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CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “Board”) of China Strategic Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Revenue	3	779,962	1,477,776
Trading income		396,108	1,072,587
Dividend income		22,491	17,067
Interest income		345,393	370,403
Commission, underwriting fee and others		15,970	17,719
Purchases and related expenses		(394,137)	(1,063,835)
Other income	5	1,130	776
Other gain	6	266	945
Staff costs		(24,975)	(31,278)
Impairment losses on loan receivables and debt instruments at fair value through other comprehensive income		(143,148)	(384)
Other expenses		(28,599)	(32,543)
Net (loss) gain on financial assets at fair value through profit or loss	7	(436,888)	619,093
Gain (loss) on disposal of debt instruments at fair value through other comprehensive income		1,309	(2,696)
Gain (loss) on redemption of debt instruments at fair value through other comprehensive income		297	(93)
Finance costs	8	(171,095)	(162,053)

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
(Loss) profit before tax		(415,878)	805,708
Income tax credit (expense)	9	<u>92,931</u>	<u>(96,918)</u>
(Loss) profit for the year attributable to owners of the Company	10	<u>(322,947)</u>	<u>708,790</u>
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Deferred tax on net fair value changes of debt instruments at fair value through other comprehensive income		(8,899)	19,174
Net fair value gain (loss) on debt instruments at fair value through other comprehensive income		56,400	(145,512)
Release on disposal of debt instruments at fair value through other comprehensive income		(1,309)	2,696
Release on redemption of debt instruments at fair value through other comprehensive income		(297)	93
Impairment loss on debt instruments at fair value through other comprehensive income		<u>859</u>	<u>384</u>
Other comprehensive income (expense) for the year		<u>46,754</u>	<u>(123,165)</u>
Total comprehensive (expense) income for the year attributable to owners of the Company		<u><u>(276,193)</u></u>	<u><u>585,625</u></u>
(Loss) earnings per share attributable to owners of the Company			
– Basic	12	<u><u>HK(1.90) cents</u></u>	<u><u>HK4.17 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		19,788	22,994
Right-of-use assets		10,434	–
Prepaid lease payments		–	2,471
Goodwill		4,000	4,000
Club debentures		1,928	1,928
Debt instruments at fair value through other comprehensive income	13	949,545	987,860
Loan receivables	14	15,826	31,705
Financial assets at fair value through profit or loss	15	–	24,381
Deferred tax assets		8,148	–
Total non-current assets		1,009,669	1,075,339
Current assets			
Inventories		–	6,108
Prepaid lease payments		–	99
Debt instruments at fair value through other comprehensive income	13	7,816	3,822
Loan receivables	14	2,405,324	2,477,681
Trade and other receivables	16	113,327	182,910
Income tax recoverable		3,182	3,104
Financial assets at fair value through profit or loss	15	1,454,098	2,068,030
Pledged bank deposits		32,067	31,394
Bank balances and cash		169,808	213,896
Total current assets		4,185,622	4,987,044
Current liabilities			
Trade and other payables	17	78,479	109,820
Income tax payable		21,048	18,743
Borrowings	18	464,698	703,271
Notes payable	19	1,253,171	–
Lease liabilities		8,106	–
Total current liabilities		1,825,502	831,834
Net current assets		2,360,120	4,155,210
Total assets less current liabilities		3,369,789	5,230,549
Non-current liabilities			
Notes payable	19	–	1,500,325
Deferred tax liabilities		–	84,242
Total non-current liabilities		–	1,584,567
Net assets		3,369,789	3,645,982
Capital and reserves			
Share capital		3,012,877	3,012,877
Reserves		356,912	633,105
Total equity		3,369,789	3,645,982

Notes:

1. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance (the “Companies Ordinance”).

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary final results announcement for the year ended 31 December 2019 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports are unqualified; do not include a reference to any matters to which the auditor draws attention by way of emphasis without qualifying its reports; and do not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. Application of new and amendments to HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over income tax treatments
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2015 – 2017 cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

2.1 HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an arrangement contains a lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

At 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying HKFRS 16.C8(b)(ii) transition.

Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.60% per annum.

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed at 31 December 2018	<u>18,930</u>
Lease liabilities discounted at relevant incremental borrowing rates	16,121
Less: Lease with lease term ending within 12 months from the date of initial application	<u>(195)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 at 1 January 2019	<u><u>15,926</u></u>
Analysed as:	
Current portion	7,820
Non-current portion	<u>8,106</u>
	<u><u>15,926</u></u>

The carrying amount of right-of-use assets for own use at 1 January 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	15,926
Reclassified from prepaid lease payments (<i>Note</i>)	<u>2,570</u>
	<u><u>18,496</u></u>
By class:	
Land and buildings	<u><u>18,496</u></u>

Note: Prepayments for leasehold lands in the People's Republic of China (the "PRC") for own use properties were classified as prepaid lease payments at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$99,000 and HK\$2,471,000 respectively were reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts previously reported at 31 December 2018 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 January 2019 <i>HK\$'000</i>
Non-current assets			
Prepaid lease payments	2,471	(2,471)	–
Right-of-use assets	–	18,496	18,496
Current assets			
Prepaid lease payments	99	(99)	–
Current liabilities			
Lease liabilities	–	7,820	7,820
Non-current liabilities			
Lease liabilities	–	8,106	8,106

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position at 1 January 2019 as disclosed above.

3. Revenue

An analysis of the Group's revenue for the year is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trading of coke products	388,604	701,680
Trading of metal minerals	–	352,625
Sales of electronic components	7,504	18,282
Dividend income from securities investments	22,491	17,067
Interest income from securities investments	78,173	105,017
Interest income from securities margin financing business	1,912	356
Interest income from money lending business	265,308	265,030
Arrangement fee income from money lending business	8,669	4,339
Commission and handling income from securities brokerage business	6,194	6,567
Underwriting fee income from securities brokerage business	1,107	6,813
	779,962	1,477,776

Disaggregation of revenue from contracts with customers and reconciliation of total revenue:

Segments	Investment in securities HK\$'000	Trading HK\$'000	Money lending HK\$'000	Securities brokerage HK\$'000	Total HK\$'000
For the year ended 31 December 2019					
Types of goods and services					
Commission, underwriting fee and other income	-	-	8,669	7,301	15,970
Trading income					
Coke products	-	388,604	-	-	388,604
Electronic components	-	7,504	-	-	7,504
Revenue from contracts with customers	-	396,108	8,669	7,301	412,078
Dividend income	22,491	-	-	-	22,491
Interest income	78,173	-	265,308	1,912	345,393
Total revenue	100,664	396,108	273,977	9,213	779,962

For the year ended 31 December 2018

Types of goods and services					
Commission, underwriting fee and other income	-	-	4,339	13,380	17,719
Trading income					
Iron ore	-	352,625	-	-	352,625
Coke products	-	701,680	-	-	701,680
Electronic components	-	18,282	-	-	18,282
Revenue from contracts with customers	-	1,072,587	4,339	13,380	1,090,306
Dividend income	17,067	-	-	-	17,067
Interest income	105,017	-	265,030	356	370,403
Total revenue	122,084	1,072,587	269,369	13,736	1,477,776

During the years ended 31 December 2019 and 2018, the revenue is recognised at a point in time except for dividend income and interest income which fall outside the scope of HKFRS 15.

Revenue is derived principally from trading of metal minerals, coke products and electronic components, recognised once the control of the goods has transferred from the Group to the buyer. Revenue is measured based on consideration specified in the contract with the customer.

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed. Underwriting fee income is recognised when the obligation of underwriting is completed and the economic interests may flow into the Group and the relevant revenue and costs may be measured reliably. Other service income are recognised when the related services are rendered.

All the Group's contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations at 31 December 2019 and 31 December 2018 is not disclosed.

This is consistent with the revenue information disclosed for each segment.

4. Segment Information

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker represented by the Board, for the purposes of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

The Group's operating segments under HKFRS 8 are as follows:

- (i) Investment in securities
- (ii) Trading of metal minerals, coke products and electronic components ("Trading")
- (iii) Money lending
- (iv) Securities brokerage

Segment revenue and results

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

	Investment in securities	Trading	Money lending	Securities brokerage	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended					
31 December 2019					
Segment revenue					
External sales/sources	<u>100,664</u>	<u>396,108</u>	<u>273,977</u>	<u>9,213</u>	<u>779,962</u>
Results					
Segment results	<u>(336,341)</u>	<u>2,288</u>	<u>128,293</u>	<u>6,292</u>	<u>(199,468)</u>
Other income					152
Central administrative expenses					(45,467)
Finance costs					<u>(171,095)</u>
Loss before tax					(415,878)
Income tax credit					<u>92,931</u>
Loss for the year					<u><u>(322,947)</u></u>
For the year ended 31 December 2018					
Segment revenue					
External sales/sources	<u>122,084</u>	<u>1,072,587</u>	<u>269,369</u>	<u>13,736</u>	<u>1,477,776</u>
Results					
Segment results	<u>735,422</u>	<u>8,740</u>	<u>266,829</u>	<u>7,484</u>	1,018,475
Other income					9
Central administrative expenses					(50,723)
Finance costs					<u>(162,053)</u>
Profit before tax					805,708
Income tax expense					<u>(96,918)</u>
Profit for the year					<u><u>708,790</u></u>

Segment (loss) profit represents the loss incurred/profit earned by each segment without allocation of certain other income, central administrative expenses, finance costs and income tax credit (expense).

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers/sources by geographical location of the customers/sources is presented based on the location of the customers/sources. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers/sources		Non-current assets (Note)	
	Year ended 31 December		At 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	388,470	647,474	28,925	24,000
The PRC	128,705	128,622	3,225	3,393
Europe	–	701,680	–	–
Singapore	262,787	–	–	–
	<u>779,962</u>	<u>1,477,776</u>	<u>32,150</u>	<u>27,393</u>

Note: Non-current assets excluded goodwill, debt instruments at FVTOCI, loan receivables, financial assets at FVTPL and deferred tax assets.

Information about major customers

Revenue from customers of trading business contributing over 10% of the total revenue of the Group for the corresponding years are as follows:

	For the year ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
Customer A	137,066	– ¹
Customer B	125,817	– ¹
Customer C	125,722	– ¹
Customer D	– ¹	407,873
Customer E	– ¹	293,807
Customer F	– ¹	231,602
	<u> </u>	<u> </u>

¹ No revenue generated from the customers during the year/prior year.

5. Other income

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income	833	674
Others	297	102
	<u>1,130</u>	<u>776</u>

6. Other gain

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Exchange gain, net	266	945
	<u>266</u>	<u>945</u>

7. Net (loss) gain on financial assets at fair value through profit or loss

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net unrealised (loss) gain on financial assets at FVTPL	(409,214)	595,709
Net realised (loss) gain on sales of financial assets at FVTPL	(27,674)	23,384
	<u>(436,888)</u>	<u>619,093</u>

8. Finance costs

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on advances drawn on bill receivables discounted with full recourse	1,290	1,272
Interest on borrowings	30,140	24,871
Interest on notes payable (<i>Note 19</i>)	139,245	135,910
Interest on lease liabilities	420	–
	<u>171,095</u>	<u>162,053</u>

9. Income tax credit (expense)

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	(8,586)	(28,414)
Overprovision in prior years		
– Hong Kong Profits Tax	228	59
	(8,358)	(28,355)
Deferred tax	101,289	(68,563)
Income tax credit (expense) recognised in profit or loss	92,931	(96,918)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

10. (Loss) profit for the year

(Loss) profit for the year has been arrived at after charging the following items:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs		
– directors’ emoluments	7,457	11,586
– other staff salaries, wages and other benefits	16,537	18,755
– retirement benefit scheme contributions, excluding directors	981	937
Total staff costs	24,975	31,278
Auditor’s remuneration	1,972	1,949
Amortisation of prepaid lease payments	–	99
Depreciation of property, plant and equipment	3,293	3,290
Depreciation of right-of-use assets	8,062	–
Cost of inventories recognised as expenses	373,765	968,894

11. Dividends

No dividend was paid or proposed for the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting periods.

12. (Loss) earnings per share

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
(Loss) earnings:		
(Loss) profit for the year attributable to owners of the Company for the purpose of calculating basic (loss) earnings per share	<u>(322,947)</u>	<u>708,790</u>
	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<u>16,987,714</u>	<u>16,987,714</u>

Diluted (loss) earnings per share for the years ended 31 December 2019 and 2018 are not presented as there were no dilutive potential ordinary shares in issue during both years.

13. Debt instruments at fair value through other comprehensive income

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Listed investments, at fair value:		
– Debt securities listed in Hong Kong or overseas with fixed interests ranging from 3.90% to 12.25% (2018: 3.90% to 10.75%) per annum and maturity dates ranging from 19 July 2020 to 23 January 2027 (2018: 13 February 2019 to 23 January 2027)	<u>957,361</u>	<u>991,682</u>
Analysed as:		
Current portion	<u>7,816</u>	3,822
Non-current portion	<u>949,545</u>	<u>987,860</u>
	<u>957,361</u>	<u>991,682</u>

At 31 December 2019, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing prices available on the Stock Exchange or other recognised stock exchanges.

The Group provided impairment allowance of HK\$859,000 (2018: HK\$384,000) for the current year.

14. Loan receivables

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed-rate loan receivables	2,575,239	2,521,186
Less: impairment allowance	(154,089)	(11,800)
	<u>2,421,150</u>	<u>2,509,386</u>
Analysed as:		
Current portion	2,405,324	2,477,681
Non-current portion	15,826	31,705
	<u>2,421,150</u>	<u>2,509,386</u>
Analysed as:		
Secured	2,189,142	2,283,895
Guaranteed	66,647	209,537
Unsecured	165,361	15,954
	<u>2,421,150</u>	<u>2,509,386</u>

At 31 December 2019, the range of interest rates and maturity dates attributed to the Group's performing loan receivables was 3% to 18% (2018: 3% to 18%) per annum and from 4 March 2020 to 17 May 2021 (2018: 18 January 2019 to 2 May 2021) respectively.

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	2019	2018
	HK\$'000	HK\$'000
Fixed-rate loan receivables:		
Within one year	2,405,324	2,477,681
In more than one year but not more than two years	15,826	28,409
In more than two years but not more than five years	–	3,296
	<u>2,421,150</u>	<u>2,509,386</u>
	2,421,150	2,509,386
15. Financial assets at fair value through profit or loss		
	2019	2018
	HK\$'000	HK\$'000
Listed investments, at fair value:		
– Equity securities listed in Hong Kong (<i>Note (i)</i>)	1,454,098	2,044,803
Unlisted investments, at fair value:		
– Convertible securities with fixed interest of 10% (2018: 8%) per annum and maturity date at 15 December 2019 (2018: 15 June 2019) (<i>Note (ii)</i>)	–	47,608
	<u>1,454,098</u>	<u>2,092,411</u>
	1,454,098	2,092,411
Analysed as:		
Current portion	1,454,098	2,068,030
Non-current portion	–	24,381
	<u>1,454,098</u>	<u>2,092,411</u>
	1,454,098	2,092,411

Notes:

- (i) The fair values of the listed equity securities were determined based on the quoted market closing prices available on the Stock Exchange.
- (ii) The fair values of the unlisted convertible securities were determined based on the binomial option pricing model with some key inputs of the model, namely risk free rate, expected volatility, dividend yield and discount rate being obtained by referencing to listed bonds with similar rating.

16. Trade and other receivables

	2019	2018
	HK\$'000	HK\$'000
Trade receivables of securities brokerage business:		
– Cash clients (<i>Note (i)</i>)	8,994	11,022
– Margin clients (<i>Note (i)</i>)	18,571	21,625
Other receivables (<i>Note (ii)</i>)	36,362	30,263
Convertible securities receivables (<i>Note (iii)</i>)	–	120,000
Note receivable (<i>Note (iv)</i>)	49,400	–
	<hr/>	<hr/>
	113,327	182,910
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Notes:

- (i) At 31 December 2019, trade receivables from contracts with customers amounted to HK\$27,565,000 (2018: HK\$32,647,000) respectively.

For securities brokerage business, the normal settlement terms of trade receivables from cash clients are two days after trade date. The trade receivables from cash and margin clients with carrying amounts of HK\$27,565,000 (2018: HK\$32,647,000) was not past due at the end of the reporting period.

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. At 31 December 2019, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK\$343,979,000 (2018: HK\$133,139,000).

- (ii) Included in other receivables were unrestricted deposits of HK\$9,672,000 (2018: HK\$6,157,000) placed with securities brokers in relation to securities brokerage activities. The remaining balance of other receivables represents mainly dividends receivable, prepayment and deposits for office use.
- (iii) The amount of the convertible securities receivables was fully settled during 2019.
- (iv) The amount represented the outstanding principal of a convertible note subscribed by the Group, which was originally due for repayment on 15 December 2019. Pursuant to a deed entered into between the relevant parties on 10 February 2020, the conversion rights under the note are removed and ceased to be convertible into shares of the issuer. The repayment date of the outstanding principal of the note of HK\$49,400,000 was extended from 15 December 2019 to 15 May 2020 and bearing interest at the rate of 12% per annum. Further details of the note receivable are set out in the Company's announcement dated 10 February 2020.

17. Trade and other payables

	2019	2018
	HK\$'000	HK\$'000
Trade payables of securities brokerage business:		
– Cash clients	58,823	76,933
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	2,540	10,366
Trade payables of trading business	–	2,049
Accrued charges and other payables	4,470	7,450
Interest payables	12,646	13,022
	78,479	109,820

For securities brokerage business, the normal settlement terms of trade payables to cash clients and HKSCC are two days after trade date.

For trading business, the following is an aged analysis of trade payables, presented based on the invoice dates, at the end of the reporting period:

	2019	2018
	HK\$'000	HK\$'000
0 – 180 days	–	2,049

The average credit period is within 30 days for both years.

18. Borrowings

	2019 HK\$'000	2018 HK\$'000
Short-term secured bank borrowings (<i>Note (i)</i>)	228,860	288,600
Margin financing (<i>Note (ii)</i>)	235,838	414,671
	<u>464,698</u>	<u>703,271</u>

Notes:

- (i) The amount carried interest at London Interbank Offered Rate plus certain basis points per annum and was repayable within one year. The loan agreement of the secured bank borrowings contains a repayment on demand clause. The borrowings were secured by certain debt securities.
- (ii) The amount carried interest at Hong Kong prime rate plus certain basis points per annum and secured by certain debt and equity securities held in a margin securities account.

19. Notes payable

The movement of the unsecured notes payable for the year is as follows:

	2019 HK\$'000	2018 HK\$'000
At the beginning of the year	1,500,325	1,492,168
Redemption of notes (<i>Note (i)</i>)	(250,000)	(200,000)
Issue of notes (<i>Note (ii)</i>)	–	200,000
Effective interest charged (<i>Note 8</i>)	139,245	135,910
Interest paid/payable	(136,399)	(127,753)
	<u>1,253,171</u>	<u>1,500,325</u>
At the end of the year	<u>1,253,171</u>	<u>1,500,325</u>
Analysed as:		
Current portion	1,253,171	–
Non-current portion	–	1,500,325
	<u>1,253,171</u>	<u>1,500,325</u>

Notes:

- (i) In December 2016, the Company issued 2-year unsecured notes with nominal value of HK\$1,500,000,000 denominated in Hong Kong dollars. The interest for the notes was 7.00% per annum and 8.00% per annum for the first and second year respectively. The effective interest rate of the notes was 8.57% per annum.

In December 2018, nominal value of HK\$200,000,000 was redeemed. The Company executed a supplemental deed poll to extend the maturity date of the remaining notes with nominal value of HK\$1,300,000,000 for further two years to 16 December 2020. During the year ended 31 December 2019, part of the remaining notes with nominal value of HK\$250,000,000 was redeemed. The interest for the notes is 9.50% per annum and 10.00% per annum for the third and fourth year respectively. The effective interest rate of the notes is 9.74% per annum. The notes carry option for the Company to early redeem the notes by giving not less than 15 days' nor more than 30 days' notice to the noteholders on the third anniversary date and/or 16 June 2020, in whole or in part at 100% of the principal amount outstanding, together with interest accrued and unpaid at the date fixed for redemption.

- (ii) In August 2018, the Company issued a new tranche of 2-year unsecured notes with nominal value of HK\$200,000,000 denominated in Hong Kong dollars. The interest for the notes is 9.50% per annum and 10.00% per annum for the first and second year respectively. The effective interest rate of the notes is 9.74% per annum. The notes carry option for the Company to early redeem the notes by giving early redemption notice to the noteholders on the first anniversary date, in whole or in part at 100% of the principal amount outstanding, together with interest accrued and unpaid at the date fixed for redemption.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

BUSINESS REVIEW

During the year ended 31 December 2019, the Group continued to principally engage in the business of investment in securities, trading of commodities and electronic components, money lending as well as securities brokerage.

With the backdrop of the ongoing trade disputes between the United States and China, the uncertainties once emerged from the Brexit issue, the series of social events taking place in Hong Kong, and the volatile sentiments of the global and local investment markets throughout the year, 2019 was no doubt a very challenging year for the Group. The Group's financial performance was to a large extent negatively affected by these events, for the year under review, the Group's revenue declined by 47% to HK\$779,962,000 (2018: HK\$1,477,776,000), mainly due to the decrease in sales of the trading operation, and in contrast to the profit results achieved by the Group last year, the loss attributable to owners of the Company for the year was HK\$322,947,000 (2018: profit of HK\$708,790,000), largely a result of the net fair value loss recorded for the Group's listed equity securities investments and impairment loss recognised for the loan portfolio held by the Group.

Investment in Securities

The Group generally acquires securities listed on the Stock Exchange or other recognised stock exchanges and over-the-counter markets with good liquidity that can facilitate swift execution of securities transactions, and sometimes directly from target companies. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macro-economic news. When deciding on acquiring securities to be held for long-term purpose, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospect, industry and macroeconomic outlook. When deciding on acquiring securities to be held other than for long-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments on different sectors of the investment markets. In terms of return, for long-term securities investments, the Company mainly emphasises on return of investment in the form of capital appreciation and dividend/interest income. For securities investments other than for long-term holding, the Company mainly emphasises on return of investment in the form of trading gains.

At 31 December 2019, the Group's securities investments comprised (i) a financial asset at FVTPL portfolio comprising equity securities listed in Hong Kong, valued at HK\$1,454,098,000 (2018: HK\$2,092,411,000, constituted by non-current and current portions); and (ii) a debt instrument at FVTOCI portfolio (constituted by non-current and current portions) comprising debt securities listed in Hong Kong or overseas, valued at HK\$957,361,000 (2018: HK\$991,682,000). As a whole, the Group's securities investments recorded a revenue of HK\$100,664,000 (2018: HK\$122,084,000) and a loss of HK\$336,341,000 (2018: profit of HK\$735,422,000).

Financial assets at FVTPL

At 31 December 2019, the Group held a financial asset at FVTPL portfolio amounting to HK\$1,454,098,000 measured at market/fair value. During the year under review, the portfolio generated a revenue of HK\$27,319,000 (2018: HK\$21,103,000) representing dividends from equity securities of HK\$22,491,000 (2018: HK\$17,067,000) and interest income from equity-linked notes and convertible securities of HK\$4,828,000 (2018: HK\$4,036,000). The Group recognised a net loss on financial assets at FVTPL of HK\$436,888,000, which comprised net unrealised loss and net realised loss of HK\$409,214,000 and HK\$27,674,000 respectively (2018: net gain of HK\$619,093,000, which comprised net unrealised gain and net realised gain of HK\$595,709,000 and HK\$23,384,000 respectively).

The net loss on financial assets at FVTPL recognised was mainly attributed to the net decrease in fair value of the Group's listed equity securities portfolio primarily owing to the volatile conditions of the Hong Kong stock market during the year. Such net decrease in fair value of the Group's listed equity securities portfolio mainly comprised the decrease in fair value of the Group's investment in listed shares of Evergrande Health Industry Group Limited, ("Evergrande Health", HKEX stock code: 708) which amounted to HK\$338,008,000 during the year, in contrast to the increase in fair value of HK\$868,197,000 recognised in last year.

The Group has started to invest in Evergrande Health since March 2015, despite the unrealised fair value loss recognised in the current year, up to 31 December 2019, the accumulative holding gain of this investment amounted to HK\$818,760,000 (as shown in the table below about the Group's top five investments). At the year end, the Group held 133,600,000 ordinary shares in Evergrande Health which represented approximately 1.55% of its issued share capital, and the carrying value of the Group's investment in Evergrande Health amounted to HK\$1,038,072,000 which represented approximately 20% of the Group's total assets. Evergrande Health is principally engaged in healthcare business in the People's Republic of China (the "PRC") as well as the technology research and development, production and sales of new energy vehicles in the PRC and other countries. According to its latest published interim financial information, its healthcare business generated revenue of RMB2.4 billion in the first half of 2019 and it has completed the layout of the new energy vehicle industry chain, and aims to become a major and powerful new energy vehicle group in the world. Although Evergrande Health

recorded a loss for its interim results and expected to record an increase in loss for its 2019 full year results according to its profit warning announcement dated 22 March 2020, given that the loss is expected to be primarily attributable to the development of the new energy vehicle business, which is in its investment stage and resulted in an increase in expenditure related to purchase of fixed assets and equipment, research and development and interest payments as elaborated in the announcement, the Group is optimistic about the prospect of Evergrande Health in the medium to long term. Subject to market conditions, the Group presently has no intention to realise this investment.

At 31 December 2019, the Group invested in Evergrande Health and different categories of companies and their weightings to the market/fair value of the Group's financial asset at FVTPL portfolio of HK\$1,454,098,000 are as below:

Name/category of companies	Approximate weighting to the market/ fair value of the Group's financial asset at FVTPL portfolio %
Evergrande Health	71.39
Banking	11.84
Conglomerate	7.05
Property	6.60
Others	3.12
	100.00

At 31 December 2019, the weightings of the Group's top five and other investments to the market/fair value of the Group's financial asset at FVTPL portfolio of HK\$1,454,098,000 (together with other information) are as below:

Company name	Approximate weighting to the market/fair value of the Group's financial asset at FVTPL portfolio %	Approximate weighting to the carrying amount of the Group's total assets at 31 December 2019 %	% of shareholding interest %	Acquisition costs HK\$'000	*Acquisition costs during the year/carrying amount at 1 January 2019 HK\$'000	Market/fair value at 31 December 2019 HK\$'000	Accumulated unrealised gain (loss) recognised up to 31 December 2019 HK\$'000	Unrealised gain (loss) recognised during the year ended 31 December 2019 HK\$'000	Dividend income recognised during the year ended 31 December 2019 HK\$'000
				A	B	C	D = C - A	E = C - B	
Evergrande Health (HKEX stock code: 708)	71.39	19.98	1.55	219,312	1,376,080	1,038,072	818,760	(338,008)	-
Bank of Zhengzhou Co., Ltd. (HKEX stock code: 6196)	8.86	2.48	3.01 [#]	178,194	174,083	128,849	(49,345)	(45,234)	7,018
Emperor International Holdings Limited (HKEX stock code: 163)	5.55	1.55	1.27	107,295	90,534	80,753	(26,542)	(9,781)	4,575
Get Nice Holdings Limited (HKEX stock code: 64)	4.64	1.30	3.10	78,000	75,000	67,500	(10,500)	(7,500)	5,250
Shengjing Bank Co., Ltd. (HKEX stock code: 2066)	2.98	0.83	0.31	54,599	24,381	43,257	(11,342)	18,876	879
Others	6.58	1.84	N/A	408,077	123,234	95,667	(312,410)	(27,567)	4,769
	<u>100.00</u>	<u>27.98</u>		<u>1,045,477</u>	<u>1,863,312</u>	<u>1,454,098</u>	<u>408,621</u>	<u>(409,214)</u>	<u>22,491</u>

* The amount represented the costs of the securities acquired during the year ended 31 December 2019 and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition and/or disposal of the securities (if any) during the current financial year.

[#] The percentage of shareholding interest was calculated on the basis of 1,518,000,000 H shares of Bank of Zhengzhou Co., Ltd. (HKEX stock code: 6196) in issue at 31 December 2019.

Debt instruments at FVTOCI

At 31 December 2019, the Group's debt instrument at FVTOCI portfolio of HK\$957,361,000 was measured at market/fair value. During the year under review, the Group's debt instrument at FVTOCI portfolio generated total revenue amounting to HK\$73,345,000 (2018: HK\$100,981,000), representing interest income from debt securities. According to the maturity of the debt securities, part of the debt instruments at FVTOCI of HK\$7,816,000 was classified as current assets.

During the year under review, the Group invested HK\$66,667,000 (2018: HK\$46,562,000) for acquiring debt securities issued by various property companies listed on the Stock Exchange.

At the year end, a net fair value gain on the debt instrument at FVTOCI portfolio amounting to HK\$56,400,000 was recognised as other comprehensive income (2018: net fair value loss of HK\$145,512,000). Such net fair value gain on debt investments was mainly a result of the general cut in market interest rates during the year which caused the market value of debt securities held by the Group to rise.

During the year under review, the Group disposed of debt securities amounting to HK\$149,588,000 and debt securities of HK\$7,800,000 were redeemed by an issuer. A gain on disposal and on redemption totalling HK\$1,606,000 was released from the Group's investment revaluation reserve and recognised as gain during the year (2018: loss totalling HK\$2,789,000).

At 31 December 2019, the Group invested in debt securities of an aircraft leasing company, a banking company and seven property companies and their respective weightings to the market/fair value of the Group's debt instrument at FVTOCI of HK\$957,361,000 (together with other information) are as below:

Category of companies	Approximate	Approximate	Yield to maturity	Acquisition costs	* Acquisition	Market/fair value	Accumulated fair	Fair value gain
	weighting to the market/fair value of the Group's debt instrument at FVTOCI	weighting to the carrying amount of the Group's total assets at 31 December			costs during the year/carrying amount at 1 January			
	portfolio	2019	on acquisition	HK\$'000	2019	2019	2019	2019
	%	%	%		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				A	B	C	D = C - A	E = C - B
<i>Debt securities listed in Hong Kong or overseas</i>								
Aircraft leasing	14.40	2.65	5.09	148,348	126,652	137,881	(10,467)	11,229
Banking	8.68	1.60	3.73-3.91	78,499	74,544	83,061	4,562	8,517
Property	76.92	14.17	4.75-12.50	776,247	707,828	736,419	(39,828)	28,591
	<u>100.00</u>	<u>18.42</u>		<u>1,003,094</u>	<u>909,024</u>	<u>957,361</u>	<u>(45,733)</u>	<u>48,337</u>

* The amount represented the costs of the securities acquired during the year ended 31 December 2019 and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition and/or disposal of the securities (if any) during the current financial year.

The yield to maturity of debt securities acquired which were held by the Group at the year end ranging from 3.73% to 12.50% per annum.

Trading

The Group's trading business is mainly conducted through China Strategic Metal and Minerals Limited, a wholly owned subsidiary of the Company. During the year under review, the Group's trading operation continued to focus on trading of commodities including metal minerals, coke products and electronic components. The operation reported a decline in revenue by about 63% to HK\$396,108,000 (2018: HK\$1,072,587,000), and a decrease in profit of over 74% to HK\$2,288,000 (2018: HK\$8,740,000). The decreases in revenue and profit of the operation were principally due to the decline in volume of commodities and products traded resulting mainly from the trade disputes between the United States and China, and the slowdown of the European economy in general, which adversely affected the business of the end customers of the operation. Owing to unfavourable market conditions, the commodity trading business of the operation is on temporary halt while the electronic components business is continuing. The management is stepping up its effort to explore new business opportunities in order to improve the results of the operation and will resume the commodities trading business when market conditions improve.

Money Lending

The Group's money lending business is conducted through CS Credit Limited and U Credit (HK) Limited, both are wholly owned subsidiaries of the Company. The operation recorded an increase in revenue of 2% to HK\$273,977,000 (2018: HK\$269,369,000) while profit decreased by 52% to HK\$128,293,000 (2018: HK\$266,829,000). The operation's revenue for the year was in line with that of last year as the size of the Group's loan portfolio remained at similar levels for the two years, whilst the decrease in the operation's profit was largely due to the impairment allowance of HK\$142,289,000 (2018: nil) recognised for the year which primarily represented the credit risk involved in collectability of a default loan and certain other non-default loans determined under the Group's loan impairment policy. The Group is considering various actions for recovery of the default loan. At the year end, the balance of the impairment allowance was HK\$154,089,000 (2018: HK\$11,800,000), and the carrying value of the loan portfolio, after impairment allowance, amounted to HK\$2,421,150,000 (2018: HK\$2,509,386,000) with details as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio %	Interest rate per annum %	Maturity
Individual	40.61	8.50 – 18.00	Within 1 year
Corporate	58.74	3.00 – 18.00	Within 1 year
Corporate	0.65	8.125 – 14.50	Over 1 year but within 3 years
	<u>100.00</u>		

At 31 December 2019, 90% (2018: 91%) of the loan portfolio is secured by collaterals, 3% (2018: 8%) is guaranteed by guarantors, and with the remaining 7% (2018: 1%) being unsecured.

Before granting loans to potential customers, the Group uses credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits granted to the borrowers are reviewed by the management regularly.

Securities Brokerage

The Group's securities brokerage business is conducted through CS Wealth Securities Limited ("CS Wealth"), a wholly owned subsidiary of the Company, licensed by the Hong Kong Securities and Futures Commission to carry out dealing in securities activities. During the year under review, revenue and profit of the operation decreased by 33% to HK\$9,213,000 (2018: HK\$13,736,000) and 16% to HK\$6,292,000 (2018: HK\$7,484,000) respectively. The decreases in revenue and profit were largely due to the lesser number of corporate shares placing and underwriting exercises participated by CS Wealth during the year which to a certain extent, caused by the volatile market conditions of the Hong Kong stock market.

Overall Results

For the year ended 31 December 2019, the Group recorded loss attributable to owners of the Company of HK\$322,947,000 (2018: profit attributable to owners of the Company of HK\$708,790,000) and basic loss per share of HK1.90 cents (2018: basic earnings per share of HK4.17 cents). The Group reported total comprehensive expense attributable to owners of the Company of HK\$276,193,000 (2018: total comprehensive income attributable to owners of the Company of HK\$585,625,000) which included a net fair value gain on debt securities of HK\$56,400,000 (2018: net fair value loss of HK\$145,512,000). The loss results recorded by the Group were mainly attributed to the substantial loss recognised for the Group's securities investments of HK\$336,341,000 (2018: profit of HK\$735,422,000) and the decreases in profit generated by the Group's money lending, trading and securities brokerage operation amounting to HK\$128,293,000 (2018: HK\$266,829,000), HK\$2,288,000 (2018: HK\$8,740,000) and HK\$6,292,000 (2018: HK\$7,484,000) respectively.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

For the year ended 31 December 2019, the Group financed its operation mainly by cash generated from its operations, credit facilities provided by banks and securities brokers, funds raised through issuance of interest bearing notes and shareholders' funds. At the year end, the Group had current assets of HK\$4,185,622,000 (2018: HK\$4,987,044,000) and liquid assets comprising bank balances and cash as well as financial assets at FVTPL (excluding clients' money held relating to the Group's securities brokerage business and pledged bank deposits) totalling HK\$1,589,891,000 (2018: HK\$2,230,534,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$1,825,502,000 (2018: HK\$831,834,000), was at a ratio of about 2.3 (2018: 6.0). At 31 December 2019, the Group's trade and other receivables amounted to HK\$113,327,000 (2018: HK\$182,910,000) which mainly comprised trade receivables from cash and margin clients of the securities brokerage business, deposits placed with securities brokers and the outstanding principal of a note receivable. The Group had deferred tax assets amounting to HK\$8,148,000 (2018: deferred tax liabilities of HK\$84,242,000) which principally related to the allowance for expected credit loss for loan receivables (2018: the net unrealised gain on financial assets at FVTPL valued at market/fair value and unused tax losses) at the year end.

At 31 December 2019, the equity attributable to owners of the Company amounted to HK\$3,369,789,000 (2018: HK\$3,645,982,000) and was equivalent to an amount of approximately HK19.84 cents (2018: HK21.46 cents) per share of the Company. The decrease in equity attributable to owners of the Company of HK\$276,193,000 was mainly a result of the loss recognised by the Group during the year.

At 31 December 2019, the Group's borrowings represented bank borrowings and securities margin financing raised mainly for acquiring debt and equity securities. The borrowings bore interests at floating rates, secured by certain debt and equity securities and were repayable within one year or on demand. In December 2016, the Company issued 2-year unsecured notes with nominal value of HK\$1,500,000,000 (the "2016 Notes") bearing interest at 7% per annum and 8% per annum for the first and second year respectively. During the second half of 2018, the 2016 Notes with nominal value of HK\$200,000,000 were redeemed and the Company executed a supplemental deed poll to extend the maturity date of the remaining notes with nominal value of HK\$1,300,000,000 for further two years to 16 December 2020 bearing interest at 9.5% per annum and 10% per annum for the third and fourth year respectively. In addition, the Company issued a new tranche of 2-year unsecured notes in August 2018 with nominal value of HK\$200,000,000 (the "2018 Notes") bearing interest at 9.5% per annum and 10% per annum for the first and second year respectively. During the second half of 2019, the 2016 Notes with nominal value of HK\$250,000,000 were further redeemed.

The Group's gearing ratio, calculated on the basis of total liabilities of HK\$1,825,502,000 (2018: HK\$2,416,401,000) divided by the equity attributable to owners of the Company of HK\$3,369,789,000 (2018: HK\$3,645,982,000), was about 54% (2018: 66%). The decrease in the Group's gearing ratio was mainly due to the partial redemption of the 2016 Notes and partial repayments made for margin financing during the year. The Group's finance costs increased to HK\$171,095,000 (2018: HK\$162,053,000) were primarily a result of the increase in the average amount of borrowings and interest rates during the year.

With the amount of liquid assets on hand as well as credit facilities granted by banks and securities brokers, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PROSPECTS

Although the tension of the United States-China trade disputes has eased since the signing of the first phase trade agreement in January 2020, the outbreak of the COVID-19 pandemic that is sweeping across nations has posed great threats to the world major economies. To prevent the spread of the virus, many countries including China, United States, United Kingdom, Italy and Spain have imposed measures to restrict social activities and shut down their borders by different extent which adversely affected their economies. Investors are worried that there will be slowdown of growth in major economies or even a global recession such that market sentiments are extremely volatile. The Group's business outlook for 2020 is full of challenges and uncertainties as macroeconomic environment is badly affected by the COVID-19 pandemic, and it will take time to rebuild the investor confidence. Looking forward, the Group's management will continue to adopt a cautious and disciplined approach in managing the Group's businesses, and to seize business opportunities in a prudent manner aiming to create value for shareholders.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2019.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2019 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
China Strategic Holdings Limited
Dr. Or Ching Fai
Chairman

Hong Kong, 27 March 2020

At the date of this announcement, the Board comprises one Non-executive Director, namely Dr. Or Ching Fai (Chairman), three Executive Directors, namely Mr. Sue Ka Lok (Chief Executive Officer), Ms. Lee Chun Yeung, Catherine and Mr. Chow Kam Wah; and three Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying.