



華人策略控股有限公司

Chinese Strategic Holdings Limited

(incorporated in Bermuda with limited liability)

Stock Code: 8089

First
Quarterly
Report

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 report, for which the directors (the “**Director(s)**”) 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 report 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 report misleading.*

This report 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 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 2020, together with the comparative figures for the corresponding period in year 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended	
		31 March	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	3	781	670
Cost of sales		–	(26)
Gross profit		781	644
Other income and gains		–	5
Administrative expenses		(8,534)	(14,927)
Changes in fair values in investment properties, net		–	–
Changes in fair values of investments held for trading, net		–	–
Loss on disposals of investments held for trading, net		–	–
Changes in fair values of convertible instruments designated as financial assets at fair value through profit or loss, net		–	–
Loss on disposal of financial assets at fair value through profit or loss, net		(53)	(1,390)
Gain (Loss) from changes in fair value of financial assets at fair value through profit or loss, net		488	(156)
Loss on disposal of subsidiaries		–	–
Share of profit (loss) of joint ventures		150	772
Operating loss		(7,168)	(15,052)
Finance costs	4	(4,515)	(4,250)
Loss before tax		(11,683)	(19,302)
Income tax expenses	5	–	–
Loss for the period	6	(11,683)	(19,302)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

	<i>Notes</i>	Three months ended	
		31 March	
		2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	<i>HK\$'000</i>
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		–	–
Other comprehensive expense for the period, net of income tax		–	–
Total comprehensive expense for the period		(11,683)	(19,302)
(Loss) profit for the period attributable to:			
Owners of the Company		(11,699)	(19,415)
Non-controlling interests		16	113
		(11,683)	(19,302)
Total comprehensive (expense) income attributable to:			
Owners of the Company		(11,699)	(19,415)
Non-controlling interests		16	113
		(11,683)	(19,302)
Loss per share	8		
Basic (HK cents)		(4.16) cents	(9.23) cents
Diluted (HK cents)		N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	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)	0,933,035	204,239	32,981	257,220
(Loss) profit for the period	-	-	-	-	-	-	(9,415)	(19,415)	113	(9,302)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(9,415)	(19,415)	113	(9,302)
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 31 March 2019 (unaudited)	2,343	3,177,917	7,914	8,484	(3,966)	(5,891)	0,922,450	214,351	33,094	247,445
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	-	-	-	-	-	-	(11,699)	(11,699)	16	(11,683)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(11,699)	(11,699)	16	(11,683)
At 31 March 2020 (unaudited)	2,811	3,186,343	7,914	8,484	(4,820)	(8,987)	(3,142,774)	48,971	30,737	79,708

NOTES TO THE UNAUDITED 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 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, 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 results have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**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 unaudited condensed consolidated financial results are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2019 (the “**2019 Financial Statements**”), except for the new and revised HKFRSs (the “**New HKFRSs**”) issued by HKICPA which have become effective in this period as detailed in notes of the 2019 Financial Statements. The Directors believe that the application of the New HKFRSs has no material impact on the unaudited condensed consolidated financial results.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS *(Continued)*

3. REVENUE

Revenue represents the aggregate of rental income, interest income from loan financing, sales of goods and dividend income from financial assets at fair value through profit or loss during the period. The following is an analysis of the Group's revenue:

	Three months ended 31 March	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Rental income	258	357
Interest income from the provision of loan financing	523	307
Dividend income from financial assets at fair value through profit or loss	–	6
	781	670

4. FINANCE COSTS

	Three months ended 31 March	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interests on:		
Bank borrowings	433	665
Other loans	2,709	2,412
Bond payables	1,170	939
Lease liabilities/obligations under finance leases	203	16
Margin accounts	–	218
	4,515	4,250

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS *(Continued)*

5. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the three months ended 31 March 2020 and 31 March 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 three months ended 31 March 2020 and 31 March 2019.

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

6. LOSS FOR THE PERIOD

	Three months ended 31 March	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and allowances	4,273	5,750
Contributions to retirement benefits scheme	137	165
	4,410	5,915
Depreciation of plant and equipment	334	605
Depreciation of right-of-use assets	857	–
Amortisation of prepaid lease payment	–	97
Minimum lease payments under operating leases	158	993
Gross rental income	(258)	(357)
Less: outgoings (included in cost of sales)	–	26
Net rental income	(258)	(331)

7. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the three months ended 31 March 2020 and 31 March 2019, nor has any dividend been proposed since 31 March 2020 and up to the date of this report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS *(Continued)*

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	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(11,699)	(19,415)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	281,096	210,447
Effect of dilutive potential ordinary shares:		
– Share options	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	281,096	210,447

The computation of diluted loss per share for the three months ended 31 March 2020 and 31 March 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.

9. EVENT AFTER THE REPORTING PERIOD

The outbreak of the Novel Coronavirus (the "COVID-19") in early 2020 has affected the Group's business segment adversely. The Group has closely monitored on the development of the COVID-19 and taken a number of cost control measures to mitigate the impact of this challenging situation. The Group will pay close attention to the change of situation and evaluate its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the three months ended 31 March 2020, the Group recorded a revenue of approximately HK\$781,000 (three months ended 31 March 2019: approximately HK\$670,000), representing an increase of approximately 16.57% as compared with the last corresponding period. The increase in revenue was mainly due to the increase in revenue of interest income from the provision of loan financing during the three months ended 31 March 2020.

Administrative expenses for the three months ended 31 March 2020 was approximately HK\$8,534,000 (three months ended 31 March 2019: approximately HK\$14,927,000), representing a decrease of 42.83% as compared with the last corresponding period. The decrease in expenses was mainly due to decrease in legal and professional fee, printing and staff costs.

The Group incurred finance costs of approximately HK\$4,515,000 for the three months ended 31 March 2020 (three months ended 31 March 2019: approximately HK\$4,250,000), which mainly comprised interest on interest bearing bank borrowing and other borrowings, bonds and lease liabilities.

The loss attributable to the owners of the Company for the three months ended 31 March 2020 aggregated at approximately HK\$11,699,000 (three months ended 31 March 2019: approximately HK\$19,415,000). Loss for the period was mainly attributable to administrative expenses of approximately HK\$8,534,000, loss on disposals of financial assets at fair value through profit or loss ("**FVTPL**") of approximately HK\$53,000 and finance costs of approximately HK\$4,220,000. The basic loss per share for the three months ended 31 March 2020 was HK4.16 cents (three months ended 31 March 2019: HK9.23 cents).

Business Review and Outlook

The Group recorded a rental income of approximately HK\$258,000 for the three months ended 31 March 2020 (three months ended 31 March 2019: approximately HK\$357,000) 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 31 March 2020, the Group had financial assets at FVTPL which represent listed securities in Hong Kong amounted to approximately HK\$4,332, representing 1.14% of the total assets of the Group (31 December 2019: approximately HK\$26,581,000). During the period under review, the Group recorded a profit arising from the fair values changes of financial assets at FVTPL of approximately HK\$488,000 (three months ended 31 March 2019: loss of approximately HK\$156,000) and a loss on disposals of financial assets at FVTPL of approximately HK\$53,000 (three months ended 31 March 2019: loss of approximately HK\$1,390,000). The Group will remain both prudent and cautious in the securities investment business with the aim of achieving healthy investment returns.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review and Outlook *(Continued)*

The performance of loan financing business was growth steadily. As compared with the same period last year, the interest income increased by 70.36% from approximately HK\$307,000 to approximately HK\$523,000. The Group will continue to explore the opportunity to further develop loan financing business.

The revenue and operating loss of tea leaves trading were approximately HK\$Nil and HK\$Nil respectively for the three months ended 31 March 2020 (31 December 2019: approximately HK\$1,991,000 and HK\$306,000 respectively). 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 was 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review and Outlook *(Continued)*

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.

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 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.

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\$598,000 (31 December 2019: approximately HK\$1,320,000), interest-bearing borrowings of approximately HK\$114,905,000 (31 December 2019: approximately HK\$114,959,000) and bond payables of HK\$60,000,000 (31 December 2019: HK\$50,000,000).

As at 31 March 2020, the gearing ratio (measured as total liabilities to total assets) was approximately 68.8% (31 December 2019: approximately 74.2%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Capital Structure

As at 31 March 2020, the Company's issued share capital was HK\$2,810,959 (31 December 2019: HK\$2,810,959), divided into 281,095,913 shares of HK\$0.01 each (31 December 2019: 281,095,913 shares of HK\$0.01 each).

Capital Commitments

As at 31 March 2020 and 31 December 2019, the Group did not have any capital commitments.

Contingent Liabilities

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

Charges on Assets

As at 31 March 2020, investment properties and certain financial assets at FVTPL with an aggregate carrying value of approximately HK\$131,374,000 (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.

Significant Investment

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Material Acquisition and Disposal *(Continued)*

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.

Litigations

Reference is made to page 14 to 16 of 2019 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 the outcome of any enforcement whenever appropriate and/or necessary.

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

As at 31 March 2020, the interests and short positions of the Directors and the chief executives of the Company in 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 Directors	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 (Note)	0.10%
Chan Shui Sheung Ivy	Beneficial owner	9,000	297,870 (Note)	0.11%
Mok Tsan San	Beneficial owner	–	297,870 (Note)	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 31 March 2020, none of the Directors or chief executives of the Company had any interests or short positions in 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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 2020.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2020, so far as is known to the Directors, 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

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of interests
Tse Young Lai	Beneficial owner	42,656,400	15.18%
Ng Kam Ching	Beneficial owner	19,260,000	6.85%

As at 31 March 2020, the number of shares issued by the Company was 281,095,913.

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 shares or underlying shares of the Company as at 31 March 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 three months ended 31 March 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 three months ended 31 March 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. As at the date hereof, the Audit Committee comprises all independent non-executive Directors, namely, Ms. Yuen Wai Man, Mr. Chow Fu Kit Edward and Mr. Lam Raymond Shiu Cheung. Ms. Yuen Wai Man is the chairperson of the Audit Committee. 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 quarterly report for the three months ended 31 March 2020 and has provided comments thereon.

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

Hong Kong, 14 May 2020

As at the date hereof, the Company's executive Directors are Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; 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.