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華人策略控股有限公司

Chinese Strategic Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

CHARACTERISTICS OF GEM OF THE EXCHANGE

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

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

*This announcement, 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 Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the “Latest Listed Company Information” 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 six months ended 30 June 2020, together with the comparative figures for the corresponding period in year 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Revenue	3	859	828	1,640	1,498
Cost of sales		<u>(21)</u>	<u>(46)</u>	<u>(21)</u>	<u>(72)</u>
Gross profit		838	782	1,619	1,426
Other income	4	770	194	770	199
Other gains and losses	5	(254)	(1,568)	181	(3,114)
Administrative expenses		(13,490)	(14,923)	(22,024)	(29,850)
Impairment losses under expected credit loss model, net of reversal	6	283	(25)	283	(25)
Share of results of joint ventures		<u>1,045</u>	<u>806</u>	<u>1,195</u>	<u>1,578</u>
Operating loss		(10,808)	(14,734)	(17,976)	(29,786)
Finance costs	7	<u>(7,984)</u>	<u>(6,459)</u>	<u>(12,499)</u>	<u>(10,709)</u>
Loss before tax		(18,792)	(21,193)	(30,475)	(40,495)
Income tax expenses	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	9	<u><u>(18,792)</u></u>	<u><u>(21,193)</u></u>	<u><u>(30,475)</u></u>	<u><u>(40,495)</u></u>

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Other comprehensive expense					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(2)	-	(2)	-
Other comprehensive expense for the period, net of income tax		(2)	-	(2)	-
Total comprehensive expense for the period		(18,794)	(21,193)	(30,477)	(40,495)
(Loss) profit for the period attributable to:					
Owners of the Company		(18,994)	(21,145)	(30,693)	(40,560)
Non-controlling interests		202	(48)	218	65
		(18,792)	(21,193)	(30,475)	(40,495)
Total comprehensive income (expense) attributable to:					
Owners of the Company		(18,996)	(21,145)	(30,695)	(40,560)
Non-controlling interests		202	(48)	218	65
		(18,794)	(21,193)	(30,477)	(40,495)
Loss per share	11				
Basic (HK cents)		(6.76) cents	(9.02) cents	(10.92) cents	(18.23) cents
Diluted (HK cents)		(6.76) cents	(9.02) cents	(10.92) cents	(18.23) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2020	31 December 2019
	<i>Notes</i>	(Unaudited) (HK\$'000)	(Audited) (HK\$'000)
Non-current assets			
Plant and equipment		3,577	4,227
Right-of-use assets		1,720	7,126
Investment properties		130,760	131,310
Interests in associates		403	403
Interests in joint ventures		153,281	152,088
Club debentures		2,690	2,690
Other assets		405	805
Loan and interest receivables	12	20,332	19,330
Equity instruments at fair value through other comprehensive income		1,572	1,572
		314,740	319,551
Current assets			
Loan and interest receivables	12	20,795	9,386
Financial assets at fair value through profit or loss	14	2,123	4,725
Other receivables	13	20,389	10,812
Amount due from an associate		3	3
Amount due from a joint venture		5,113	4,242
Bank balances and cash		2,104	1,320
		50,527	30,488
Assets classified as held for sale		3,557	3,557
		54,084	34,045
Current liabilities			
Trade and other payables		65,500	70,830
Amount due to an associate		731	731
Amount due to a joint venture		3,000	3,000
Borrowings		133,343	94,823
Bond payables		28,000	40,000
Lease liabilities - current portion		1,213	3,070
Financial guarantee contract		4,837	4,837
Bank overdraft		41	70
Tax liabilities		8,913	8,913
		245,578	226,274

		30 June	31 December
		2020	2019
	<i>Notes</i>	(Unaudited)	(Audited)
		(HK\$'000)	(HK\$'000)
Net current liabilities		<u>(191,494)</u>	<u>(192,229)</u>
Total assets less current liabilities		<u>123,246</u>	<u>127,322</u>
Non-current liabilities			
Bond payables		40,000	10,000
Borrowings		20,136	20,136
Lease liabilities – non-current portion		557	4,156
Deferred tax liabilities		<u>1,639</u>	<u>1,639</u>
		<u>62,332</u>	<u>35,931</u>
Net assets		<u>60,914</u>	<u>91,391</u>
Capital and reserves			
Share capital	15	2,811	2,811
Reserves		<u>27,164</u>	<u>57,859</u>
Equity attributable to owners of the Company		29,975	60,670
Non-controlling interests		<u>30,939</u>	<u>30,721</u>
Total equity		<u>60,914</u>	<u>91,391</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	FVTOCI Investment revaluation 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 2019 (audited)	2,068	3,168,665	7,914	8,484	(3,966)	(5,891)	(2,953,035)	224,239	32,981	257,220
(Loss) profit for the period	-	-	-	-	-	-	(40,560)	(40,560)	65	(40,495)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(40,560)	(40,560)	65	(40,495)
Issuance of shares upon placing	275	9,357	-	-	-	-	-	9,632	-	9,632
Transaction cost attributable to issuance of shares upon placing	-	(105)	-	-	-	-	-	(105)	-	(105)
At 30 June 2019 (unaudited)	2,343	3,177,917	7,914	8,484	(3,966)	(5,891)	(2,993,595)	193,206	33,046	226,252
At 1 January 2020 (audited)	2,811	3,186,343	7,914	8,484	(4,820)	(8,987)	(3,131,075)	60,670	30,721	91,391
(Loss) profit for the period	-	-	-	-	-	-	(30,693)	(30,693)	218	(30,475)
Other comprehensive expense for the period	-	-	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive (expense) income for the period	-	-	-	-	-	(2)	(30,693)	(30,695)	218	(30,477)
At 30 June 2020 (unaudited)	2,811	3,186,343	7,914	8,484	(4,820)	(8,989)	(3,161,768)	29,975	30,939	60,914

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(44,807)	(11,696)
Net cash (used in) generated from investing activities	(10,900)	8,387
Net cash generated from financing activities	56,520	4,038
	<hr/>	<hr/>
Net increase in cash and cash equivalents	813	729
Cash and cash equivalents at beginning of the period	1,250	7,185
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	2,063	7,914
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at end of the period, represented by		
– bank balances and cash	2,104	7,914
– bank overdraft	(41)	–
	<hr/>	<hr/>
	2,063	7,914
	<hr/> <hr/>	<hr/> <hr/>

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 of Hong Kong Limited (the “**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 Unit 1, 21/F, Yue Xiu Building, Nos, 160-174 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are properties investments, securities trading, loan financing, trading business and dealing in, advising on securities and asset management.

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 2020 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 six months ended 30 June 2020 are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2019, except for the new and amendments to HKFRSs and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. There has been no material impact to the accounting policy applied in these unaudited condensed consolidated financial statements for the period presented as a result of adoption of these amendments.

In preparing the condensed consolidated financial statements, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity of the Group notwithstanding that the Group incurred a loss attributable to the owners of the Company of approximately HK\$30,693,000 for the six months ended 30 June 2020 and, as of that date, the Group had net current liabilities of approximately HK\$191,494,000.

In the opinion of the Directors, the Group is able to operate as a going concern in the next twelve months from 30 Jun 2020 after taking into consideration of the following measures:

- (a) The Group has a concrete plan to enforce cost-saving measures to reduce the administrative and operating expenses.
- (b) In addition to the three bond payables with principal amount of HK\$30,000,000 has extended its maturity dates for 2 years early this year, the maturity date of another bond payable with the principal amount of HK\$10,000,000 has been extended for 2 years to 1 June 2022.
- (c) The Group is undergoing a fund raising activity by way of rights issue on the basis of one (1) rights share for every two (2) existing shares held on 30 June 2020. The net proceeds from the rights issue is approximately HK\$10,162,000.

The Directors are of the opinion that the Group will be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 30 June 2020. Accordingly, the Directors are of the opinion that it is appropriate to prepare these condensed consolidated financial statements for the six months ended 30 June 2020 on a going concern basis. The condensed consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. REVENUE

Revenue represents the aggregate of rental income, interest income from loan financing, sales of goods and dividend income from investments held for trading during the period. The following is an analysis of the Group's revenue:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Rental income	172	357	430	714
Interest income from the provision of loan financing	687	471	1,210	778
Dividend income from financial assets at fair value through profit or loss	–	–	–	6
	<u>859</u>	<u>828</u>	<u>1,640</u>	<u>1,498</u>

Segment information

Information reported to the executive directors, being the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable 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 financial assets at fair value through profit or loss (“**FVTPL**”)
3. Loan financing – provision of financing services
4. Trading business – sales of goods
5. Dealing in, advising on securities and asset management – dealing in, advising on securities and asset management

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		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Segment revenue				
Properties investments	172	357	430	714
Securities trading	–	–	–	6
Loan financing	687	471	1,210	778
Trading business	–	–	–	–
Dealing in, advising on securities and asset management	–	–	–	–
	859	828	1,640	1,498
Segment (loss) profit				
Properties investments	289	6,754	660	7,809
Securities trading	2,155	(9,227)	494	(11,153)
Loan financing	(169)	214	287	310
Trading business	23	–	(1)	(29)
Dealing in, advising on securities and asset management	(223)	(4,187)	(1,733)	(4,670)
	2,075	(6,446)	(293)	(7,733)
Unallocated corporate expenses	(13,753)	(10,088)	(18,553)	(23,858)
Unallocated corporate income	770	194	770	199
Gain on changes in fair values of financial assets at FVTPL, net	–	120	–	120
Gain on disposal of subsidiaries	100	1,511	100	1,511
Allowance for impairment loss on amount due from an associate	–	(25)	–	(25)
Finance costs	(7,984)	(6,459)	(12,499)	(10,709)
Loss before tax	(18,792)	(21,193)	(30,475)	(40,495)

Segment revenue reported above represents revenue generated from external customers. There was no intra-segment sale during the period (2019: Nil).

Segment assets and liabilities

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

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Segment assets		
Properties investments	284,259	283,398
Securities trading	4,557	4,895
Loan financing	52,360	12,170
Trading business	9	10
Dealing in, advising on securities and asset management	<u>1,024</u>	<u>8,258</u>
Total segment assets	342,209	308,731
Assets classified as held for sale	3,557	3,557
Unallocated corporate assets	<u>22,858</u>	<u>41,308</u>
Consolidated assets	<u>368,624</u>	<u>353,596</u>
Segment liabilities		
Properties investments	2,797	9,988
Securities trading	1,250	581
Loan financing	21,280	261
Trading business	251	431
Dealing in, advising on securities and asset management	<u>4,080</u>	<u>9,816</u>
Total segment liabilities	29,658	21,077
Unallocated corporate liabilities	<u>278,252</u>	<u>241,128</u>
Consolidated liabilities	<u>307,910</u>	<u>262,205</u>

4. OTHER INCOME

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Bank interest income	-	1	-	2
Government subsidy under Employment Support Scheme	683	-	683	-
Sundry income	87	193	87	197
	<u>770</u>	<u>194</u>	<u>770</u>	<u>199</u>

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Impairment loss recognised in respect of goodwill	-	(1,660)	-	(1,660)
Gain on disposal of an investment property	-	400	-	400
Loss on disposal of financial assets at FVTPL, net	(309)	(2,151)	(362)	(3,541)
Gain on disposal of subsidiaries	100	1,511	100	1,511
(Loss) gain from changes in fair value of investment properties, net	(550)	5,260	(550)	5,260
(Loss) gain from changes in fair value of financial assets at FVTPL, net	505	(4,928)	993	(5,084)
	<u>(254)</u>	<u>(1,568)</u>	<u>181</u>	<u>(3,114)</u>

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reversal of impairment loss recognised on other receivables	283	–	283	–
Impairment loss recognised on amount due from an associate	–	(25)	–	(25)
	<u>283</u>	<u>(25)</u>	<u>283</u>	<u>(25)</u>

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:				
Bank borrowings	399	1,380	832	2,045
Other loans	5,815	3,965	8,524	6,377
Bond payables	1,340	948	2,510	1,887
Lease liabilities/obligations under finance leases	430	15	633	31
Margin accounts	–	151	–	369
	<u>7,984</u>	<u>6,459</u>	<u>12,499</u>	<u>10,709</u>

8. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2020 and 30 June 2019.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2020 and 30 June 2019.

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

9. LOSS FOR THE PERIOD

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Staff costs including directors' emoluments:				
Salaries and allowances	4,557	5,998	8,830	11,748
Contributions to retirement benefits scheme	141	405	278	570
	4,698	6,403	9,108	12,318
Depreciation of plant and equipment	331	574	665	1,179
Depreciation of right-of-use assets	316	–	1,173	–
Amortisation of prepaid lease payment	–	97	–	194
Minimum lease payments under operating leases	413	993	756	1,986
Gross rental income	(172)	(357)	(430)	(714)
Less: outgoings (included in cost of sales)	21	46	21	72
Net rental income	(151)	(311)	(409)	(642)

10. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the six months ended 30 June 2020 and 30 June 2019, nor has any dividend been proposed since 30 June 2020 and up to the date of this announcement.

11. LOSS PER SHARE

The calculation of the basic and diluted 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	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(18,994)	(21,145)	(30,693)	(40,560)
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	281,096	234,296	281,096	222,437
Effect of dilutive potential ordinary shares – Share options	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>281,096</u>	<u>234,296</u>	<u>281,096</u>	<u>222,437</u>

The computation of diluted loss per share for the six months ended 30 June 2020 and 30 June 2019 does not assume the exercise of the Company's share options, since it would result in a decrease in loss per share for the period which is regarded as anti-dilutive.

12. LOAN AND INTEREST RECEIVABLES

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Fixed rate loan and interest receivables arising from loan financing business:		
Secured loan and interest receivables	162,691	151,048
Unsecured loan and interest receivables	12,869	12,833
<i>Less:</i> Allowance for credit losses	(154,565)	(154,495)
	20,995	9,386
Other loan and interest receivables:		
Other unsecured loan and interest receivable	22,487	21,685
<i>Less:</i> Allowance for credit losses	(2,355)	(2,355)
	20,132	19,330
	41,127	28,716
Analysed as:		
Non-current	20,332	19,330
Current	20,795	9,386
	41,127	28,716

As at 30 June 2020, the secured loan and interest receivables arising from loan financing business are secured by listed equity shares, unlisted shares, private car and properties located in Hong Kong and corporate guarantee granted by a listed company in Hong Kong and bear interest at fixed interest rate ranging from 10% to 16% (2019: 10% to 16%) per annum.

The following table illustrates the contractual maturity dates of the fixed rate loan and interest receivables at the reporting date:

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Within 3 months	5,304	5,304
In more than 3 months but not more than 6 months	14,458	4,082
In more than 6 months but not more than 12 months	1,033	–
In more than 12 months	200	–
	20,995	9,386

13. OTHER RECEIVABLES

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Deposits paid for acquisition of potential investments	20,000	20,000
<i>Less:</i> accumulated impairment on the deposits paid for acquisition of potential investments	<u>(20,000)</u>	<u>(20,000)</u>
	-	-
Prepayments	1,985	1,390
Rental and utility deposits	926	717
Other receivables	<u>97,000</u>	<u>88,964</u>
	99,911	91,071
<i>Less:</i> Allowance for credit losses	<u>(79,988)</u>	<u>(80,271)</u>
	<u>19,923</u>	<u>10,800</u>
Cash balance in securities account	<u>466</u>	<u>12</u>
	<u>20,389</u>	<u>10,812</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

There is no single investments in equity securities listed in Hong Kong with market value exceeding HK\$20,000,000 as at 30 June 2020 and 30 June 2019.

15. SHARE CAPITAL

	Par value per share <i>HK\$</i>	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised:			
Ordinary shares			
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	0.01	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:			
Ordinary shares			
At 1 January 2019	0.01	206,778	2,068
Issuance of shares upon placing	0.01	<u>27,518</u>	<u>275</u>
At 30 June 2019	0.01	<u>234,296</u>	<u>2,343</u>
Issuance of shares upon placing	0.01	<u>46,800</u>	<u>468</u>
At 1 January 2020 and 30 June 2020		<u>281,096</u>	<u>2,811</u>

16. COMMITMENTS

(a) Operating lease commitment

The Group as lessor

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

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Within one year	946	1,032
In the second year	—	430
	<u>946</u>	<u>1,462</u>

Operating lease receipts represent rentals receivable by the Group for certain of its investment properties. They are expected to generate rental yield of 3.3% (2019: 2.6%) on an ongoing basis.

(b) Capital commitment

As at 30 June 2020 and 31 December 2019, the Group did not have any material capital commitment.

17. 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	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Fees	497	497
Salaries and other benefits	1,596	1,596
Retirement benefits scheme contribution	19	18
	<u>2,112</u>	<u>2,111</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$1,640,000 (six months ended 30 June 2019: approximately HK\$1,498,000), representing an increase of approximately 9.5% as compared with the last corresponding period. The increase in revenue mainly due to the increase in revenue of loan financing business during the six months ended 30 June 2020.

Administrative expenses for the six months ended 30 June 2020 was approximately HK\$22,024,000 (six months ended 30 June 2019: approximately HK\$29,850,000), representing a decrease of 26.2% as compared with the last corresponding period. The decrease in expenses was mainly due to decrease in consultancy fees, professional fees and staff costs.

The Group incurred finance costs of approximately HK\$12,499,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$10,709,000), which mainly comprised interest on interest-bearing bank borrowing, other loans and bonds.

The loss attributable to the owners of the Company for the six months ended 30 June 2020 aggregated at approximately HK\$30,693,000 (six months ended 30 June 2019: approximately HK\$40,560,000). Loss for the period was mainly attributable to loss from change in fair values in investment properties of approximately HK\$550,000, loss on disposals of financial assets at FVTPL of approximately HK\$362,000, gain arising from changes in fair value of financial assets at FVTPL of approximately HK\$993,000, staff cost and Directors' emoluments of approximately HK\$8,830,000 and professional fees of approximately HK\$1,875,000. The basic loss per share for the six months ended 30 June 2020 was HK10.92 cents (six months ended 30 June 2019: HK18.23 cents).

Business Review and Outlook

The Group recorded a rental income of approximately HK\$430,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$714,000) through properties leasing. All the properties are for residential use and have committed tenants normally for two years. Rental income provided steady cash flow over the period. The management will adopt a cautious approach to the property market.

As at 30 June 2020, the Group held four properties for investment purposes with the total fair value of approximately HK\$130,760,000.

As at 30 June 2020, the Group had financial assets at FVTPL amounted to approximately HK\$2,123,000, representing 0.6% of the total assets of the Group (31 December 2019: approximately HK\$4,725,000). During the period under review, the Group recorded a gain arising from changes in fair values of financial assets at FVTPL of approximately HK\$993,000 (six months ended 30 June 2019: Loss of approximately HK\$5,084,000) and a loss on disposals of financial assets at FVTPL of approximately HK\$362,000 (six months ended 30 June 2019: approximately HK\$3,541,000). The Group held certain unlisted instruments classified as equity instruments at fair value through other comprehensive income, amounted to approximately HK\$1,572,000 as at 30 June 2020 (31 December 2019: approximately HK\$1,572,000).

The performance of loan financing business was satisfactory. As compared with the same period last year, the interest income increased by 55.5% from approximately HK\$778,000 to approximately HK\$1,210,000. The Group will continue to adopt a cautious and prudent approach for seeking new customers. The development of the loan financing business will depend on the market and the assessment of the repayment ability of the potential clients.

The Group recorded no revenue from tea leaves trading business for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$Nil). The Group will continue to explore other potential trading products with reasonable returns.

On 29 January 2020, the Company issued a bond in the amount of HK\$10,000,000, which will be due on 29 October 2020, to an independent third party. The bond is secured and bearing interest rate at 13.5% per annum.

Two deeds of mortgage were made on the same day (the “**Deed of Mortgage I**” and the “**Deed of Mortgage II**”). Under and pursuant to the Deed of Mortgage I and the Deed of Mortgage II, Sun Famous Investment Limited (“**Sun Famous**”) and Hong Kong Newrich Limited (“**Hong Kong Newrich**”), the indirect wholly-owned subsidiaries of the Company, are the registered and beneficial owners and are otherwise in possession of investment properties, charged the properties as securities for the due payment of all sums of money payable or which may at any time thereafter or from time to time become payable to the bondholder by Sun Famous and Hong Kong Newrich and/or by the Company whether or not under or pursuant to the bond or under or pursuant to any other agreement, or pursuant to any covenant or condition contained in the Deed of Mortgage I and Deed of Mortgage II.

On 25 March 2020, Best Marvel Investment Limited (“**Best Marvel**”), an indirect wholly-owned subsidiary of the Company and the holding company of Sun Famous, issued a non-redeemable convertible bond in the principal amount of HK\$4,000,000 at 9% coupon rate which maturing on 25 March 2021 and extendable to 25 September 2021 by Best Marvel issuing notice in writing to the bondholder(s), and any exercising of conversion rights attached thereto shall be subject to approval by shareholders of the Company as well as such other conditions precedent as set out in the relevant bond instrument, and upon exercising of the conversion rights attached thereto, the bondholder(s) may convert the principal amount, excess of HK\$4,000,000 or a part thereof into up to 200 ordinary shares in Sun Famous held by Best Marvel at the conversion price of HK\$40,000.

On 25 March 2020, Unique Jade International Limited (“**Unique Jade**”), also an indirect wholly-owned subsidiary of the Company and the holding company of Hong Kong Newrich, issued a non-redeemable convertible bond in the principal amount of HK\$4,000,000 at 9% coupon rate which maturing on 25 March 2021 and extendable to 25 September 2021 by Unique Jade issuing notice in writing to the bondholder(s) and any exercising of conversion rights attached thereto shall be subject to approval by shareholders of the Company as well as such other conditions precedent as set out in the relevant bond instrument, and upon exercising of the conversion rights attached thereto, the bondholder(s) may convert the principal amount, excess of HK\$4,000,000 or a part thereof into up to 200,000 ordinary shares in Hong Kong Newrich held by Unique Jade at the conversion price of HK\$30.

On 4 June 2020, Fameway Finance Limited (“**Fameway Finance**”), a wholly-owned subsidiary of the Group, entered into the loan agreement with Fortunate Soar International Limited (the “**Borrower I**”), pursuant to which Fameway Finance agreed to provide to the Borrower I a loan of HK\$5,000,000 for a term of 6 months (the “**Loan Agreement I**”). Details of the Loan Agreement I are set out in the announcements of the Company dated 4 June 2020, 11 June 2020 and 23 June 2020.

On 5 June 2020, Fameway Finance entered into the loan agreement with GFL (Murray) Holdings Limited (the “**Borrower II**”), pursuant to which Fameway Finance agreed to provide to the Borrower II a loan of HK\$5,000,000 for a term of 6 months (the “**Loan Agreement II**”). Details of the Loan Agreement II are set out in the announcement of the Company dated 8 June 2020.

Looking forward to the year of 2020, the macroeconomic environment remains pessimistic, the market conditions for Hong Kong remain uncertain and continue to face challenges. Hong Kong will be exposed to increasing risks and difficulties, mainly from trade war between China and the US, the continuing local political and social events, the outbreak of COVID-19 in Hong Kong and around the world, and China’s economic growth is forecast to decelerate this year.

Overall, the Group is actively attempting to improve the performance of its various business operations, and from time to time, to explore business opportunities in different sectors in order to broaden its revenue stream. Given that the overall business environment in the second half of 2020 will likely be challenging, volatile and unpredictable, the management will maintain a very cautious and practical approach in managing the Company's business operations. The Group will no doubt act cautiously and prudently moving forward.

Fund Raising Activities

On 26 May 2020, the Company proposed to raise not less than approximately HK\$11,243,836 and not more than approximately HK\$11,345,668, before expenses, by way of the rights issue (the "**Rights Issue**"), by issuing not less than 140,547,956 rights shares (assuming no outstanding share options are exercised on or before 30 June 2020, being the date for the determination of the entitlements under the Right Issue (the "**Record Date**")) and not more than 141,820,854 rights shares (assuming all outstanding share options are exercised in full on or before the Record Date) at the subscription price of HK\$0.08 per rights share on the basis of one (1) rights share for every two (2) existing shares held on the Record Date.

The Company shall provisionally allot the rights shares to the qualifying shareholders at the subscription price, in the proportion of one rights share for every two existing shares held on the Record Date. The Rights Issue will not be available to the excluded shareholders.

Details of the Rights Issue are set out in the announcements of the Company dated 26 May 2020, 30 June 2020, 15 July 2020 and 23 July 2020. As at the date hereof, the Rights Issue is still in progress.

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 2020, the Group had cash and cash equivalent of approximately HK\$2,063,000 (31 December 2019: approximately HK\$1,250,000), interest-bearing borrowings of approximately HK\$153,479,000 (31 December 2019: approximately HK\$114,959,000) and bond payables of HK\$68,000,000 (31 December 2019: HK\$50,000,000).

As at 30 June 2020, the gearing ratio (measured as total liabilities to total assets) was approximately 83.5% (31 December 2019: approximately 74.2%).

Capital Structure

As at 30 June 2020, the Company's issued share capital was HK\$2,810,959, divided into 281,095,913 shares of HK\$0.01 each.

Contingent Liabilities

As at 30 June 2020 and 31 December 2019, the Group did not have any material contingent liability.

Charges on Assets

As at 30 June 2020, investment properties and certain financial assets at FVTPL with an aggregate carrying value of approximately HK\$130,815,000 (31 December 2019: approximately HK\$131,389,000) 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 slightly 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.

Significant Investment

Save as disclosed in this announcement, the Group did not have any other significant investment during the six months ended 30 June 2020.

Material Acquisition and Disposal

Reference is made to the announcement dated 5 February 2020. Magic Red Limited, an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with the vendors (the “**Vendors**”) in relation to the possible acquisition of the entire issued share capital of the target company (the “**Target Company**”).

The Target Company is principally engaged in business of inbound tour and travel related services with over 30 years history in Hong Kong and Greater China Region. The Target Company recorded a revenue for the year ended 31 March 2018 amounted to approximately to HK\$290,348,000 and approximately HK\$12,428,000 in profit before tax. As at the date hereof, the MOU has lapsed.

Reference is made to the announcement dated 21 February 2020. Best Marvel, an indirect wholly-owned subsidiary of the Company, and the Company (the “**Guarantor**”) entered into a non-legally binding framework agreement (the “**Framework Agreement I**”) with the purchaser (the “**Purchaser**”) in relation to the possible disposal of the entire issued share capital of Sun Famous (the “**Disposal I**”). The aggregate consideration for the Disposal I shall be HK\$50,000,000.

Unique Jade, an indirect wholly-owned subsidiary of the Company, and the Guarantor entered into a non-legally binding framework agreement (the “**Framework Agreement II**”) with the Purchaser in relation to the possible disposal of the entire issued share capital of Hong Kong Newrich (the “**Disposal II**”). The aggregate consideration for the Disposal II shall be HK\$44,800,000.

As at the date hereof, the Framework Agreement I and the Framework Agreement II have lapsed.

Save as disclosed in this announcement, the Group did not process any material acquisition or disposal of subsidiaries or joint ventures during the six months ended 30 June 2020.

Litigations

Reference is made to page 14 to 16 of 2019 Annual Report of the Company which discloses particulars on the progress of litigation matters in which the Company and/or its subsidiaries are involved. The Company herein update the latest progress of certain litigation matters as below.

Under High Court Action No. 1114 of 2019 (“**HCA 1114/2019**”), EverCare now alleges that the Company has failed to meet certain requirements imposed by the Deed of Settlement, and it therefore proceeds with HCA 1114/2019. A Consent Summons setting out proposed directions for further conduct of HCA 1114/2019 was endorsed by solicitors for EverCare and solicitors for the Company on 10 July 2020.

With regard to High Court Miscellaneous Proceedings No. 1152 of 2019 (“**HCMP 1152/2019**”), the Company and Sun Famous have repaid the entire amount due to Nanyang Commercial Bank Limited, and HCMP 1152/2019 has already been fully settled.

Easy Champ Corporation Limited (“**Easy Champ**”), an indirect wholly-owned subsidiary of the Company, has been sued under High Court Action No. 1504 of 2019 by the landlord of the office premises (the “**Premises**”) previously occupied by Easy Champ. A winding-up petition has been presented against Easy Champ, which winding-up petition was heard by the Court of First Instance of the High Court of Hong Kong on 8 July 2020. The Court of First Instance of the High Court of Hong Kong granted the winding-up order against the Company on 8 July 2020, and Mr. LAU Siu Hung and Ms. KWOK Sin Kwan have been appointed by the Official Receiver as Joint and Several Provisional Liquidators of Easy Champ on 8 July 2020.

On 18 November 2019, the Company received a statutory demand (the “**Statutory Demand**”) dated 18 November 2019 issued by the legal representative of a purported creditor demanding the Company to settle a sum of approximately HK\$1,443,000 plus interest (the “**Relevant Sum**”). The Statutory Demand was issued pursuant to section 178(1)(a) or 374(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. If the Company fails to repay the Relevant Sum within 3 weeks after the service of the Statutory Demand, a winding-up order may be made in respect of the Company. The Company has already repaid a substantial part of the Relevant Sum, with only HK\$114,903.63 remaining outstanding.

FT Securities Limited (“**FT Securities**”) was sued by Pasture Land Company Limited (“**Pasture Land**”), landlord of the premises, with the premises being occupied and used by FT Securities as its registered office and place of business, in Lands Tribunal Case No. LPDE 1474 of 2019 (“**LPDE 1474/2019**”) for recovery of vacant possession of the premises, all outstanding rental due and owing by FT Securities to Pasture Land, and costs. FT Securities surrendered vacant possession of the premises to Pasture Land on 13 May 2020, and Pasture Land entered into judgment against FT Securities on 13 May 2020 for the sum of HK\$1,196,027.84 together with interest and costs (to be taxed if not agreed) (collectively, the “**Judgment Sum**”). The entire amount of the Judgment Sum remains outstanding up to date.

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

Employee Information and Remuneration Policy

The Group had 32 employees (31 December 2019: 33 employees) in Hong Kong as at 30 June 2020. During the six months ended 30 June 2020, the Group incurred staff costs (including Directors’ emoluments) of approximately HK\$9,108,000 (six months ended 30 June 2019: approximately HK\$12,318,000).

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, discretionary bonus and share options 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 22 November 2002 which was expired on 21 November 2012 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. 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 17,231,751 shares which was refreshed on 28 June 2017 by shareholders of the Company at the annual general meeting representing 10% of the issued share by the time of passing the relevant resolution and approximately 6% of the issued share as at the date of this announcement.

Details of the share options granted and outstanding during the six months ended 30 June 2020 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 01.01.2020	Granted	During the six months ended 30.06.2020		Outstanding as at 30.06.2020			
Employees	23/3/2016	677,157	-	-	-	-	677,157	23/3/2016-22/3/2026	6.1640*
Consultants	23/3/2016	975,028	-	-	-	-	975,028	23/3/2016-22/3/2026	6.1640*
Directors									
Lam Kwok Hing Wilfred	23/3/2016	297,870	-	-	-	-	297,870	23/3/2016-22/3/2026	6.1640*
Chan Shui Sheung Ivy	23/3/2016	297,870	-	-	-	-	297,870	23/3/2016-22/3/2026	6.1640*
Mok Tsan San	23/3/2016	297,870	-	-	-	-	297,870	23/3/2016-22/3/2026	6.1640*
		<u>2,545,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,545,795</u>		

* Following the open offer and share consolidation on 26 June 2017 and 27 June 2017 respectively, the exercise price of the outstanding share options was adjusted from HK\$0.6120 to HK\$6.1640.

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

As at 30 June 2020, 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 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 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	–	297,870 <i>(Note)</i>	0.10%
Chan Shui Sheung Ivy	Beneficial owner	9,000	297,870 <i>(Note)</i>	0.10%
Mok Tsan San	Beneficial owner	–	297,870 <i>(Note)</i>	0.10%

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\$6.1640 per share which was adjusted after taking into account the effect of the open offer and share consolidation of the shares became effective on 26 June 2017 and 27 June 2017 respectively.

Save as disclosed above, as at 30 June 2020, 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 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 2020 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 of 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 2020.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business pursuant 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 2020 or at any time during the six months ended 30 June 2020.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, 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 Exchange were as follows:

Long position in shares and underlying shares of the Company

<u>Name of Shareholders</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interests</u>
Tse Young Lai	Beneficial owner	54,360,000	19.34%
Ng Kam Ching	Beneficial owner	19,260,000	6.85%
			(Note)

Note: This is calculated based on the total number of issued shares of the Company as at 30 June 2020, which was 281,095,913 shares.

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 2020 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 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 2020.

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 2020 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.

Throughout the six months ended 30 June 2020, the Company did not appoint a chief executive. The Board will keep reviewing the current structure from time to time and appoint candidates with suitable knowledge, skill, and experience as chief executive of the Company, if identified.

CHANGE IN INFORMATION ON DIRECTORS

The change of information on the Directors during the six months ended 30 June 2020 and up to the date of this announcement that required to be disclosed pursuant to rule 17.50A (1) of the GEM Listing Rules is as follows:-

Mr. Lam Kwok Hing Wilfred has been appointed as the company secretary of the Company with effect from 1 July 2020.

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 2020.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2020.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements and this interim results announcement for the six months ended 30 June 2020 and has provided comments thereon.

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

Hong Kong, 13 August 2020

As at the date hereof, the executive Directors are Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; the non-executive Director is Mr. Lam Kwok Hing Wilfred, J.P., (Chairman); and the independent non-executive Directors are Ms. Yuen Wai Man, Mr. Chow Fu Kit Edward and Mr. Lam Raymond Shiu Cheung.