

華人策略控股有限公司

Chinese Strategic Holding

First | 2017
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 2017, together with the comparative figures for the corresponding period in year 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 March	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	1,910	1,185
Cost of sales		(67)	(64)
Gross profit		1,843	1,121
Other income and gains		64	249
Administrative expenses		(16,016)	(31,179)
Changes in fair values in investment properties, net		2,730	(5,700)
Changes in fair values of investments held for trading		(10,669)	(72,563)
Loss on disposals of investments held for trading		(19,080)	(6,243)
Changes in fair values of convertible instruments designated as financial assets at fair value through profit or loss		2,738	(8,455)
Gain on redemption of convertible instruments		1,333	–
Gain on disposal of available-for-sale financial assets		1,108	–
Changes in fair values of derivative financial liabilities		–	5,811
Loss on disposal of an associate		(767)	–
Share of loss of an associate		(3)	(62)
Share of profit of a joint venture		944	1,077
Operating loss		(35,775)	(115,944)
Finance costs	4	(5,136)	(6,454)
Loss before tax		(40,911)	(122,398)
Income tax expense	5	–	–
Loss for the period	6	(40,911)	(122,398)

	Notes	Three months ended 31 March	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(2)	–
Fair value loss on available-for-sale financial assets		–	(2,043)
Other comprehensive expense for the period, net of income tax		(2)	(2,043)
Total comprehensive expense for the period		(40,913)	(124,441)
(Loss) profit for the period attributable to:			
Owners of the Company		(41,086)	(122,598)
Non-controlling interests		175	200
		(40,911)	(122,398)
Total comprehensive (expense) income attributable to:			
Owners of the Company		(41,088)	(124,641)
Non-controlling interests		175	200
		(40,913)	(124,441)
Loss per share	8		
Basic (HK cents)		(3.58) cents	(12.48) cents
Diluted (HK cents)		(3.58) cents	(12.48) cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Share options reserve	Investment revaluation reserve	Convertible loan notes reserve	Translation reserve	Accumulated losses	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
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	
At 1 January 2017 (audited)	1,149	3,087,530	7,914	15,137	24,304	-	(8,923)	(2,601,482)	525,629	30,233	555,862	
Loss for the period	-	-	-	-	-	-	-	(41,086)	(41,086)	175	(40,911)	
Other comprehensive (expense) income for the period	-	-	-	-	-	-	(2)	-	(2)	-	(2)	
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(2)	(41,086)	(41,088)	175	(40,913)	
Disposal of available-for-sale financial assets	-	-	-	-	(24,304)	-	-	24,304	-	-	-	
At 31 March 2017 (unaudited)	1,149	3,087,530	7,914	15,137	-	-	(8,925)	(2,618,264)	484,541	30,408	514,949	

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 the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (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 2017 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 2017 are consistent with those used in the Group's annual financial statements for the year ended 31 December 2016 (the "**2016 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 2016 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 2017.

3. REVENUE

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

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Rental income	651	612
Interest income from provision of loan financing	1,259	573
Dividend income from investments held for trading	-	-
	1,910	1,185

4. FINANCE COSTS

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings	152	159
Other loans	3,655	1,874
Bond payables	939	945
Convertible loan notes at effective interest rates	-	1,111
Obligations under finance leases	15	10
Margin accounts	375	2,355
	5,136	6,454

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 2017 and 31 March 2016.

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% for the three months ended 31 March 2017 and 31 March 2016.

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

6. LOSS FOR THE PERIOD

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

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs including directors' emoluments:		
Salaries and allowances	6,742	7,273
Contributions to retirement benefits scheme	139	157
Share-based payment expenses	–	6,399
	6,881	13,829
Depreciation of plant and equipment	641	616
Amortisation of prepaid lease payment	97	97
Minimum lease payments under operating leases	1,715	2,134
Share-based payment expenses – consultants	–	6,125
Gross rental income	(651)	(612)
Less: outgoings (included in cost of sales)	67	64
Net rental income	(584)	(548)

7. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the three months ended 31 March 2017 and 31 March 2016, nor has any dividend been proposed since 31 March 2017 and up to the date of this report.

8. 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 31 March	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(41,086)	(122,598)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,148,783	982,494
Effect of dilutive potential ordinary shares	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,148,783	982,494

The computation of diluted loss per share for the three months ended 31 March 2017 and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the three months ended 31 March 2017, the Group recorded a revenue of approximately HK\$1,910,000 (three months ended 31 March 2016: approximately HK\$1,185,000), representing an increase of approximately 61.2% as compared with the last corresponding period. The increase in revenue was mainly due to the increase in loan interest income.

Administrative expenses for the three months ended 31 March 2017 was approximately HK\$16,016,000 (three months ended 31 March 2016: approximately HK\$31,179,000), representing a decrease of 48.6% as compared with the last corresponding period. The decrease 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 2017 aggregated at approximately HK\$41,086,000 (three months ended 31 March 2016: approximately HK\$122,598,000). Loss for the period was mainly attributable to loss arising from fair value changes of investments held for trading of approximately HK\$10,669,000 and loss on disposals of investments held for trading of approximately HK\$19,080,000. The basic loss per share for the three months ended 31 March 2017 was HK3.58 cents (three months ended 31 March 2016: HK12.48 cents).

Business Review and Outlook

The Group recorded a rental income of approximately HK\$651,000 for the three months ended 31 March 2017 (three months ended 31 March 2016: approximately HK\$612,000) through properties leasing. As at 31 March 2017, the fair value of investment properties of the Group amounted to approximately HK\$113,970,000 (31 December 2016: approximately HK\$111,240,000). In view of the property prices soared to hit records recently, the management remains cautiously optimistic about the property market and will look for desirable property investment opportunities for the benefit of the Company and its shareholders.

During the period under review, the Group recorded a loss arising from the fair values changes of investments held for trading of approximately HK\$10,669,000 (three months ended 31 March 2016: approximately HK\$72,563,000) and a loss on disposals of investments held for trading of approximately HK\$19,080,000 (three months ended 31 March 2016: approximately HK\$6,243,000). The loss as recorded was subsequent to tight cashflow position of the Group and volatile stock prices of the investments held for trading. As at 31 March 2017, the Group had investments held for trading amounted to approximately HK\$189,847,000, representing 25.3% of the total assets of the Group (31 December 2016: approximately HK\$222,868,000).

The Group held an investment portfolio, classified as available-for-sale financial assets with carrying value of approximately HK\$5,892,000 as at 31 March 2017 (31 December 2016: approximately HK\$45,682,000). An unlisted investment in funds of approximately HK\$39,790,000 denominated in USD and managed by an international investment bank was redeemed in February 2017 to capitalize its capital gain from the investment in available-for-sale financial assets to support the general working capital of the Group (31 December 2016: approximately HK\$39,790,000). The net proceeds from the redemption was approximately HK\$40,898,000.

The Group held certain unlisted instruments issued by a Hong Kong listed company, classified as convertible instruments designated as financial assets at fair value through profit or loss, amounted to approximately HK\$19,922,000 as at 31 March 2017 (31 December 2016: approximately HK\$38,851,000). Certain convertible instruments matured on 31 March 2017 with principal amount of HK\$23,000,000 were redeemed and subsequently classified as other receivables. The convertible instruments are measured at fair value at the reporting end date. In this regard, a gain arising from fair values changes of convertible instruments designated as financial assets at fair value through profit or loss of approximately HK\$2,738,000 was recorded during the three months ended 31 March 2017 (three months ended 31 March 2016: a loss of approximately HK\$8,455,000).

In view of the carrying value of the investments held for trading, available-for-sale investments and convertible instruments designated as financial assets at fair value through profit or loss, representing 28.8% of the total assets of the Group, its performance is affected by the Hong Kong stock market and global economic environment. The Group will from time to time closely monitor the performance progress of the investment portfolio.

The Group generated an interest income of approximately HK\$1,259,000 during the period under review (three months ended 31 March 2016: approximately HK\$573,000) representing an increase of approximately 120%. In the past few months, the management experienced to re-develop the loan portfolio to short term with higher interest rate to increase its interest income.

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

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\$22,234,000 (31 December 2016: approximately HK\$34,489,000), interest-bearing borrowings of approximately HK\$151,521,000 (31 December 2016: approximately HK\$149,807,000) and bonds payable of HK\$50,000,000 (31 December 2016: HK\$50,000,000).

As at 31 March 2017, the gearing ratio (measured as total liabilities to total assets) was approximately 31.3% (31 December 2016: approximately 30.5%).

Capital Structure

As at 31 March 2017 and 31 December 2016, the Company's issued share capital was HK\$1,148,783, divided into 1,148,783,425 shares of HK\$0.001 each.

Capital Commitments

As at 31 March 2017 and 31 December 2016, the Group did not have any capital commitments.

Contingent Liabilities

As at 31 March 2017 and 31 December 2016, the Group did not have any material contingent liability.

Charges on Assets

As at 31 March 2017, loan receivables, investment properties and certain investments held for trading with an aggregate carrying value of approximately HK\$194,866,000 (31 December 2016: approximately HK\$193,455,000) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group.

Significant Investment

Save as disclosed in this report, the Group did not have any other significant investment during the three months ended 31 March 2017.

Material Acquisition and Disposal

During the three months ended 31 March 2017, the Group did not process any material acquisition or disposal of subsidiaries or joint ventures.

Litigations

Reference is made to pages 12 and 13 of 2016 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.

Advance to an Entity

On 15 February 2015 and 24 March 2015, Hong Kong Entertainment (Overseas) Investments Limited ("**HKE**") and Tinian Entertainment Co., Ltd ("**TEC**"), a former 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.

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 (the "**GML**"), a wholly-owned subsidiary of the Company 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 ("**NewCo**") shall issue a convertible bonds in a principal sum of USD21,150,002 to GML or its nominee as a full and final settlement of the GML Outstanding Amount. On 29 June 2016, a supplemental agreement was entered into to extend the long stop date of the restructuring agreement from 30 June 2016 to 30 September 2016 and on 30 September 2016, the restructuring agreement lapsed. As at 31 March 2017, the net amount due and owing by HKE in the aggregate sum of HK\$164,624,000. The Company is seeking legal and other professional advice on formulating a prudent and workable action plan for the recovery of the GML Outstanding Amount.

An intense tropical cyclone attacked Tinian, the Commonwealth of the Northern Mariana Islands (“**CNMI**”), in mid-2015 and severely damaged the international airport and other infrastructure of Tinian, CNMI, since then, visitors to the island dropped substantially. The Casino was suspended and the hotel closed down eventually in March 2016. Therefore, the management decided to take a prudent approach and make full impairment of the GML Outstanding Amount during the year ended 31 December 2016.

Details are set out in the announcements of the Company dated 23 February 2015, 3 March 2015, 20 April 2015, 7 April 2016, 29 April 2016, 11 May 2016 and 29 June 2016.

Events after the Reporting Period

On 10 April 2017, the Company proposed to raise not less than approximately HK\$57,439,171 and not more than approximately HK\$71,212,171, before expenses, by way of the open offer, by issuing not less than 574,391,712 offer shares and not more than 712,121,712 offer shares at the subscription price of HK\$0.1 per offer share on the basis of one (1) offer share for every two (2) existing shares held by the qualifying shareholders of the Company on the record date (the “**Open Offer**”).

After deducting the estimated expenses relating to the Open Offer, the net proceeds from the Open Offer is estimated to amount to not less than approximately HK\$54,200,000 and not more than approximately HK\$67,400,000 (assuming no further issue of new shares or repurchase of shares on or before the record date). Assuming the net proceeds will amount to approximately HK\$54,200,000, the Company intends to use the net proceeds from the Open Offer as to (i) approximately HK\$31,700,000 for the repayment of outstanding liabilities and (ii) approximately HK\$22,500,000 for the general working capital of the Group.

Details of the Open Offer are set out in the announcements of the Company dated 10 April 2017, 12 April 2017, 21 April 2017 and 2 May 2017.

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

As at 31 March 2017, 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)	0.26%
Chan Shui Sheung Ivy	Beneficial owner	60,000	3,000,000 (Note)	0.27%
Mok Tsan San	Beneficial owner	–	3,000,000 (Note)	0.26%

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 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above section headed "Directors' and Chief Executives' Interests in Shares of the Company", at no time during the three months ended 31 March 2017 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 three months ended 31 March 2017.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed in the above headed "Directors' and Chief Executives' Interests in Shares of the Company, the Directors were not aware of any other persons, who had an interest or a short position in the shares or underlying shares of the Company as at 31 March 2017 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 2017.

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 three months ended 31 March 2017.

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, quarterly reports and risk management and internal control systems and to provide comments thereon to the Board.

The Company currently has only two independent non-executive Directors and two audit committee members following the resignation of Mr. Wang Chin Mong as independent non-executive Director with effect from 23 March 2017, the number of which falls below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. The Company is endeavoring to identify suitable candidate(s) to fill the vacancies within three months from the effective date of Mr. Wang's resignation pursuant to rules 5.06 and 5.33 of the GEM Listing Rules. The Company will make further announcement(s) as and when appropriate.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements and this quarterly report for the three months ended 31 March 2017 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 2017

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 and Mr. Chow Fu Kit Edward.