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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)**

#### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

#### UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of China Strategic Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2013 together with the comparative figures for the corresponding period in 2012 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	NOTES	Six months ended 30th June,	
		2013	2012
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	2,133	2,327
Cost of sales		<u>(1,845)</u>	<u>(2,213)</u>
Gross profit		288	114
Other income	4	11,943	6,170
Selling and distribution costs		(40)	(106)
Administrative expenses		(22,439)	(18,505)
Loss on financial assets at fair value through profit or loss		(62,881)	(2,611)
Finance costs	5	<u>(3,733)</u>	<u>(2,599)</u>
Loss for the period	7	<u>(76,862)</u>	<u>(17,537)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (Con't)  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2013**

	<i>NOTE</i>	<b>Six months ended 30th June, 2013 HK\$'000 (Unaudited)</b>	<b>2012 HK\$'000 (Unaudited)</b>
<b>Other comprehensive (expense)/income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(1,134)	(374)
Fair value changes on available-for-sale investments		<u>18</u>	<u>(307)</u>
Other comprehensive expense for the period		<u>(1,116)</u>	<u>(681)</u>
Total comprehensive expense for the period		<u>(77,978)</u>	<u>(18,218)</u>
Loss for the period attributable to:			
Owners of the Company		(76,839)	(17,481)
Non-controlling interests		<u>(23)</u>	<u>(56)</u>
		<u>(76,862)</u>	<u>(17,537)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(77,955)	(18,162)
Non-controlling interests		<u>(23)</u>	<u>(56)</u>
		<u>(77,978)</u>	<u>(18,218)</u>
Loss per share			
Basic and diluted	9	<u><b>HK(2.08) cents</b></u>	<u>HK(0.47) cent</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30TH JUNE, 2013**

	<i>NOTES</i>	<b>30.6.2013</b>	31.12.2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		<b>11,756</b>	12,778
Prepaid lease payments		<b>12,512</b>	12,329
Club debentures		<b>825</b>	825
Available-for-sale investments		<u><b>1,310</b></u>	<u>1,292</u>
		<u><b>26,403</b></u>	<u>27,224</u>
<b>Current Assets</b>			
Inventories		<b>1,768</b>	2,621
Trade and other receivables	10	<b>67,774</b>	17,525
Prepaid lease payments		<b>154</b>	340
Financial assets at fair value through profit or loss		<b>340,111</b>	469,770
Bank balances and cash		<u><b>236,243</b></u>	<u>243,557</u>
		<u><b>646,050</b></u>	<u>733,813</u>
<b>Current Liabilities</b>			
Trade payables, other payables and accrued charges	11	<b>11,208</b>	16,019
Income tax payable		<b>6,964</b>	6,964
Bank and other borrowings		<u><b>107,679</b></u>	<u>113,474</u>
		<u><b>125,851</b></u>	<u>136,457</u>
<b>Net Current Assets</b>		<u><b>520,199</b></u>	<u>597,356</u>
<b>Total Assets less Current Liabilities</b>		<u><b>546,602</b></u>	<u>624,580</u>
<b>Capital and Reserves</b>			
Share capital		<b>369,918</b>	369,918
Reserves		<u><b>176,914</b></u>	<u>254,869</u>
Equity attributable to the owners of the Company		<b>546,832</b>	624,787
Non-controlling interests		<u><b>(230)</b></u>	<u>(207)</u>
<b>Total Equity</b>		<u><b>546,602</b></u>	<u>624,580</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

#### **New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures**

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

## **2. PRINCIPAL ACCOUNTING POLICIES (Con't)**

### **Impact of the Application of HKFRS 10**

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) - Int 12 “Consolidation - Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1st January, 2013) as to whether or not the Group has control over its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that it has had control over the investees which are consolidated into the condensed consolidated financial statements before the application of HKFRS 10. The adoption of HKFRS 10 has therefore had no material effect on the amounts reported in this condensed consolidated financial statements.

### **HKFRS 13 Fair Value Measurement**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurements and disclosure requirements prospectively.

## **2. PRINCIPAL ACCOUNTING POLICIES (Con't)**

### **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

### **Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)**

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the *Annual Improvements to HKFRSs 2009 - 2011 Cycle* for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purpose, the Group has not included total assets and liabilities information as part of segment information.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

	<b>Investments in securities</b> <i>HK\$'000</i> (Unaudited)	<b>Battery products</b> <i>HK\$'000</i> (Unaudited)	<b>Consolidated</b> <i>HK\$'000</i> (Unaudited)
<b>Six months ended 30th June, 2013</b>			
<b>REVENUE</b>			
External sales	<u>—</u>	<u>2,133</u>	<u>2,133</u>
<b>RESULT</b>			
Segment result	<u>(54,358)</u>	<u>(101)</u>	<u>(54,459)</u>
Other income			92
Central administrative costs			(18,762)
Finance costs			<u>(3,733)</u>
Loss for the period			<u>(76,862)</u>
<b>Six months ended 30th June, 2012</b>			
<b>REVENUE</b>			
External sales	<u>—</u>	<u>2,327</u>	<u>2,327</u>
<b>RESULT</b>			
Segment result	<u>2,422</u>	<u>(3,330)</u>	(908)
Other income			1,008
Central administrative costs			(15,038)
Finance costs			<u>(2,599)</u>
Loss for the period			<u>(17,537)</u>

Segment (loss) profit represents (loss) profit incurred/earned by each segment without allocation of certain other income, central administrative costs and finance costs. This is the measure reported to the chief operation decision makers for the purpose of resource allocation and performance assessment.

#### 4. OTHER INCOME

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend income from financial assets at fair value through profit or loss	7,232	2,572
Interest income	1,932	3,503
Exchange gain	2,661	—
Others	<u>118</u>	<u>95</u>
	<u>11,943</u>	<u>6,170</u>

#### 5. FINANCE COSTS

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on borrowings wholly repayable within five years:		
- loan payables	—	2,555
- bank and other borrowings and overdrafts	<u>3,733</u>	<u>44</u>
	<u>3,733</u>	<u>2,599</u>

#### 6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and The People's Republic of China Enterprise Income Tax has been made in the condensed consolidated financial statements for both periods, since the Group entities either incurred tax losses or estimated assessable profits which are wholly absorbed by tax losses brought forward.

#### 7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of prepaid lease payments	154	169
Depreciation of property, plant and equipment	<u>1,213</u>	<u>1,178</u>



## 8. DIVIDEND

No dividend were paid, declared or proposed during the six months ended 30th June, 2013. The directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2013 (2012: Nil).

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the loss for the period attributable to the owners of the Company of approximately HK\$76,839,000 (2012: HK\$17,481,000) and the number of 3,699,183,927 (2012: 3,699,183,927) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30th June, 2012 does not include adjustments for the Company's outstanding share options as they have anti-dilutive effect.

## 10. TRADE AND OTHER RECEIVABLES

	<b>30.6.2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2012 <i>HK\$'000</i> (Audited)
Trade receivables	<b>309</b>	1,399
Less: Allowance for doubtful debts	<u>—</u>	<u>—</u>
	<b><u>309</u></b>	<b><u>1,399</u></b>

The Group normally allows its trade customers credit period ranging from 90 days to 180 days. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period:

	<b>30.6.2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2012 <i>HK\$'000</i> (Audited)
0 - 90 days	<b>157</b>	1,111
Over 90 days	<u>152</u>	<u>288</u>
	<b><u>309</u></b>	<b><u>1,399</u></b>

## 11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

As at 30th June, 2013, included in trade payables, other payables and accrued charges are trade payable of approximately HK\$3,162,000 (31st December, 2012: HK\$2,947,000) with the following aged analysis based on invoice date at the end of the reporting period.

	<b>30.6.2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2012 <i>HK\$'000</i> <b>(Audited)</b>
0 - 90 days	<b>2,011</b>	1,956
91 - 180 days	—	—
Over 180 days	<u><b>1,151</b></u>	<u>991</u>
	<u><b>3,162</b></u>	<u>2,947</u>

## 12. PLEDGE OF ASSETS

As at 30th June, 2013, available-for-sale investments and financial assets at fair value through profit or loss with a carrying value of approximately HK\$784,000 (31st December, 2012: HK\$775,000) and HK\$1,850,000 (31st December, 2012: HK\$2,081,000) respectively were pledged to secure margin account credit facilities granted to the Group. As at 30th June, 2013, a margin loan of approximately HK\$1,205,000 (31st December, 2012: HK\$1,150,000) was utilised by the Group and there is no restriction on trading of these available-for-sale investments and financial assets at fair value through profit or loss.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group recorded consolidated revenue from manufacturing and trading of battery products decreased by 8.3% to HK\$2.13 million when compared with the six months ended 30th June, 2012. On the other hand, the Group recorded a loss on financial assets at fair value through profit or loss of approximately HK\$62.88 million for the six months ended 30th June, 2013 as compared to approximately HK\$2.61 million for the corresponding six months ended 30th June, 2012 as the result of the unstable global economic and investment market conditions. When compared with the corresponding six months ended 30th June, 2012, interest income was decreased by HK\$1.57 million to HK\$1.93 million. Finance costs mainly from interests on bank and other borrowings for the six months ended 30th June, 2013, were increased by 43.6% to HK\$3.73 million. Overall, net loss for the six months ended 30th June, 2013 was HK\$76.86 million as compared to a net loss of HK\$17.54 million for the six months ended 30th June, 2012.

During the period under review, the Group financed its operations mainly through cash generated from its operating activities, banking facilities provided by principal bankers and external borrowings. As at 30th June, 2013, the Group had working capital of approximately HK\$520.20 million, calculated by current assets less current liabilities, and the current ratio decreased to 5.13, compared with the working capital of approximately HK\$597.36 million and current ratio of 5.38 as at 31st December, 2012.

During the period under review, the net cash used in operating activities was approximately HK\$1.05 million compared with the corresponding six months ended 30th June, 2012 was approximately HK\$48.65 million. The net cash generated from investing activities and used in financing activities for the six months ended 30th June, 2013 was approximately HK\$1.93 million and HK\$8.22 million respectively compared with the corresponding six months ended 30th June, 2012 was approximately HK\$3.50 million and HK\$0.04 million respectively.

The Group's bank and other borrowings slightly decreased from approximately HK\$113.47 million as at 31st December, 2012 to approximately HK\$107.68 million as at 30th June, 2013, representing a decrease of 5.1%. As at 30th June, 2013, bank and other borrowings were variable rate loans and were denominated in Hong Kong dollars. There were no long-term borrowings outstanding. The gearing ratio was approximately 0.23 (31st December, 2012: 0.22) calculated by the total liabilities of HK\$125.85 million (31st December, 2012: HK\$136.46 million) divided by total shareholders' equity of HK\$546.83 million (31st December, 2012: HK\$624.79 million).

There was no significant capital expenditure incurred for the six months ended 30th June, 2013. Future capital expenditure will be continued to be funded primarily by internal resources or external borrowings or a combination of both as required.

As at 30th June, 2013, the Group had cash and bank balances amounted to approximately of HK\$236.24 million and is mainly denominated in Hong Kong dollars. Financial assets at fair value through profit or loss were in an amount of HK\$340.11 million. As at 30th June, 2013, there was no pledged bank deposit. During the six months ended 30th June, 2013, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any material foreign contracts, currency swaps or other financial derivatives.

As at 30th June, 2013, the Group employed approximately 82 staff. For the period under review, the staff costs (excluding directors' emoluments) was approximately HK\$ 1.76 million. The staff remuneration packages are normally reviewed annually. The Group operates a Mandatory Provident Fund Scheme under the Hong Kong

Mandatory Provident Fund Schemes Ordinance and the employees in the subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the government in the PRC. In addition, the Group provides other staff benefits which include double pay, share option scheme, insurance and medical benefits.

Under the share option scheme of the Company adopted on 10th June, 2011 (the “Option Scheme”), the Board may, at its discretion, grant options to the directors and Participants (as defined in the Option Scheme) enable them to subscribe for shares of the Company as incentives or rewards for their contribution to the Group. Since the adoption of the Option Scheme, there was no share option granted and exercised during the period under review. As at 30th June, 2013, no share option was outstanding.

On 31st July, 2013, Main Choice (an indirect wholly-owned subsidiary of the Company) has entered into a Joint Investment Agreement with the Investment Partner. Pursuant to the Joint Investment Agreement, both Main Choice and Investment Partner have agreed to establish the Investee Company to be incorporated in Hong Kong with issued share capital of HK\$10,000. Upon incorporation of the Investee Company, Main Choice will have 51% shareholding and will become an indirectly owned subsidiary of the Company. Both Main Choice and Cordoba shall further inject their respective pro rata contributions into the Investee Company such that the total amount of the investment in the Investee Company will be HK\$50 million. Terms used herein shall, unless otherwise defined, have the same meanings as defined in the announcement of the Company dated 31st July, 2013. Further details are set out in the announcement of the Company dated 31st July, 2013.

Looking ahead, with the recent and continual decline and deterioration in the battery business environment adversely affecting the Group, the management of the Group anticipates that the results from manufacturing and trading of batteries products remain under pressure. The Group has been looking for opportunities to diversify the Group’s income and asset base with a view to lessen its reliance on its existing businesses. The Group intended to extend the scope of its existing principal activities to include money lending and other related financing business by setting up new subsidiaries of the Company and/or by forming the Investee Company with other parties, so as to diversify its business scope with a view to broaden the Group’s revenue base and achieve better shareholder’s return. The management of the Group is cautious on the performance of the financial assets at fair value through profit or loss and will adopt a prudent approach when seeking new investment opportunities, not only financing business but also seeking investment opportunities with Investment Partner, to improve our business mix and diversify our business from battery manufacturing in order to maximize shareholders’ value.

## **CORPORATE GOVERNANCE**

The Company has, during the six months ended 30th June, 2013, met the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) except for the following deviations:

### **Code provision A.2.1**

Code provision A.2.1 requires the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Or Ching Fai acted as Chairman and Chief Executive Officer. Although this arrangement constitutes a deviation from the Code, the Board considers that the structure, where the leadership of the Board is distinct from the executive responsibilities for running of the business operations, will not impair the balance of power and authority between the Board and the management of the business, the Board further believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership in the development and execution of long-term business strategy.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director’s securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30th June, 2013.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company has not redeemed any of its shares during the six months ended 30th June, 2013. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the period.

## **REVIEW BY AUDIT COMMITTEE**

Having been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, the 2013 interim report has been reviewed by audit committee of the Company (the “Audit Committee”). The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Ma Yin Fan (Chairman of Audit Committee), Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying.

As the date of this announcement, the Board of the Company comprises Mr. Or Ching Fai, Ms. Chiu Ching Ching, Mr. Hui Richard Rui, Ms. Chan Ling, Eva and Mr. Chow Kam Wah as executive Directors, and Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying as independent non-executive Directors.

By order of the Board  
**CHINA STRATEGIC HOLDINGS LIMITED**  
**Or Ching Fai**  
*Chairman*

Hong Kong, 30th August, 2013