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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

The board of directors (the "Board") of China Strategic Holdings Limited (the "Company") announces the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue	3	104,088	5,665
Cost of sales		(99,874)	(5,018)
Gross profit		4,214	647
Other income	5	12,570	10,489
Selling and distribution costs		(57)	(181)
Administrative expenses		(47,875)	(41,789)
Other gains or losses	6	2,680	(876)
Finance costs	7	(7,874)	(5,399)
Gain (loss) on financial assets at fair value through profit or loss		19,054	(53,592)
Loss before tax		(17,288)	(90,701)
Income tax expenses	8	(403)	—
Loss for the year	9	(17,691)	(90,701)

	NOTE	2013	2012
		HK$'000	HK$'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(2,012)	(514)
Fair value changes on available-for-sale investments		1,494	(317)
Other comprehensive expense for the year		(518)	(831)
Total comprehensive expense for the year		(18,209)	(91,532)
Loss for the year attributable to:			
Owners of the Company		(15,398)	(90,612)
Non-controlling interests		(2,293)	(89)
		(17,691)	(90,701)
Total comprehensive expense attributable to:			
Owners of the Company		(15,916)	(91,443)
Non-controlling interests		(2,293)	(89)
		(18,209)	(91,532)
Loss per share			
– Basic and diluted	11	HK(0.42) cents	HK(2.45) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-Current Assets			
Property, plant and equipment		11,009	12,778
Prepaid lease payments		12,300	12,329
Loan receivables	12	32,840	—
Club debentures		825	825
Available-for-sale investments		2,786	1,292
		59,760	27,224
Current Assets			
Inventories		17,043	2,621
Trade and other receivables	13	20,922	17,525
Prepaid lease payments		318	340
Loan receivables	12	96,464	—
Financial assets at fair value through profit or loss		393,077	469,770
Bank balances and cash		180,059	243,557
		707,883	733,813
Current Liabilities			
Trade and other payables	14	11,640	16,019
Deferred income		3,760	—
Amount due to non-controlling interests		24,495	—
Income tax payable		7,367	6,964
Bank and other borrowings		111,740	113,474
		159,002	136,457
Net Current Assets		548,881	597,356
Total Assets less Current Liabilities		608,641	624,580
Non-Current Liability			
Deferred income		2,265	—
Net Assets		606,376	624,580
Capital and Reserves			
Share capital		369,918	369,918
Reserves		238,953	254,869
Equity attributable to owners of the Company		608,871	624,787
Non-controlling interests		(2,495)	(207)
Total Equity		606,376	624,580

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 cycle
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it only deals with separate financial statements.

The impact of the application of these standards is set out below.

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 subsidiaries and associates in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that the initial application of HKFRS 10 has no material impact on the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. 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. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 14	Regulatory deferral accounts[4]
HK(IFRIC) - INT 21	Levies[1]

[1] Effective for annual periods beginning on or after 1st January, 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1st July, 2014, except as disclosed below. Early application is permitted.

[3] Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

[4] Effective for annual periods beginning on or after 1st January, 2016.

Annual improvements to HKFRSs 2010-2012 cycle

The Annual improvements to HKFRSs 2010-2012 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1st July, 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1st July, 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HAKS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the "Annual improvements to HKFRSs 2010-2012 cycle" will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2011-2013 cycle

The annual improvements to HKFRSs 2011-2013 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the annual improvements to HKFRSs 2011-2013 cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure an evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

3. REVENUE

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

	2013 HK$'000	2012 HK$'000
Trading of metals	86,088	—
Sales of electronic products	13,185	—
Sales of battery products	3,337	5,665
Arrangement fee from money lending business	944	—
Interest income from money lending business	534	—
	104,088	5,665

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and performance assessment focuses on the Group's business operations. This is also the basis upon which the Group is managed and organised. The Group's operating and reportable segments under HKFRS 8 are as follows:

1. Investments in and trading of securities
2. Trading of metals
3. Sales of electronic products
4. Battery products - Manufacturing and trading of battery products and related accessories
5. Money lending business

Note: The operating segments regarding the trading of metals, the sales of electronic products and the money lending business are newly commenced during the year ended 31st December, 2013.

Segment revenue and results

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

For the year ended 31st December, 2013

	Investments in securities HK$'000	Trading of metals HK$'000	Sales of electronic products HK$'000	Battery products HK$'000	Money lending business HK$'000	Consolidated HK$'000
Gross proceeds	238,062	86,088	13,185	3,337	1,478	342,150
SEGMENT REVENUE						
External sales	—	86,088	13,185	3,337	1,478	104,088
RESULT						
Segment result	30,645	2,218	434	(2,013)	1,275	32,559
Other income						152
Central administrative expenses						(42,125)
Finance costs						(7,874)
Loss before tax						(17,288)

For the year ended 31st December, 2012

	Investments in securities HK$'000	Battery products HK$'000	Consolidated HK$'000
Gross proceeds	35,755	5,665	41,420
SEGMENT REVENUE			
External sales	—	5,665	5,665
RESULT			
Segment result	(46,414)	(4,831)	(51,245)
Other income			1,441
Central administrative expenses			(35,498)
Finance costs			(5,399)
Loss before tax			(90,701)

Other segment information

For the year ended 31st December, 2013

	Investments in securities HK$'000	Trading of metals HK$'000	Sales of electronic products HK$'000	Battery products HK$'000	Money lending business HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results:						
Depreciation of property, plant and equipment	543	42	28	1,339	66	2,018
Gain on financial assets at fair value through profit or loss	19,054	—	—	—	—	19,054
Release of prepaid lease payments	91	—	—	227	—	318

For the year ended 31st December, 2012

	Investment in securities HK$'000	Battery products HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results:			
Depreciation of property, plant and equipment	927	1,406	2,333
Loss on financial assets at fair value through profit or loss	53,592	—	53,592
Release of prepaid lease payments	117	223	340

Segment assets and liabilities

As the Group's segment assets and liabilities are not regularly provided to the Company's executive directors, the measure of total assets and liabilities for each operating and reportable segment is not presented.

Revenue from major products and services

The Group's revenue is arising from trading of metals, sales of electronic products, manufacturing and trading of portable batteries and related accessories, and money lending business.

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC") and Hong Kong.

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

	Revenue from external customers Year ended 31st December,		Non-current assets (Note) As at 31st December,	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
The PRC	7,018	5,665	18,590	20,765
Hong Kong	97,070	—	5,544	5,167
	104,088	5,665	24,134	25,932

Note: Non-current assets excluded loan receivables and available-for-sale investments.

Information about major customers

Revenue from 3 customers (2012: 2 customers) of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	For the year ended 31st December, 2013 HK$'000	2012 HK$'000
Customer A[1]	31,064	—
Customer B[1]	28,115	—
Customer C[1]	25,124	—
Customer D[2]	—	2,527
Customer E[2]	—	1,278

[1] Revenue from trading of metals

[2] Revenue from manufacturing and trading of battery products and related accessories.

5. OTHER INCOME

	2013 HK$'000	2012 HK$'000
Bank interest income	703	5,308
Coupon interest from unlisted debt securities held for trading	2,523	1,098
Dividend income from investments held for trading	8,728	3,781
Others	616	302
	12,570	10,489

6. OTHER GAINS OR LOSSES

	2013 HK$'000	2012 HK$'000
Exchange gain (loss), net	2,680	(848)
Loss on disposal of property, plant and equipment	—	(28)
	2,680	(876)

7. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Interest on borrowings wholly repayable within five years:		
Loans payable	—	4,600
Bank and other borrowings and overdrafts	7,874	799
	7,874	5,399

8. INCOME TAX EXPENSES

	2013	2012
	HK$'000	HK$'000
Tax charge comprises:		
Current tax		
- Hong Kong Profits Tax	403	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

As at 31st December, 2013, the Group and the Company have unused tax losses of approximately HK$5,763,000 and HK$5,735,000 respectively (2012: HK$5,421,000 and HK$5,421,000 respectively) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

9. LOSS FOR THE YEAR

	2013 HK$'000	2012 HK$'000
Loss for the year has been arrived at after charging:		
Staff costs		
- directors' emoluments	21,268	18,851
- other staff salaries, wages and other benefits	2,938	3,320
- retirement benefit schemes contributions, excluding directors	186	191
Total staff costs	24,392	22,362
Auditor's remuneration	1,180	888
Depreciation of property, plant and equipment	2,018	2,333
Release of prepaid lease payments	318	340
Cost of inventories recognised as expense	99,874	5,018

10. FINAL DIVIDEND

The Board of the Company does not recommend the payment of any final dividend for the year ended 31st December, 2013 (2012: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to the owners of the Company of HK$15,398,000 (2012: HK$90,612,000) and 3,699,183,927 (2012: 3,699,183,927) ordinary shares in issue during the year.

No diluted loss per share is presented for the year ended 31st December, 2013 as there is no dilutive potential ordinary share in existence for the year.

The computation of diluted loss per share for the year ended 31st December, 2012 does not include adjustments for the Company's outstanding share options as they have anti-dilutive effect.

12. LOAN RECEIVABLES

	2013 HK$'000	2012 HK$'000
Fixed-rate loan receivables	129,304	—
Analysed as:		
Current portion	96,464	—
Non-current portion	32,840	—
	129,304	—

The range of interest rate on the Group's loan receivables are 0.81% to 10.25% per annum.

No collateral agreements have been entered into in respect of the loan receivables.

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

No loan receivable is past due but not impaired. All outstanding loan receivables are fully settled after the year ended 31st December, 2013.

13. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	8,050	1,399
Less: Allowance for doubtful debts	—	—
	8,050	1,399

The Group normally allows credit period for trade customers of electronic products ranging from 30 days to 35 days and trade customers of battery products 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:

	2013	2012
	HK$'000	HK$'000
0-90 days	8,050	1,111
Over 90 days	—	288
	8,050	1,399

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$40,000 (2012: HK$2,947,000) with the following aged analysis based on invoice date at the end of the reporting period:

	2013	2012
	HK$'000	HK$'000
0-90 days	40	1,956
91-180 days	—	—
Over 180 days	—	991
	40	2,947

The average credit period is 30 days (2012: 90 days).

Included in other payables as at 31st December, 2013 is balances payable to an investment broker of approximately HK$1,261,000 (2012: HK$1,150,000) for acquisition of financial assets at fair value through profit or loss.

15. PLEDGE OF ASSETS

At 31st December, 2013, available-for-sale investments and financial assets at fair value through profit or loss with a carrying value of HK$1,397,000 (2012: HK$775,000) and HK$2,358,000 (2012: HK$2,081,000) respectively were pledged to secure margin account credit facilities and banking facilities granted to the Group. As at 31st December, 2013 margin loan of HK$1,261,000 (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

The revenue of the Group for the year ended 31st December, 2013 increased by HK$98.42 million to approximately HK$104.09 million. It was mainly attributable to the Group's new businesses in metals trading and money lending business as well as sales of electronics products. The battery operation has remained weak. The gross profit for the year ended 31st December, 2013 was approximately HK$4.21 million which had increased by approximately HK$3.57 million when compared with the year ended 31st December, 2012. The bank interest income of the Group for the year ended 31st December, 2013 was approximately HK$0.70 million as opposite to HK$5.31 million for the year 2012. The performance of the Group's securities investment has improved over second half of the year 2013, thus, the Group recorded a gain on financial assets at fair value through profit or loss of approximately HK$19.05 million when compared to a loss on financial assets at fair value through profit or loss of approximately HK$53.59 million for the last fiscal year. Overall, net loss for the year ended 31st December, 2013 decreased by approximately 80.50% to HK$17.69 million when compared with the net loss of HK$90.70 million for the fiscal year of 2012.

During the year of 2013, the Group financed its operations mainly through cash generated from its business activities, banking facilities provided by principal bankers and external borrowings. As at 31st December, 2013, the Group had working capital calculated by current assets less current liabilities of approximately HK$548.88 million and the current ratio decreased to 4.45, compared with the working capital of approximately HK$597.36 million and current ratio of 5.38 as at 31st December, 2012.

For the year under review, the net cash used in operating activities of had decreased 79.46% to HK$82.94 million when compare with the year of 2012. The net cash from investing activities and financing activities were approximately HK$3.23 million and HK$16.20 million, respectively, compared with the net cash generated from investing activities and financing activities of approximately HK$6.42 million and HK$10.40 million in the year of 2012, respectively.

The Group’s bank and other borrowings were decreased 1.53% from approximately HK$113.47 million as at 31st December, 2012 to approximately HK$111.74 million as at 31st December, 2013. At 31st December, 2013, bank and other borrowings denominated in Hong Kong dollars was variable rate loans. There were no convertible notes and long term borrowings outstanding. The gearing ratio was approximately 0.26 (31st December, 2012: 0.22) calculated by the total liabilities of HK$161.27 million (31st December, 2012: HK$136.46 million) divided by total shareholders’ equity of HK$608.87 million (31st December, 2012: HK$624.79 million).

As at 31st December, 2013, the Group had cash and bank balances amounted to approximately of HK$180.06 million and are mainly denominated in Hong Kong dollars, financial assets at fair value through profit or loss were in an amount of approximately HK$393.08 million and there was no bank deposit pledged. During the year ended 31st December, 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 31st December, 2013, the Group employed 41 staff, the staff costs (excluding directors' emoluments) was around HK$3.12 million for the year under review. 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. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10th June, 2011, a new share option scheme (the "New Option Scheme") was adopted by the Company. As at 31st December, 2013, the Group has no share option outstanding.

Looking ahead, the slowdown of China's economy may have negative impact to the Group's business, especially the battery operation. Despite the recent signs of a more stabilized global economy, the global investment market in 2014 may still become volatile due to the possibility that the Federal Reserve in the United States of America may continue with the withdrawal of the quantitative easing policy. Thus, the Group is cautious on the performance of its securities investment. The Group will continue in seeking new investment opportunities as well as reviewing the existing business mix and would not exclude the possibility of disposing under-performing business with a view to strengthen the shareholders' value in the long run.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2013, except for the following deviations:

Code Provision A2.1 requires the roles of the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The Company has deviated from the requirement during the financial year ended 31st December, 2013. The Board 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.

DIRECTORS' SECURITIES TRANSACTIONS

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 own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the directors of the Company (the "Director(s)"), the Directors complied throughout the year in review with the required standards as set out in the Model Code.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The annual results announcement is required to be published on the website of The Stock Exchange of Hong Kong Limited at (http://www.hkex.com.hk) and the Company's corporate website (http://www.cshgroup.com).

A full text of the Company 's 2013 Annual Report will be despatched to the members of the Company and published on the respective websites of The Stock Exchange of Hong Kong Limited and the Company (http://www.cshgroup.com) in due course.

REVIEW BY AUDIT COMMITTEE

The 2013 annual results have been reviewed by the audit committee.

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

Hong Kong, 28th March, 2014

As at the date hereof, the Board 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 of the Company and Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying as independent non-executive directors of the Company.