2,253,922)	828,627	28,219	856,846
Loss for the period	-	-	-	-	-	-	-	-	(122,598)	(122,598)	200	(122,398)
Other comprehensive (expense) income for the period	-	-	-	-	(2,043)	-	-	-	-	(2,043)	-	(2,043)
Total comprehensive (expense) income for the period	-	-	-	-	(2,043)	-	-	-	(122,598)	(124,641)	200	(124,441)
Recognition of share-based payment	-	-	-	12,524	-	-	-	-	-	12,524	-	12,524
At 31 March 2016 (unaudited)	982	3,042,196	7,914	16,114	20,709	-	3,368	1,747	(2,376,520)	716,510	28,419	744,929

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. COMPANY INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and 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 2nd Floor, 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 results for the three months ended 31 March 2016 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 for the three months ended 31 March 2016 are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2015 (the “**2015 Financial Statements**”), except for the new and revised HKFRSs (“**New HKFRSs**”) issued by HKICPA which have become effective in this period as detailed in notes of the 2015 Financial Statements. The Directors believe that the application of the New HKFRSs has no material impact on the unaudited condensed consolidated financial results for the three months ended 31 March 2016.

3. TURNOVER AND REVENUE

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 31 March	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover		
Rental income	612	1,351
Nets proceeds from the disposal of investments held for trading	22,862	4,263
Interest income from the provision of loan financing	573	199
	24,047	5,813
Segment revenue from external customers		
Rental income	612	1,351
Interest income from the provision of loan financing	573	199
Dividend income from investments held for trading	–	–
	1,185	1,550

4. FINANCE COSTS

	Three months ended 31 March	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on:		
Bank borrowings	159	162
Other loans	1,874	4,443
Bond payables	945	2,550
Convertible loan notes	1,111	–
Obligations under finance leases	10	–
Margin accounts	2,355	–
	6,454	7,155

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the three months ended 31 March 2016 and 31 March 2015.

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%.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

6. (LOSS) PROFIT FOR THE PERIOD

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

	Three months ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs including directors' emoluments:		
Salaries and allowances	7,273	7,917
Share-based payment expenses	12,524	–
Contributions to retirement benefits scheme	157	204
	19,954	8,121
Depreciation of plant and equipment	616	637
Amortisation of prepaid lease payment	97	97
Minimum lease payments under operating leases	2,134	2,386
Gross rental income	(612)	(1,351)
Less: outgoings (included in cost of sales)	64	64
Net rental income	(548)	(1,287)

7. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the three months ended 31 March 2016 and 31 March 2015, nor has any dividend been proposed since 31 March 2016 and up to the date of this report.

8. (LOSS) EARNINGS PER SHARE

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

	Three months ended 31 March	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
(Loss) profit		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	(122,598)	5,154
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	982,494	675,814
Effect of dilutive potential ordinary shares in respect of non-listed warrants	N/A	135,000
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	982,494	810,814

The computation of diluted loss per share for the three months ended 31 March 2016 does not assume the exercise of the Company's share options, the options to subscribe convertible bonds and the conversion of the Company's outstanding convertible loan notes since it would result in a decrease in loss per share for the period which is regarded as anti-dilutive.

The computation of diluted earnings per share for the three months ended 31 March 2015 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 during the three months ended 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance


For the three months ended 31 March 2016, the Group recorded a turnover of approximately HK\$24,047,000 (three months ended 31 March 2015: approximately HK\$5,813,000), representing an increase of approximately 313.7% as compared with the last corresponding period. The increase in turnover was mainly due to the increase in volume of securities trading.

Administrative expenses for the three months ended 31 March 2016 was approximately HK\$31,179,000 (three months ended 31 March 2015: approximately HK\$17,902,000), representing an increase of 74.2% as compared with the last corresponding period. The increase in administrative expenses was mainly due to share-based payment expenses of approximately HK\$12,524,000 in respect of the share options granted on 23 March 2016.

The loss attributable to the owners of the Company for the three months ended 31 March 2016 aggregated at approximately HK\$122,598,000 (three months ended 31 March 2015: profit approximately HK\$5,154,000). Loss for the period was mainly attributable to loss arising from fair value changes of investments held for trading of approximately HK\$72,563,000. The basic loss per share for the three months ended 31 March 2016 was HK12.48 cents (three months ended 31 March 2015: earnings per share HK0.76 cent).

Business Review and Outlook

The Group recorded a rental income of approximately HK\$612,000 for the three months ended 31 March 2016 (three months ended 31 March 2015: approximately HK\$1,351,000) through properties leasing. As at 31 March 2016, the fair value of investment properties of the Group amounted to approximately HK\$89,200,000 (31 December 2015: approximately HK\$94,900,000). The economic downturn of the Hong Kong will affect the growth of rental income of the Group. The Board will from time to time review the portfolio of investment properties and look for desirable property investment opportunities for the benefit of the Company and its shareholders.



Segmental turnover of the securities trading business for the three months ended 31 March 2016 was approximately HK\$22,862,000 (three months ended 31 March 2015: approximately HK\$4,263,000). The Group recorded a loss arising from the fair value changes of investments held for trading of approximately HK\$72,563,000 (three months ended 31 March 2015: a gain of approximately HK\$25,960,000) and a loss on disposals of investments held for trading of approximately HK\$6,243,000 (three months ended 31 March 2015: gain of approximately HK\$9,000); a loss arising from fair value changes of convertible instruments designated as financial assets at fair value through profit or loss of approximately HK\$8,455,000 (three months ended 31 March 2015: gain of approximately HK\$1,920,000). As at 31 March 2016, the Group had investments held for trading amounted to approximately HK\$334,957,000 (31 December 2015: approximately HK\$413,950,000), and convertible instruments designated as financial assets at fair value through profit or loss amounted to approximately HK\$40,825,000 (31 December 2015: approximately HK\$49,280,000). In light of the volatility in the capital flows, the local stock market is expected to be inevitably volatile. The Group will remain cautious in its investment strategy.

The Group generated an interest income of approximately HK\$573,000 during the period under review (three months ended 31 March 2015: approximately HK\$199,000), representing an increase of approximately 187.9%. Facing with tight funding, the loan financing business has limitation to expand and will affect its performance in the year of 2016.

The Group intends to strengthen its cash position for further development in the existing business and keep pace with the market situation to grasp other business opportunities that may arise from time to time.

Fund Raising Activities

On 29 February, 2016, the Company and the placing agent entered into a placing agreement (as revised and supplemental by the supplemental placing agreement on 31 March 2016) (the "**Placing Agreement**"). The Company conditionally agreed to place and the placing agent conditionally agreed to procure, on a best-effort basis, not less than six placees to subscribe for the first convertible bond (the "**First CB**") in the principal amount of up to HK\$500,000,000. Pursuant to the Placing Agreement, each placee having subscribed for HK\$500,000 in the principal amount of the First CB in the First CB placing shall have the priority to subscribe one option at the option premium of HK\$25,000 per option (the "**Option**"). Each and every Option shall entitle the corresponding holder of the Option to subscribe for HK\$500,000 in principal amount of the further convertible bond (the "**Further CB**") upon exercise of the subscription right thereunder at the Further CB subscription price of HK\$500,000.

The maximum gross proceeds from the First CB placing will be HK\$500,000,000, the maximum gross proceeds from the Option placing will be HK\$25,000,000, and the maximum gross proceeds from the subscription of Further CBs will be HK\$500,000,000. In aggregate, the maximum gross proceeds to be raised from the above will be up to the amount of HK\$1,025,000,000.

Assuming the First CB in the aggregate principal amount of HK\$500,000,000 being fully placed to the placees, the First CB, upon full conversion, are convertible into 1,000,000,000 new shares at the First CB conversion price of HK\$0.5, and shall be allotted and issued by the Company under the specific mandate. Assuming the Options being fully subscribed, upon exercise of the 1,000 Options to subscribe the Further CBs, and assuming full conversion of the Further CB in the aggregate principal amount of HK\$500,000,000 at the initial Further CB conversion price of HK\$0.5, a total of 1,000,000,000 Further CB conversion shares shall be allotted and issued by the Company under the specific mandate.

Completion of the above transactions are subject to, among others, shareholders' approval and the fulfilment of the conditions precedent set out in the Placing Agreement and Option subscription agreement. Details of the placing are set out in the announcements of the Company dated 2 March 2016 and 31 March 2016.

Liquidity and Financial Resources

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

The Group had cash and cash equivalent of approximately HK\$1,093,000 (31 December 2015: approximately HK\$46,952,000) and had interest-bearing borrowings of approximately HK\$169,375,000 (31 December 2015: approximately HK\$168,426,000).

As at 31 March 2016, the gearing ratio (measured as total liabilities to total assets) was approximately 29.7% (31 December 2015: approximately 27%).

Capital Structure

As at 31 March 2016 and 31 December 2015, the Company's issued share capital was HK\$982,494, divided into 982,494,000 shares of HK\$0.001 each.

Capital Commitments

As at 31 March 2016 and 31 December 2015, the Group did not have any capital commitments.

Contingent Liabilities

As at 31 March 2016 and 31 December 2015, the Group did not have any material contingent liability.

Charges on Assets

As at 31 March 2016, investment properties and certain investments held for trading with an aggregate carrying value of approximately HK\$245,360,000 (31 December 2015: approximately HK\$309,117,000) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group.

Material Acquisitions and Disposals

On 25 February 2016, 北京華鼎滙金投資有限責任公司 (Beijing Huading Huijin Investment Company Limited*) as Vendor, Selected Team Limited, a wholly-owned subsidiary of the Company as Purchaser and the Company (collectively the “**Parties**”) entered into a sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire, through a wholly foreign owned enterprise, the 51% equity interest in 金地毯（北京）文化傳媒有限公司 (Gold Carpet (Beijing) Culture Media Limited*) (“**Gold Carpet**”) at the consideration of HK\$120,000,000.

On 2 March 2016, an addendum to the sale and purchase agreement was entered into pursuant to which the Purchaser agreed to advance a sum of HK\$10,000,000 within five days as deposit for the shareholder’s loan to Gold Carpet upon execution of the addendum. The Purchaser shall be the legal and beneficial owner of the deposit.

On 29 April 2016, the Parties entered into a supplemental sale and purchase agreement (the “**Supplemental Agreement**”), pursuant to which the Parties agreed that completion shall not be subject to any conditions precedent and completion shall take place upon the execution of the Supplemental Agreement. The Parties further agreed that the Purchaser shall issue an exchangeable note to the Vendor to settle the consideration in its entirety. The Vendor may exercise its right under the exchangeable note to exchange the exchangeable note for the convertible bonds. The convertible bonds in the principal amount of HK\$120,000,000, upon full conversion, are convertible into 240,000,000 new shares of the Company at the conversion price of HK\$0.5 per conversion share. On the same date, completion took place and the exchangeable note was issued.

Details of the acquisition are set out in the announcements of the Company dated 25 February 2016, 2 March 2016, 21 April 2016, 28 April 2016 and 29 April 2016.

Litigations

Reference is made to page 13 of 2015 Annual Report of the Company which discloses particulars on and progress of litigation matters in which the Company and/or its subsidiaries are involved.

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

* For identification purpose only

Advance to an Entity

On 15 February 2015 and 24 March 2015, Hong Kong Entertainment (Overseas) Investments Limited ("**HKE**") and Tinain 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. Upon the entering into the Operating Agreement, TEC has paid 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 31 March 2016, the entire amount due and owing by HKE in the aggregate sum of HK\$174,928,000 is still outstanding.

Following to the term sheet of 7 April 2016 and the restructuring agreement of 29 April 2016 regarding the restructuring of the Hotel-Casino Complex, the total outstanding amount due from HKE to Gain Millennia Limited, indirectly wholly-owned by the Company ("**GML**"), and TEC and other moneys payable by HKE to GML and/or its affiliated companies is HK\$164,737,720 (the "**GML Outstanding Amount**"). Pursuant to the restructuring agreement, a new company incorporated by Mr. Chen Chien Yeh shall issue a convertible bonds in a principal sum of US\$21,150,002 to GML or its nominee as a full and final settlement of the GML Outstanding Amount.

Details are set out in the announcements of the Company dated 23 February 2015, 3 March 2015, 20 April 2015, 7 April 2016 and 29 April 2016.

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

As at 31 March 2016, 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	Number of underlying shares	Approximate percentage of the issued share capital
Lam Kwok Hing Wilfred	Beneficial owner	–	3,000,000 (Note)	0.30%
Chan Shui Sheung Ivy	Beneficial owner	60,000	3,000,000 (Note)	0.31%
Mok Tsan San	Beneficial owner	–	3,000,000 (Note)	0.30%

Note:

All underlying shares are share options granted by the Company on 23 March 2016 under the Company's share option scheme at the exercise price of HK\$0.612 per share.

Save as disclosed above, as at 31 March 2016, 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 above, at no time during the three months ended 31 March 2016 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 three months ended 31 March 2016.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, 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	60,000,000	65,000,000 (note 1)	12.72%
Well Support Limited	Beneficial owner	67,081,466 (note 2)	–	6.82%
Liu Yi Dong	Trustee of Liu Yi Dong Family Trust	67,081,466 (note 2)	–	6.82%

notes:

1. This is an interest in underlying shares held directly by Chinese Capital Management Limited in respect of (i) convertible bonds in the principal amount of HK\$5,700,000 which can be converted into 3,000,000 conversion shares at the conversion price of HK\$1.90 per conversion share and (ii) 62 options which entitle the optionholder to subscribe for the Further CBs in the principal amount of HK\$117,800,000. The Further CBs can be converted into 62,000,000 further conversion shares at the conversion price of HK\$1.90 per further conversion share.
2. 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 31 March 2016, the number of shares issued by the Company was 982,494,000.

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 31 March 2016 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 three months ended 31 March 2016.

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 three months ended 31 March 2016.

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 quarterly report for the three months ended 31 March 2016 and has provided comments thereon.

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

Hong Kong, 10 May 2016

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.