
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chinese Strategic Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (as defined herein). The Registrar of Companies in Hong Kong and the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of any of these documents.

Dealing in the Shares and the Offer Shares may be settled through CCASS (as defined herein) and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



華人策略控股有限公司

Chinese Strategic Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

Underwriter
FT Securities Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus.

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Friday, 16 June 2017. The procedures for acceptance of and payment for the Offer Shares are set out on pages 18 to 19 of this Prospectus. Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Monday, 24 April 2017 and that dealings in the Shares will continue to take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

The Open Offer is conditional, *inter alia*, upon the fulfillment of the conditions set out under the section headed "Conditions of the Open Offer" of this Prospectus. In particular, the Open Offer is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

2 June 2017

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, capitalised terms used herein shall have the following meaning:

“Announcements”	the announcements of the Company dated 10 April 2017, 12 April 2017, 21 April 2017, 2 May 2017, 19 May 2017 and 26 May 2017 in relation to, among other things, the proposed Open Offer on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date; the proposed Share Consolidation; and the change of board lot size
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for Offer Shares in respect of their assured entitlements under the Open Offer in the agreed form
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the GEM
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Consolidated Share(s)”	ordinary Share(s) of HK\$0.01 each in the share capital of the Company upon the Share Consolidation becoming effective

DEFINITIONS

“Convertible Bonds”	the convertible bonds of the Company in the principal amount of HK\$120,000,000 to be issued by the Company upon the exercise of the exchange right under the Exchangeable Note by the holder thereof
“Director(s)”	the director(s) of the Company
“Excess Application Form(s)”	the form(s) of application for excess Offer Shares in the agreed form
“Exchangeable Note”	the exchangeable note expiring on 30 June 2017 (or such later date as agreed by the parties thereof) issued by the Company which are convertible into the Convertible Bonds upon exercise of the exchange right attaching thereto
“Excluded Shareholder(s)”	those Overseas Shareholders whose address is/are in such place(s) outside Hong Kong where the Directors, based on legal opinions provided by legal advisors of the Company, consider it being necessary or expedient on account of either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning as defined in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the GEM Listing Rules

DEFINITIONS

“Last Trading Day”	7 April 2017, being the last trading day prior to the execution of the Underwriting Agreement
“Latest Practicable Date”	29 May 2017, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 16 June 2017 or such later time or date as may be agreed between the Company and the Underwriter in writing as the latest time for acceptance of, and payment for, the Offer Shares as described in this Prospectus
“Latest Time for Termination”	4:00 p.m. on Monday, 19 June 2017 or such later time or date as may be agreed between the Company and the Underwriter, being the next Business Day after the Latest Time for Acceptance
“Offer Share(s)”	574,391,712 new Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue of one (1) Offer Share for every two (2) existing Shares held on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
“Outstanding Options”	the share options granted by the Company under the Share Option Scheme which entitle the holders thereof to subscribe for up to an aggregate 35,460,000 Shares as at the Latest Practicable Date
“Overseas Shareholder(s)”	such Shareholder(s) whose registered address(es) (as shown in the register of members of the Company on the Record Date) is/are situated outside Hong Kong
“Prospectus”	this prospectus of the Company in relation to, among other things, the Open Offer
“Prospectus Document(s)”	the Prospectus, the Application Form and the Excess Application Form to be used by the Qualifying Shareholders to apply for the Offer Shares and the excess Offer Shares

DEFINITIONS

“Qualifying Shareholder(s)”	the Shareholder(s) whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Tuesday, 2 May 2017, being the date for the determination of the entitlements under the Open Offer
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“SGM”	the special general meeting of the Company to be convened and held on Monday, 26 June 2017 to approve, among other things, the proposed Share Consolidation
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of HK\$0.001 each into one (1) Consolidated Share of HK\$0.01 each
“Share Option Scheme”	the share option scheme of the Company as adopted by the Shareholders on 2 April 2014
“Shareholder(s)”	holder(s) of the Shares
“Shortfall Underwritten Shares”	any Underwritten Shares not accepted by Qualifying Shareholders or for which duly completed Application Form(s) and/or Excess Application Form(s) (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the discretion of the Underwriter, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance

DEFINITIONS

“Specified Event”	an event occurring or matter arising on or after the date of execution of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before such date, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Offer Share
“Underwriter”	FT Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined in the SFO
“Underwriting Agreement”	the underwriting agreement dated 10 April 2017 (as revised and supplemented by the supplemental underwriting agreements dated 2 May 2017, 19 May 2017 and 26 May 2017) entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	574,391,712 Offer Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

EXPECTED TIMETABLE

The expected timetable of the proposed Open Offer, the proposed Share Consolidation and the change of board lot size is as follows:

Despatch date of circular with notice of the SGM	on or before Wednesday, 7 June 2017
Latest Time for Acceptance and payment for the Offer Shares	4:00 p.m. on Friday, 16 June 2017
Latest Time for Termination of the Underwriting Agreement	4:00 p.m. on Monday, 19 June 2017
Announcement of results of the Open Offer to be published on the Stock Exchange's website and the Company's website	Friday, 23 June 2017
Latest time for lodging forms of proxy for the SGM	11:00 a.m. on Saturday, 24 June 2017
Despatch of Share certificates for the Offer Shares	Monday, 26 June 2017
Despatch of refund cheques for wholly or partially unsuccessful applications for excess Offer Shares; or if the Open Offer is terminated	Monday, 26 June 2017
Date and time of the SGM	11:00 a.m. on Monday, 26 June 2017
Announcement of voting results of the SGM	Monday, 26 June 2017
Dealings in the Offer Shares expected to commence	9:00 a.m. on Tuesday, 27 June 2017
Effective date of the Share Consolidation	Tuesday, 27 June 2017
Original counter for trading in the existing Shares in old board lots of 2,000 Shares each temporarily closes	9:00 a.m. on Tuesday, 27 June 2017
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing Share certificates) opens	9:00 a.m. on Tuesday, 27 June 2017

EXPECTED TIMETABLE

First day of free exchange of existing Share certificates for
the existing Shares into new share certificates for
the Consolidated Shares Tuesday, 27 June 2017

Original counter for trading in the Consolidated
Shares in new board lots of 1,800 Consolidated Shares each
(in the form of new share certificates for
the Consolidated Shares) re-opens 9:00 a.m. on
Tuesday, 11 July 2017

Parallel trading in the Consolidated Shares
(in the form of new share certificates and existing
Share certificates) commences 9:00 a.m. on
Tuesday, 11 July 2017

Designated broker starts to stand in the market to
provide matching services. 9:00 a.m. on
Tuesday, 11 July 2017

Temporary counter for trading in the Consolidated Shares
in board lots of 200 Consolidated Shares
(in the form of existing Share certificates) closes 4:00 p.m. on
Monday, 31 July 2017

Parallel trading in the Consolidated Shares
(in the form of new share certificates and
existing Share certificates) ends 4:00 p.m. on
Monday, 31 July 2017

Last day for the designated broker to stand in the
market to provide matching services. 4:00 p.m. on
Monday, 31 July 2017

Last day of free exchange of existing Share certificates for
the new share certificates Wednesday, 2 August 2017

All times and dates specified in this Prospectus refer to Hong Kong local times and dates. Dates stated in this Prospectus for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the proposed Open Offer, the proposed Share Consolidation and the change of board lot size will be announced as appropriate in accordance with the GEM Listing Rules.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if:

- (i) in the absolute opinion of any of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive Business Days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Open Offer and excluding any suspension in connection with the clearance of this Prospectus or other matters in connection with the Underwriting Agreement and/or the Open Offer; or
- (viii) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer.

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

In the event that the Underwriter terminates/rescinds the Underwriting Agreement in accordance with the terms above, all obligations of each of the parties under the Underwriting Agreement shall cease and no party to the Underwriting Agreement shall have any claim against any other party to the Underwriting Agreement for costs, damages, compensation or otherwise save for any antecedent breaches.

TERMINATION OF THE UNDERWRITING AGREEMENT

EFFECT OF BAD WEATHER UPON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 16 June 2017. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 16 June 2017. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 16 June 2017, the dates mentioned in the section headed “Expected Timetable” in this Prospectus may be affected. In such event, the Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



華人策略控股有限公司

Chinese Strategic Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

Executive Directors

Mr. Lam Kwok Hing Wilfred J.P. (*Chairman*)

Ms. Chan Shui Sheung Ivy

Mr. Mok Tsan San

Registered office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors

Ms. Yuen Wai Man

Mr. Chow Fu Kit Edward

Principal place of business

in Hong Kong

2nd Floor

SBI Centre

Nos. 54-58 Des Voeux Road Central

Hong Kong

2 June 2017

*To the Qualifying Shareholders and, for information purpose only,
the Excluded Shareholders,*

Dear Sir/Madam,

**OPEN OFFER ON THE BASIS OF
ONE (1) OFFER SHARE FOR EVERY TWO (2)
EXISTING SHARES HELD ON THE RECORD DATE**

INTRODUCTION

References are made to the Announcements in which the Board proposed to raise approximately HK\$57,439,171, before expenses, by way of the Open Offer, by issuing 574,391,712 Offer Shares at the Subscription Price of HK\$0.1 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. The Open Offer will only be available to the Qualifying Shareholders and they will have the right to apply for any Offer Shares in excess of their own assured allotments.

As at the Record Date, the Company had 1,148,783,425 Shares in issue. As such, 574,391,712 Offer Shares will be issued and allotted by the Company, which will be fully underwritten pursuant to the Underwriting Agreement.

The purpose of this Prospectus is to provide you with further information on, among other things, the Open Offer, including the Underwriting Agreement, information on procedures for application and payment, and certain financial information and other information in respect of the Group.

LETTER FROM THE BOARD

THE OPEN OFFER

Basis of the Open Offer:	One (1) Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.1 per Offer Share
Number of Shares in issue as at the Record Date and the Latest Practicable Date:	1,148,783,425 Shares
Number of Offer Shares:	574,391,712 Offer Shares
Number of Offer Shares underwritten by the Underwriter:	574,391,712 Offer Shares
Aggregate nominal value of the Offer Shares:	HK\$574,391.71

Under the Open Offer, 574,391,712 Offer Shares would be allotted. The 574,391,712 Offer Shares represents 50% of the existing total number of issued shares of the Company as at the Latest Practicable Date and approximately 33.33% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of 574,391,712 Offer Shares immediately after completion of the Open Offer. The Offer Shares will have an aggregate nominal value of HK\$574,391.71.

As at the Latest Practicable Date, the Company had Outstanding Options entitling the holders thereof to subscribe for 35,460,000 new Shares. Save for the Share Options, the Company has in issue the Exchangeable Note attaching rights exercisable by the holder thereof to exchange the Exchangeable Note into Convertible Bonds in the principal amount of HK\$120,000,000 which is further convertible into a maximum of 240,000,000 Shares at the conversion price of HK\$0.5 per conversion Share upon full conversion.

The undertaking

Subject to the provisions of the Underwriting Agreement, the Company appoints the Underwriter as underwriter to the exclusion of all others and the Underwriter agrees to act as underwriter for the Company to subscribe or to procure subscribers to subscribe for the Shortfall Underwritten Shares at the Subscription Price.

As at the Latest Practicable Date, Ms. Chan Shui Sheung Ivy, an executive Director, who is beneficially interested in 60,000 Shares, has indicated that she will subscribe for her entitlement in full under the Open Offer.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the above and the underwriting obligations of the Underwriter under the Underwriting Agreement, no Shareholders or parties acting in concert (having the meaning as set out in the Takeovers Code) with the Underwriter have indicated whether they will take up their entitlements under the Open Offer or not.

Sub-underwriting arrangements

As at the Latest Practicable Date, the Underwriter has procured six sub-underwriters (the “**Sub-underwriters**”) for an aggregate of 574,391,712 Underwritten Shares (collectively, the “**Sub-underwritten Shares**”) under the respective legally binding sub-underwriting agreements. The table below sets out the details of the Sub-underwriters as at the date of the sub-underwriting agreements (the “**Sub-underwriting Agreements**”):

Name of the Sub-underwriters	Total number of Offer Shares being sub-underwritten by the Sub-underwriters
1 Supreme China Securities Limited	170,000,000
2 Success Way Holdings Limited	85,500,000
3 Chinese Capital Management Limited	63,270,000
4 Union Century China Limited	85,500,000
5 Ace Financier Limited	85,000,000
6 Bigway Management Limited	85,121,712
Total	574,391,712

On 12 April 2017, the Company and the Sub-underwriters entered into the respective Sub-underwriting Agreements to sub-underwrite for an aggregate of 574,391,712 Underwritten Shares. As advised by the Underwriter, the ordinary business of each Sub-underwriter does not include underwriting.

Pursuant to the Sub-underwriting Agreements, subject to the terms and conditions therein and the Underwriting Agreement and the due execution thereof by all parties thereto and subject to the obligations of the parties to the Underwriting Agreement becoming unconditional, the Sub-underwriters agreed to participate in a sub-underwriting of the Sub-underwritten Shares, respectively at the Subscription Price.

If by the Latest Time for Acceptance, all of the Underwritten Shares have been validly accepted and/or applied for in accordance with the terms and conditions of the Prospectus Documents, and have been paid for by cheques or banker’s cashier orders which are honour on first presentation, the obligations of the Sub-underwriters thereunder will cease.

If, however, by the Latest Time for Acceptance, all or any of the Underwritten Shares have not been validly accepted and/or applied for and paid for by cheques or banker’s cashier orders which are honoured on first presentation, the Underwriter may, at its absolute discretion,

LETTER FROM THE BOARD

call upon the Sub-underwriters to subscribe for such number of Sub-underwritten Shares as the Underwriter may specify in writing as being the shortfall attributable to the Sub-underwriters' sub-underwriting participation (up to the amount of sub-underwriting participation of the respective Sub-underwriters as referred to above). The Underwriter will ensure that upon the exercise of the above discretion right, the fulfillment of the conditions precedent (ix) of the Underwriting Agreement will not be affected. As advised by the Underwriter, if any of the Underwritten Shares have not been validly accepted and/or applied for, the Underwriter will call upon the Sub-underwriters to subscribe for such number of Sub-underwritten Shares usually on a pro-rata basis (i.e. according to the ratio of their respective sub-underwriting participation to the total number of Offer Shares).

Save for the Underwriting Agreement and the Sub-underwriting Agreements, as at the Latest Practicable Date, there is not any other agreements, arrangements, understanding or undertakings (whether formal or informal and whether express or implied) between the Company, any of the Sub-underwriters and the Underwriter or among the Sub-underwriters.

Pursuant to the Underwriting Agreement, the Underwriter shall ensure that none of the Underwriter together with such parties acting in concert with the Underwriter (having the meaning as set out in the Takeovers Code) nor any of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning as set out in the Takeovers Code) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Qualifying Shareholders

The Company is sending the Prospectus Documents to Qualifying Shareholders only. To qualify for the Open Offer, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be an Excluded Shareholder.

The entitlements to the Offer Shares are not transferable or capable of renunciation and there will not be any trading in the entitlements on the Stock Exchange.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Record Date, there was 1 Overseas Shareholder whose address registered in the register of members of the Company was situated in BVI. In compliance with Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries with its BVI legal adviser regarding the legal restrictions and regulatory requirements in BVI on extending the Open Offer to the Overseas Shareholder in BVI (the "**BVI Shareholder**").

LETTER FROM THE BOARD

The Company has been advised by its BVI legal adviser on the laws of BVI that as the Company is an overseas company, there is not any law in BVI which prohibits or restrains the Company from proceeding with the Open Offer (including extending the Open Offer to the BVI Shareholder). As such, the Open Offer will be extended to the abovementioned 1 BVI Shareholder. However, the BVI Shareholder shall assume full responsibility for the legality of their shareholding in the Company or obtaining Offer Shares by way of accepting the Open Offer as well as the relevant responsibilities in relation to foreign exchange and tax arising therefrom.

Save for the above, based on the register of members of the Company as at the Record Date, the Company does not have any other Overseas Shareholders as at the Record Date.

Subscription Price

The Subscription Price is HK\$0.1 per Offer Share, payable in full when a Qualifying Shareholder applies for the Offer Shares. The Subscription Price represents:

- (a) a discount of approximately 32.89% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on 7 April 2017, being the Last Trading Day;
- (b) a discount of approximately 33.60% to the average closing prices of approximately HK\$0.1506 per Share for the last five full trading days as quoted on the Stock Exchange up to 7 April 2017, being the Last Trading Day;
- (c) a discount of approximately 35.15% to the average closing prices of HK\$0.1542 per Share for the last ten full trading days as quoted on the Stock Exchange up to 7 April 2017, being the Last Trading Day;
- (d) a discount of approximately 24.81% to the theoretical ex-entitlement price of approximately HK\$0.133 per Share, based on the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on 7 April 2017, being the Last Trading Day;
- (e) a premium of approximately 4.17% to the closing price of HK\$0.096 per Share quoted on the Stock Exchange on the Latest Practicable Date; and
- (f) a discount of approximately 79.17% to the audited consolidated net asset value per Share of approximately HK\$0.48 (based on the audited net asset value of the Group of HK\$555,862,000 as at 31 December 2016 and 1,148,783,425 Shares in issue as at the Latest Practicable Date).

The net price per Offer Share after deducting the related expenses of the Open Offer is approximately HK\$0.094.

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Determination of the Subscription Price

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Shares. Based on the audited consolidated statements of profit or loss and other comprehensive income of the Company, the Company has recorded a net loss after tax of approximately HK\$124,326,000 and approximately HK\$348,914,000 for the years ended 31 December 2015 and 2016 respectively. Further, the revenue of the Company for the year ended 31 December 2016 amounted to approximately HK\$8,738,000, representing a decrease of 14.3% as compared with approximately HK\$10,191,000 in the preceding financial year. In addition, the Company has been closely monitoring the Share price and the liquidity of the Shares in the recent months. According to the website of the Stock Exchange, the average trading volume of the Shares was only approximately 3,018,162 Shares per trading day for the three months between 9 January 2017 and 7 April 2017, being the Last Trading Day, which represented only approximately 0.26% of the total number of issued Shares of 1,148,783,425 Shares as at the Last Trading Day.

The unsatisfactory financial performance of the Company and the liquidity of the Shares have been significant concerns to various financial institutions, with which the Company has been in negotiation regarding the possible fund raising activity of the Company. As such, the financial institutions were concerned about the marketability of the Shares. In view of the above, the Company has been unable to reach an underwriting or placing arrangement with the financial institutions despite its effort in negotiating with a few financial institutions since early 2017.

In light of the above and as the Offer Shares will be offered to all Qualifying Shareholders at the same Subscription Price, the Company considers that such discount is within the market range and is fair and reasonable to the Company and all Qualifying Shareholders.

Basis of assured entitlement

The basis of the assured entitlement will be one (1) Offer Share for every two (2) existing Shares in issue held by Qualifying Shareholders at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form(s) and lodging the same with a remittance for the Offer Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Offer Shares

The Offer Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

Fractions of the Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any

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Offer Shares created from the aggregation of fractions of the Offer Shares will be made available for excess application by the Qualifying Shareholders under the terms of the Underwriting Agreement. Should there be no excess application by the Qualifying Shareholders, those Offer Shares created from the aggregation of fractions of the Offer Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Share certificates for the Offer Shares and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all fully paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 26 June 2017. If the Open Offer is terminated, refund cheques are expected to be posted by ordinary post to the applicants at their own risk on or before Monday, 26 June 2017.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares (if any) are also expected to be posted on or before Monday, 26 June 2017 by ordinary post to the applicants at their own risk.

Application for listing of the Offer Shares

The Company shall make an application to the Stock Exchange for the listing of and permission to deal in the Offer Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Offer Shares will have the same board lot size of 2,000 Shares per board lot.

Stamp Duty

Dealings in the Offer Shares which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of holding or dealing in the Offer Shares. It is

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emphasised that none of the Company, the Directors nor any other parties involved in the Open Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, holding, disposal of or dealing in the Offer Shares.

Procedures for acceptance and payment for the Offer Shares

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may subscribe for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to exercise their rights to subscribe for all the Offer Shares offered to them as specified in the Application Form or to exercise their rights to subscribe for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have subscribed for with the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by not later than 4:00 p.m. on Friday, 16 June 2017. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Chinese Strategic Holdings Limited – Open Offer Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by not later than 4:00 p.m. on Friday, 16 June 2017, the relevant assured allotment of Offer Shares and all rights and entitlements in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to accept the whole or part of your assured entitlement. All cheques or banker's cashier orders accompanying completed Application Form(s) will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or banker's cashier order, will constitute a warranty by the applicant(s) that the cheque and/or banker's cashier order will be honoured on first presentation. Any application in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

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If the conditions of the Open Offer are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first-named applicant) and crossed “**Account Payee Only**”, through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company on or before Monday, 26 June 2017.

The Company will not allot and accept applications for any fractions of the Offer Shares. The Application Form is for use only by the person(s) name therein and is not transferable. No receipt will be issued in respect of any application monies received.

Application for excess Offer Shares

Qualifying Shareholders shall be entitled to apply for any Offer Shares created by adding together fractions of the Offer Shares, entitlements of the Excluded Shareholders and any Offer Shares which are not taken up by other Qualifying Shareholders in excess of their own assured allotments but are not assured of being allocated any Offer Shares in excess of those in their assured allotments. Application may be made by Qualifying Shareholders by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied for with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Friday, 16 June 2017. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Chinese Strategic Holdings Limited – Excess Application Account**” and crossed “**Account Payee Only**”. The Excess Application Form is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable.

The Directors will, upon consultation with the Underwriter, allocate the excess Offer Shares at their discretion on a fair and equitable basis as far as practicable, according to the principle that any excess Offer Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Offer Shares applied for by all such Qualifying Shareholders.

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

Any Shortfall Underwritten Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

In the event that the Board notes unusual patterns of excess Offer Shares applications and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for excess Offer Shares may be rejected at the sole discretion of the Board.

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Shareholders with their Shares held by a nominee (including HKSCC Nominees Limited) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (including HKSCC Nominees Limited) should note that the aforesaid arrangements in relation to the allocation of excess Offer Shares will not be extended to them individually. Shareholders should consult their professional advisers if they are in any doubt as to their status. Excess application from Qualifying Shareholders (including registered nominee company) will be accepted by the Company even if their assured entitlement of the Offer Shares is not subscribed for in full.

THE UNDERWRITING AGREEMENT

- Date:** 10 April 2017 (after trading hours)
- Underwriter:** FT Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined in the SFO
- Underwriting commitment of the Underwriter:** The Underwriter has conditionally agreed to underwrite all the Offer Shares, being 574,391,712 Offer Shares. On such basis, the Open Offer is fully underwritten
- Commission:** 4.5% of the aggregate Subscription Price in respect of the maximum number of the Underwritten Shares the Underwriter agreed to subscribe or procure subscription by the placees and/or sub-underwriters respectively in accordance with the Underwriting Agreement
- Pursuant to the Underwriting Agreement, to meet the start-up fees incurred and to be incurred by the Underwriting in and in relation to the Open Offer, the Company shall pay HK\$500,000 to the Underwriter within 10 Business Days of the execution of the Underwriting Agreement as refundable advance (partial) payment of the underwriting commission, which said sum shall be off-set against the actual amount of the Underwriting Commission
- Undertakings:** The Company shall not from the date of the Underwriting Agreement until after the Latest Time for Acceptance issue any Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares

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To the best of the knowledge of the Directors, as at the Latest Practicable Date, the Underwriter, and its associates are Independent Third Party(ies), not acting in concert (having the meaning as set out in the Takeovers Code) with and not connected with the Directors, chief executive or substantial Shareholders (within the meaning of the GEM Listing Rules) of the Company or any of its subsidiaries and their respective close associates.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors note that the underwriting commission charged by the underwriters in open offer exercises completed by issuers listed on the Stock Exchange within one year prior to the Last Trading Day ranged from a minimum of 1.25% to a maximum of 5.00%, and the commission rate charged by the Underwriter at 4.50% falls within the aforesaid market range. The Directors consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

Completion of the Open Offer is conditional upon:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time) not later than the posting date of the Prospectus;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the posting date of the Prospectus;
- (iii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (iv) the obligations of the Underwriter having become unconditional and the Underwriting Agreement not having been terminated in accordance with its terms;

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- (v) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than twenty (20) Business Days at any time prior to the Latest Time for Termination otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Open Offer and excluding any suspension in connection with the clearance of the announcement of the Company dated 10 April 2017 or other matters in connection with the Underwriting Agreement and/or the Open Offer;
- (vi) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (vii) compliance with the requirements under the applicable laws and regulations of Hong Kong and those of Bermuda;
- (viii) the Underwriter having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated therein; and
- (ix) the Underwriter shall enter into binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of the Underwriter together with such parties acting in concert with the Underwriter (having the meaning as set out in the Takeovers Code) nor any of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning as set out in the Takeovers Code) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Apart from the condition precedent as set out in (ii) above which can be waived by the Underwriter, all other conditions precedent are incapable of being waived. If any of the above conditions precedent (save and except those having been waived in accordance with the above) are not satisfied in whole by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save and except certain clauses of the Underwriting Agreement which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. For details, please refer to the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" in this Prospectus.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Open Offer, for illustration purpose only:

Shareholders	(i) As at the Latest Practicable Date <i>(Note 1)</i>		(ii) Immediately after completion of the Open Offer			
			Immediately after all the Offer Shares are subscribed for by the Qualifying Shareholders <i>(Note 1)</i>		Assuming the Sub-underwriters takes up all the Offer Shares <i>(Note 1)</i>	
	<i>Number of Shares</i>	<i>approx. % of shareholding</i>	<i>Number of Shares</i>	<i>approx. % of shareholding</i>	<i>Number of Shares</i>	<i>approx. % of shareholding</i>
Ms. Chan Shui Sheung Ivy <i>(Note 2)</i>	60,000	0.005%	90,000	0.005%	60,000	0.003%
Underwriter <i>(Note 3)</i>	-	-	-	-	-	-
Sub-underwriters <i>(Note 3)</i>						
Supreme China Securities Limited	-	-	-	-	170,000,000	9.866%
Success Way Holdings Limited	-	-	-	-	85,500,000	4.962%
Chinese Capital Management Limited	-	-	-	-	63,270,000	3.672%
Union Century China Limited	-	-	-	-	85,500,000	4.962%
Ace Financier Limited	-	-	-	-	85,000,000	4.933%
Bigway Management Limited	-	-	-	-	85,121,712	4.940%
Other public Shareholders	1,148,723,425	99.995%	1,723,085,137	99.995%	1,148,723,425	66.662%
Total	1,148,783,425	100.000%	1,723,175,137	100.000%	1,723,175,137	100.000%

Notes:

- (1) Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) As at the Latest Practicable Date, Ms. Chan Shui Sheung Ivy, an executive Director, is beneficially interested in 60,000 Shares.
- (3) The above information is for illustration purpose only. As at the Latest Practicable Date, the Underwriter has procured six Sub-underwriters for an aggregate of 574,391,712 Underwritten Shares under the Sub-underwriting agreements. Pursuant to the Underwriting Agreement, the Underwriter shall ensure that none of the Underwriter together with such parties acting in concert with the Underwriter (having the meaning as set out in the Takeovers Code) nor any of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning as set out in the Takeovers Code) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer. Please refer to the section headed “Sub-underwriting arrangements” in this Prospectus.

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REASONS FOR AND BENEFITS OF CONDUCTING THE OPEN OFFER AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are properties investments, securities trading and loan financing.

The Company will raise approximately HK\$57,439,171 before expenses from the Open Offer. The net proceeds from the Open Offer, after deducting relevant expenses, are estimated to be approximately HK\$54,200,000. The Company intends to use the net proceeds from the Open Offer as to (i) approximately HK\$31,700,000 for the repayment of the short-term borrowings due from the Group to certain financial institutions and (ii) approximately HK\$22,500,000 for the general working capital of the Group.

The estimated expenses in relation to the Open Offer, including underwriting commission, financial, legal and other professional expenses, of approximately HK\$3,200,000, will be borne by the Company. The Company has also considered the possibility of conducting a rights issue. Although rights issue, as compared to an open offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, the Directors are of the view that if the Company is to carry out a rights issue instead of the Open Offer, the Company will incur (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; (iii) additional printing costs of share certificates for new Shareholders who will purchase the nil-paid rights on the market; (iv) additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms and liaising with the share registrar of the Company; (v) both the Underwriter and the Company prefer a simpler fundraising structure; and (vi) both rights issue and the Open Offer would provide equal opportunities for the Shareholders to participate in the fundraising activities of the Company on a pro rata basis, the Directors believe that the Open Offer serves a better alternative to a rights issue. It is estimated that the additional costs and expenses of around HK\$300,000 would be incurred for such professional services, administrative works and the arrangement of trading the nil-paid rights.

The Open Offer is conditional, *inter alia*, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” of this Prospectus. In particular, the Open Offer is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

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RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group, which includes but are not limited to, the following:

Risk factors relating to the business

- a. *The performance of money lending business of the Group are subject to regulatory controls*

The Group is principally engaged in money lending business and its business is directly affected by uncertainties relating to money lending industry, including but not limited to, changes in laws and rules applicable to the money lending industry which may affect the business operation and thus financial performance of the Group.

As the money lending industry is a highly regulated industry, the Group must ensure compliance at all times with numerous applicable laws. In the event of any breach of relevant laws and regulations, the business of the Group may be subject to regulatory actions by the relevant governmental authorities of Hong Kong and its business, financial condition and operating results may be materially and adversely affected.

- b. *The securities trading business of the Group may be adversely affected by the economic fluctuations*

As the Group is principally engaged in securities trading, the revenue of the Group is heavily dependent on the risks associated with the securities markets, including but not limited to general economic policies such as macroeconomic and monetary policies, upward and downward trends in the business and financial sectors.

In the event that the global economic fluctuations have an adverse impact on the securities markets of Hong Kong, the fair value of the investment portfolio of the Group and the performance of the securities investment business may be materially and adversely affected.

- c. *Properties investment is vulnerable to external economic factors*

The properties investment market is heavily dependent on the housing price in the area, i.e. Hong Kong for the Group. As one of the Group's principal business is properties investment, any adverse change in the demand and/or supply of the residential or commercial properties may have a negative impact on the financial position of the Group.

Further, with the recent trend of increasing interest rate in the United States of America, it is possible that the interest rate in Hong Kong will follow suit. In the event when there is an interest rate increase in Hong Kong, the cost of properties investment may also increase as a result, which may have an adverse impact on the Group's financial performance.

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Risk factors relating to the Group

The Group's business performance is heavily dependent on management personnel

The performance of the Group largely depends on the continuing service and performance of the management team. The successful operation of the Group requires special knowledge and experience of the management team. If the Group is unable to retain and motivate its Directors and management personnel, the Group may face difficulties in identifying suitable replacements in a timely manner or at all and the business performance of the Group may be adversely affected.

Risk factor relating to the Open Offer

The Underwriter may terminate the arrangement set out in the Underwriting Agreement

Under the Underwriting Agreement, the Underwriter may terminate the arrangement set out in the Underwriting Agreement by notice in writing to the Company upon the occurrence of any of the events stated in the section headed "Termination of the Underwriting Agreement" in this Prospectus prior to the Latest Time for Termination.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
2 March 2016, 31 March 2016, 3 June 2016, 27 July 2016, 29 July 2016 and 1 November 2016	Placing of convertible bonds under specific mandate and placing of options to subscribe further convertible bonds under specific mandate	HK\$495,600,000	The net proceeds from the first convertible bonds placing : (i) approximately HK\$206,000,000 for the settlement of the outstanding liabilities and the associated interest; (ii) approximately HK\$150,000,000 for the investment in property and development on existing business; (iii) approximately HK\$128,000,000 for the general working capital for the Group. The net proceeds from the option placing : (i) approximately HK\$25,000,000 for the settlement of the outstanding mortgage loan of the Group; (ii) approximately HK\$500,000,000 for the subscription of the further convertible bonds.	Not applicable (<i>Note</i>)

Please note that the principal amount of the convertible bonds has been revised to up to HK\$495,600,000 as disclosed in the announcement of the Company dated 27 July 2016.

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Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
17 October 2016 and 27 October 2016	Placing of Shares under general mandate	Approximately HK\$34,900,000	(i) approximately HK\$11,300,000 for the general operating capital for the Group for the coming 3 months; (ii) approximately HK\$10,300,000 for the repayment of liabilities arising from the securities margin account of the Group; (iii) approximately HK\$8,100,000 for the settlement of the outstanding operation payables; and (iv) approximately HK\$5,200,000 for the settlement of interest payable on the liabilities of the Company.	As to: (i) approximately HK\$11,400,000 for the staffing costs, professional fees, rental payment and other office expenses; (ii) approximately HK\$6,800,000 for the repayment of liabilities arising from the securities account of the Group; (iii) approximately HK\$8,300,000 for the settlement of the outstanding operation payables; and (iv) approximately HK\$8,400,000 for the settlement of loan and interest payable on the liabilities of the Group.

Note: The placing of convertible bonds under specific mandate and placing of options to subscribe further convertible bonds under specific mandate did not proceed to completion. Please refer to announcement dated 1 November 2016 for further details.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

PROPOSED SHARE CONSOLIDATION

The Company proposes that conditional upon and immediately after completion of the Open Offer, the Company will implement the Share Consolidation on the basis that every ten (10) Shares of HK\$0.001 each in the issued and unissued capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.01 each.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company.

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Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company amounts to HK\$100,000,000 divided into 100,000,000,000 Shares, of which 1,148,783,425 Shares have been allotted and issued as fully paid or credited as fully paid. Assuming there is no change in the total number of Shares in issue from the date of this Prospectus up to the date of completion of the Open Offer, upon completion of the Open Offer with the issue of 574,391,712 Offer Shares and the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 10,000,000,000 Consolidated Shares, of which 172,317,513 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM for approving the Share Consolidation;
- (ii) the completion of the Open Offer; and
- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

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In view of the potential extremity of the price of the Shares following the completion of the Open Offer, the Board proposes to implement the Share Consolidation. The Share Consolidation will increase the nominal value of the shares of the Company. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on GEM and enable the Company to comply with the trading requirements under the GEM Listing Rules. Accordingly, the Board therefore believes that the Share Consolidation is in the interests of the Company and its Shareholders as a whole.

CHANGE OF BOARD LOT SIZE

The Company proposes to change the board lot size for trading in the Shares on the Stock Exchange from 2,000 Shares (or 200 Consolidated Shares upon the Share Consolidation becoming effective) to 1,800 Consolidated Shares after and conditional upon the Share Consolidation becoming effective.

Reference is made to the announcement of the Company dated 10 April 2017 in relation to, among other things, the change of board lot size. As stated in such announcement, based on the theoretical ex-entitlement price of approximately HK\$0.133 per Share (equivalent to approximately HK\$1.33 per Consolidated Share) as at the Last Trading Day, the value of each board lot of 1,800 Consolidated Shares, assuming the Share Consolidation had already been effective, would be approximately HK\$2,394 which is greater than minimum board lot value of HK\$2,000 as required under the GEM Listing Rules. Subsequent to the date of the abovementioned announcement, the Board has noted a decrease in the share price. Based on the closing price of HK\$0.093 per Share (equivalent to approximately HK\$0.93 per Consolidated Share) as at the Latest Practicable Date, the value of each board lot of 1,800 Consolidated Shares, assuming the Share Consolidation had already been effective, would be close to the minimum board lot value of HK\$2,000.

Odd lots arrangement and matching services

To alleviate the difficulties in trading odd lots of the Shares arising from the Share Consolidation and the change in the board lot size, the Company has appointed FT Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Consolidated Shares, on a best effort basis, during the period from 9:00 a.m. on Tuesday, 11 July 2017 to 4:00 p.m. on Monday, 31 July 2017 (both days inclusive). Holders of the Consolidated Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. Simon Chan of FT Securities Limited at 22/F, Fortis Tower, 77-79 Gloucester Road, Wan Chai, Hong Kong (telephone: (852) 3103 0531 and facsimile: (852) 2110 1282) during such period. Holders of the Shares or the Consolidated Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares or the Consolidated Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

LETTER FROM THE BOARD

Reasons for and benefits of the change of board lot size

According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 25 July 2016 taking into account the basic transaction costs for a securities trade, the new board lot value should be greater than HK\$2,000.

In considering the size of the new board lot, the Company has also taken into account the potential odd lots of Shares/Consolidated Shares that may be created as a result of the proposed Open Offer and the proposed Share Consolidation. In balancing the interest of (i) the participating Shareholders who will hold 3,000 Shares for every board lot of 2,000 Shares they hold on the Record Date; and (ii) the nonparticipating Shareholders who will continue to hold 2,000 Shares for every board lot of 2,000 Shares they hold on the Record Date, the Company proposed to change the board lot size from 2,000 Shares per board lot to the least common multiple of 2,000 Shares and 3,000 Shares, subject to the minimum board lot value of HK\$2,000 as required under the GEM Listing Rules. Based on the above and taking into account the effect of the proposed Share Consolidation, the Company is of the view that new board lot size of 1,800 Consolidated Shares will minimise the creation of odd lots while meeting the requirement of the GEM Listing Rules.

In arriving at the current structure of the Open Offer and the change of board lot size, the Company has taken into account that, as at the Latest Practicable Date, save for the proposed Open Offer, the Share Consolidation and the change of board lot size, the Company does not have any concrete or initial intention or plan on any other corporate actions and/or equity fundraising activities in the next twelve months that may affect the trading of the Company’s Shares. In the event where the Company is required to conduct any corporate actions pursuant to the Rule 17.76 of the GEM Listing Rules, the Company will make further announcement(s) as and when appropriate in accordance with the GEM Listing Rules.

Accordingly, the Directors consider that the change in board lot size for trading in the Offer Shares on the Stock Exchange are in the interests of the Company and the Shareholders as a whole.

ADJUSTMENTS IN RELATION TO THE OUTSTANDING OPTIONS AND THE EXCHANGEABLE NOTE

As at the Latest Practicable Date, there are (i) Outstanding Options granted under the Share Option Scheme entitling the holders thereof to subscribe for up to an aggregate of 35,460,000 Shares; and (ii) Exchangeable Note which could be exchanged into the Convertible Bonds and could be further converted into a maximum of 240,000,000 Shares. The Open Offer may cause adjustments to the exercise price of the Outstanding Options and/or the number of Shares to be allotted and issued upon exercise of the Outstanding Options. The Company will make further announcement in respect of such adjustments as and when appropriate.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE GEM LISTING RULES

Proposed Open Offer

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this Prospectus and the Open Offer is fully underwritten by the Underwriter who is not a Director, chief executive or substantial shareholder of the Company (or a close associate of any of them), pursuant to Rules 10.39 and 10.42 of the GEM Listing Rules, the Open Offer is not subject to Shareholders' approval under the GEM Listing Rules.

Proposed Share Consolidation

The SGM will be convened to consider and, if thought fit, approve, among other things, the proposed Share Consolidation.

GENERAL

The Company expects to despatch the circular containing, among other things, details of (i) the proposed Share Consolidation; (ii) a notice convening the SGM to Shareholders on or before Wednesday, 7 June 2017.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By Order of the Board
Chinese Strategic Holdings Limited
Lam Kwok Hing Wilfred
Chairman and Executive Director

1. FINANCIAL INFORMATION

The financial information of the Group for each of the three financial years ended 31 December 2014, 2015 and 2016 were disclosed on pages 39 to 172 of the 2014 annual report published on 20 March 2015 <http://www.hkexnews.hk/listedco/listconews/GEM/2015/0320/GLN20150320025.pdf>, pages 45 to 192 of the 2015 annual report published on 23 March 2016 <http://www.hkexnews.hk/listedco/listconews/GEM/2016/0323/GLN20160323101.pdf> and pages 52 to 220 of the 2016 annual report published on 30 March 2017 <http://www.hkexnews.hk/listedco/listconews/GEM/2017/0330/GLN20170330427.pdf>. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.chinesestrategic.com/).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2017, being the latest practicable for the purpose of this statement of indebtedness of the Group was as follows:

(i) Secured bank borrowings and other loans

The Group had outstanding bank borrowings of approximately HK\$24,552,000 at HIBOR+1.75% to 2.5% and other loans of approximately HK\$64,700,000 at fixed rate ranging from 12% to 19.2% per annum. The borrowings were secured by Group's seven investment properties.

(ii) Secured margin accounts

The Group had margin value in broker's account of approximately HK\$19,143,000 which was secured by the securities and charged at 8% to 8.25% per annum.

(iii) Secured other borrowings

The Group had other borrowings of approximately HK\$44,197,000 at an interest of 1.25% per month with a leasehold mortgage over a land situated in Tinian, Commonwealth of the Northern Mariana Islands.

(iv) Finance lease payables

The Group had finance leases payables of approximately HK\$1,596,000, which were secured by certain motor vehicles of the Group.

(v) Bond payables

The Company had bond payables of approximately HK\$50,000,000, unsecured, transferrable and bearing interest rate ranging from 6% to 8% per annum.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables in the ordinary course of business, the Group did not have, at the close of business on 30 April 2017, any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available resources and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this Prospectus in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS

As at the Latest Practicable Date, the principal activity of the Company is investment holding and the principal activities of its subsidiaries are principally engaged in businesses of properties investments, securities trading and loan financing.

Despite the recent loss making position of the Company, the Company had been profit making in its properties investments and loan financing business. After completion of the Open Offer and the partial repayment of its liabilities, the Group will be focusing on business development of its existing business and intends to maintain the operations of all the existing business segments. Going forward, the Group will continue to strengthen its presence in the local market. The Group believes that with the long standing industry experience in the local market of the Group, it is capable of further utilising its competitive edge and gain further market shares.

**UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE
COMPANY UPON COMPLETION OF THE OPEN OFFER**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the directors of the Company (the “Directors”) in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) is set out below to illustrate the effect of issue of 574,391,712 offer shares at the subscription price of HK\$0.1 per offer share on the basis of one offer share for every two existing shares held by the qualifying shareholders on the Record Date (the “Proposed Open Offer”) on the audited consolidated net tangible assets of the Group attributable to owners of the Company on 31 December 2016 as if the Proposed Open Offer had taken place on 31 December 2016.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company immediately had the Proposed Open Offer been completed as at 31 December 2016 or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the financial information as extracted from the audited consolidated statement of financial position of the Group as at 31 December 2016 as set out in the published annual report of the Company for the year ended 31 December 2016, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be ready in conjunction with the historical financial information of the Group as set out in the (1) annual report of the Company for the year ended 31 December 2016; and (2) other financial information included elsewhere in the Prospectus.

			Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2016	Audited consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2016 before the Proposed Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Proposed Open Offer	Audited consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2016 before the Proposed Open Offer	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company immediately after the completion of the Proposed Open Offer
	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2016	Add: Estimated net proceeds from the Proposed Open Offer					
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$	HK\$	HK\$	HK\$
Proposed Open Offer of 574,391,712 offer shares	525,629	54,200	579,829	0.46			0.34

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2016 is extracted from the audited consolidated statement of financial position as at 31 December 2016 as set out in the published annual report of the Company for the year ended 31 December 2016.
2. The estimated net proceeds from the Proposed Open Offer of approximately HK\$54,200,000 are based on the issuance of 574,391,712 offer shares at a price of HK\$0.1 per offer share, after the deduction of the estimated expenses attributable to the Proposed Open Offer of approximately HK\$3,200,000.
3. The calculation of the audited consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2016 before the Proposed Open Offer is determined based on the audited consolidated net tangible assets of the Group attributable to owner of the Company as at 31 December 2016 of approximately HK\$525,629,000, divided by the number of shares in issue on 31 December 2016, i.e. 1,148,783,425 shares.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2016 immediately after the completion of the Proposed Open Offer is determined based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Proposed Open Offer of approximately HK\$579,829,000 divided by the number of shares in issue upon the completion of the Proposed Open Offer, i.e. 1,723,175,137 shares, which comprise the existing 1,148,783,425 shares in issue as at 31 December 2016 and 574,391,712 shares to be issued pursuant to the Proposed Open Offer.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

2 June 2017

The Board of Directors
Chinese Strategic Holdings Limited
2/F., SBI Centre
Nos. 54-58 Des Voeux Road
Central, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Chinese Strategic Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2016 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the prospectus dated 2 June 2017 (the “Prospectus”) in connection with the issue of 574,391,712 offer shares at the subscription price of HK\$0.1 per offer share on the basis of one offer share for every two existing shares held by the qualifying shareholders on the record date (the “Proposed Open Offer”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of issue of the Proposed Open Offer on the Group’s audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2016 as if the Proposed Open Offer had taken place on 31 December 2016. As part of this process, information about the Group’s financial position as at 31 December 2016 has been extracted by the Directors from the Group’s audited consolidated financial statements for the year ended 31 December 2016, on which an annual report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “*Code of Ethics for Professional Accountants*” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*” issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Proposed Open Offer on the Group’s consolidated net tangible assets attributable to owners of the Company as if the Proposed Open Offer had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Open Offer at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Lam Chik Tong
Practising Certificate Number: P05612

Suites 313-316, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following completion of the Open Offer (assuming no further issue of Shares from the Latest Practicable Date to the completion of the Open Offer) but prior to the Share Consolidation becoming effective; and (iii) immediately following completion of the Open Offer and the Share Consolidation becoming effective will be as follows:

(i) as at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>100,000,000,000</u>	Shares of HK\$0.001 each	<u>100,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>		
<u>1,148,783,425</u>	Shares	<u>1,148,783.43</u>

(ii) immediately following completion of the Open Offer (assuming no further issue of Shares from the Latest Practicable Date to the completion of the Open Offer) but prior to the Share Consolidation becoming effective

<i>Authorised:</i>		<i>HK\$</i>
<u>100,000,000,000</u>	Shares of HK\$0.001 each	<u>100,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>		
<u>1,148,783,425</u>	Shares in issue as at the Record Date	<u>1,148,783.43</u>
<u>574,391,712</u>	Offer Shares to be allotted and issued under the Open Offer	<u>574,391.71</u>
<u>1,723,175,137</u>	Shares in issue upon completion of the Open Offer	<u>1,723,175.14</u>

(iii) immediately following completion of the Open Offer and the Share Consolidation becoming effective

Authorised: *HK\$*

<u>10,000,000,000</u>	Consolidated Shares of HK\$0.01 each	<u>100,000,000</u>
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Fully paid Consolidated Shares and Offer Shares in issue or to be issued:

	Consolidated Shares in issue and fully paid immediately upon completion of the Open Offer and the Share Consolidation becoming effective	
<u>172,317,513</u>		<u>1,723,175.14</u>

As at the Latest Practicable Date, save for the Outstanding Options and the Exchangeable Note, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date. All Offer Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects including rights to dividends, voting and return of capital. There is no arrangement under which future dividends will be waived or agreed to be waived.

The issued Shares are listed and traded on Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of securities transactions by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in Shares and underlying Shares of the Company

Name of Shareholder	Capacity	Number of issued ordinary shares held	Number of underlying shares	Approx.% to the issued share capital
Lam Kwok Hing Wilfred	Beneficial owner	–	3,000,000 (Note)	0.26%
Chan Shui Sheung Ivy	Beneficial owner	60,000	3,000,000 (Note)	0.27%
Mok Tsan San	Beneficial owner	–	3,000,000 (Note)	0.26%

Note: All underlying shares are share options granted by the Company on 23 March 2016 under the Company's Share Option Scheme at the exercise price of HK\$0.612 per share.

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

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, the Directors were not aware of any persons (other than a Director or chief executive of the Company), who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

No contract of significance in relation to the Group's business pursuant to which the Company or any of its subsidiaries was a party and in which any of the Directors or Company's members of its management had a material interest, whether directly or indirectly, subsisted at the Latest Practicable Date or at any time during the year ended 31 December 2016 and the period from 1 January 2017 to the Latest Practicable Date except the deed of settlement entered into between Rich Best Asia Limited ("**Rich Best**"), a wholly-owned subsidiary of the Company and One Express Group Limited ("**One Express**"), a wholly-owned subsidiary of China Ever Grand Financial Leasing Group Co., Ltd. (stock code: 379) (the shares of which are listed on the Main Board of the Stock Exchange) dated 9 November 2016 in relation to, among other things, the settlement of the outstanding indebtedness of HK\$32,000,000 due and owing by One Express to Rich Best, in which, Ms. Chan Shui Sheung Ivy, the executive Director, is the director of Rich Best and One Express.

Details of the deed of settlement are set out in the announcement of the Company dated 9 November 2016.

As at the Latest Practicable Date, save for the abovementioned,

- (i) none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into with any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. CORPORATE INFORMATION**Board of Directors***Executive Directors*

Mr. Lam Kwok Hing Wilfred J.P.

(Chairman)

Ms. Chan Shui Sheung Ivy

Mr. Mok Tsan San

Independent Non-executive Directors

Ms. Yuen Wai Man

Mr. Chow Fu Kit Edward

Registered office

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

**Head office and principal place of
business in Hong Kong**

2nd Floor, SBI Centre,
Nos. 54-58 Des Voeux Road Central,
Hong Kong

Company secretary

Ms. Cheung Ching Man

Authorised representatives

Mr. Lam Kwok Hing Wilfred J.P.

Ms. Chan Shui Sheung Ivy

Auditors

Asian Alliance (HK) CPA Limited
Suites 313-316, 3/F.,
Shui On Centre,
6-8 Harbour Road, Wanchai, Hong Kong

Legal advisers*on Hong Kong Law:*

WT Law Office

13/F., SPA Centre,

53-55 Lockhart Road,

Wanchai, Hong Kong

on Bermuda Law:

Conyers Dill & Pearman

29th Floor, One Exchange Square,

8 Connaught Place, Central,

Hong Kong

Principal share registrar and transfer office	MUFG Fund Services (Bermuda) Limited The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda
Hong Kong branch share registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Principal bankers	Bank of Communications Co., Ltd. 1/F, 32-34 Johnston Road, Wan Chai, Hong Kong The Hongkong and Shanghai Banking Corporation Limited Room 2103-7, Causeway Bay Plaza Two, 463-483 Lockhart Road, Hong Kong Fubon Bank (Hong Kong) Limited 3/F, Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong Nanyang Commercial Bank, Ltd. Units 1007-1008, 10/F., City Landmark 1, 68 Chung on Street, Tsuen Wan, New Territories
Underwriter	FT Securities Limited 22/F., Fortis Tower, 77-79 Gloucester Road, Wan Chai, Hong Kong
Financial adviser	F.E. Corporate Finance Advisory Limited Suite 802-803, Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong

6. LITIGATIONS

Fameway Finance Limited (“**Fameway**”), a wholly-owned subsidiary of the Company carrying on business as a licensed money lender in Hong Kong, has, as previously disclosed, instituted six (6) sets of proceedings in the Court of First Instance of the High Court of Hong Kong to claim for recovery against the respective borrowers concerned, and has obtained judgments in all such claims. Out of these six (6) claims, five (5) of them have been effectively disposed of while Fameway is embarking on enforcement procedures in the remaining claim in reliance on legal advice.

In a separate litigation matter which has also been previously reported, the Company and King Perfection Limited (“**King Perfection**”) have obtained judgment in a separate matter but one of the judgment debtors has been wound up. The Company and King Perfection will rely on legal advice for further conduct and for protection of their interest.

In relation to the litigation matter in which the Company was sued as the 2nd Defendant under HCA 701 of 2013, the Plaintiff’s application to amend its Amended Statement of Claim has been outstanding because the Plaintiff has not taken any step to restore the hearing of the application.

Gain Millennia Limited (“**Gain Millennia**”), an indirect wholly-owned subsidiary of the Company, has, as previously reported, filed complaint for breach of contract in the Superior Court for the Commonwealth of the Northern Mariana Islands (“**CNMI**”) against Hong Kong Entertainment (Overseas) Investments Limited (“**Hong Kong Entertainment**”). Judgment by Default has been entered against Hong Kong Entertainment on 28 March 2016, and Gain Millennia will rely on legal advice for any possible enforcement.

The Company will announce or disclose the conduct of litigation matters and/or outcome of enforcement wherever appropriate or necessary.

Save as disclosed above as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contract(s) (not being contract(s) entered into in the ordinary course of business) have been entered into by member(s) of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement dated 29 May 2015 entered into between Rich Best as the vendor, Delightful Hope Limited as the purchaser, China Eco-Farming Limited and Yardley Wealth Management Limited in relation to, among other things, the disposal of China Smart Asia Limited (a wholly-owned subsidiary of the Company) at the consideration of HK\$93,000,000. Completion of the disposal took place on 20 August 2015;

- (b) a subscription agreement dated 15 June 2015 entered into between the Company and Mr. Chen Chien Yeh pursuant to which the Company agreed to issue and Mr. Chen Chien Yeh agreed to subscribe the subscription bonds in the principal amount of HK\$50,000,000 at the consideration of HK\$50,000,000. Completion of the subscription took place on 15 June 2015;
- (c) the placing agreement dated 15 June 2015 (as revised and supplemented by the supplemental placing agreements dated 25 June 2015, 17 July 2015 and 6 August 2015 respectively) entered into between the Company and FT Securities Limited as the placing agent, pursuant to which the placing agent agreed to act as placing agent for the purposes of arranging the placees on a best effort basis for the issue of the bonds of the Company with an aggregate principal amount of up to HK\$76,000,000. Completion of the placing took place on 16 September 2015;
- (d) the placing agreement dated 11 November 2015 entered into between the Company and Get Nice Securities Limited as the placing agent for placing up to 120,000,000 new Shares at a price of HK\$0.48 per Share with the net proceeds of approximately HK\$56,000,000. Completion of the placing took place on 23 November 2015;
- (e) the placing agreement dated 27 November 2015 entered into between Chinese Capital Management Limited as vendor, the Company and FT Securities Limited as the placing agent, pursuant to which the placing agent agreed, as agent of the vendor and on best-effort basis, to place and/or to procure purchasers to purchase up to 42,080,000 Shares owned by the vendor at a price of HK\$0.935 per Share. Completion of the placing took place on 17 December 2015;
- (f) the subscription agreement dated 27 November 2015 entered into between the Company and Chinese Capital Management Limited as the subscriber in relation to the subscription of up to 42,080,000 new Shares at HK\$0.935 per Share. Completion of the subscription took place on 17 December 2015;
- (g) the sale and purchase agreement dated 25 February 2016 (as revised and supplemented by the supplemental sale and purchase agreement dated 29 April 2016) entered into between 北京華鼎匯金投資有限責任公司 (Beijing Huading Huijin Investment Company Limited)* as the vendor, Selected Team Limited, a wholly-owned subsidiary of the Company as the purchaser and the Company in relation to, among other things, the acquisition of 51% equity interest in 金地毯 (北京) 文化傳媒有限公司 (Gold Carpet (Beijing) Culture Media Limited*) at the consideration of HK\$120,000,000 by way of issuance of exchangeable note to the vendor by the purchaser. Completion of the acquisition took place on 29 April 2016;
- (h) the placing agreement dated 29 February 2016 (as revised and supplemented by the supplemental placing agreement dated 31 March 2016 which was superseded by the second supplemental placing agreement dated 2 June 2016 and the third supplemental placing agreement dated 27 July 2016) entered into between the

* for identification purpose only

Company and FT Securities Limited as the placing agent, pursuant to which the placing agent agreed to procure, on a best effort basis, not less than six places to subscribe for the new convertible bonds of the Company with an aggregate principal amount of up to HK\$495,600,000. The placing agreement lapsed on 30 October 2016;

- (i) the restructuring agreement dated 29 April 2016 (as revised and supplemented by the supplemental agreement dated 29 June 2016) entered into between Mega Stars Overseas Limited, Tinian Dynasty Investments Limited, Hong Kong Entertainment (Overseas) Investments Limited, Mr. Chen Chien Yeh and Gain Millennia Limited, an indirect wholly-owned subsidiary of the Company relating to the restructuring of the Tinian Dynasty Hotel & Casino on Tinian, the Commonwealth of the Northern Mariana Islands. On 30 September 2016, the restructuring agreement did not proceed;
- (j) two loan agreements, the first loan agreement in the principal amount of HK\$50,000,000 and the second loan agreement in the principal amount of HK\$5,700,000, dated 16 June 2016 entered into between the Company and (i) EverCare Finance Company Limited and Mr. Chen Chien Yeh (“**Mr. Chen**”); and (ii) Chinese Capital Management Limited (the “**Chinese Capital**”) respectively, pursuant to which the principal sum of the loans was used towards the settlement of part of the indebtedness due from the Company to Mr. Chen and Chinese Capital respectively under the debt instruments and the remaining indebtedness, i.e. HK\$6,133,117.80 and HK\$511,594.52 respectively, was settled by way of issuance and allotment of 12,266,236 Shares and 1,023,189 Shares to Mr. Chen and Chinese Capital respectively at HK\$0.50 per Share on 23 June 2016;
- (k) the placing agreement dated 17 October 2016 entered into between the Company and Get Nice Securities Limited as the placing agent for placing up to 150,000,000 new Shares at a price of HK\$0.24 per Share with net proceeds of approximately HK\$34,900,000. Completion of the placing took place on 27 October 2016;
- (l) the deed of settlement dated 9 November 2016 entered into between Rich Best and One Express in relation to, among other things, the settlement of the outstanding indebtedness of HK\$32,000,000 due and owing by One Express to Rich Best; and
- (m) the Underwriting Agreement (as revised and supplemented by supplemental underwriting agreements dated 2 May 2017, 19 May 2017 and 26 May 2017).

8. PARTICULAR OF DIRECTORS

Executive Directors

Mr. Lam Kwok Hing Wilfred, J.P. (“**Mr. Lam**”), aged 57, was appointed as a non-executive Director on 2 September 2013 and has been re-designated as chairman of the Board and an executive Director with effect from 1 January 2014. He has also been appointed as members of the nomination committee and the remuneration committee of the Company, the authorized representative for accepting service of process and notices in Hong Kong on behalf of the Company as required pursuant to Rule 5.24 of the GEM Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and compliance officer of the Company, all with effect from 8 January 2014. Mr. Lam was a joint company secretary of the Company from February 2014 to June 2016 and is currently the director of certain subsidiaries of the Company.

Mr. Lam is an executive director (re-designated from an executive director to a non-executive director on 1 July 2015 and from a non-executive director to an executive director on 12 April 2017) of Hong Kong Resources Holdings Company Limited (stock code: 2882) and a non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), both companies listed on the Main Board of the Stock Exchange.

Mr. Lam was initially appointed as an independent non-executive director of National Arts Entertainment and Culture Group Limited (stock code: 8228), a company listed on the GEM of the Stock Exchange, on 13 May 2009 and he resigned from his final positions of vice chairman and non-executive director on 11 July 2014. Mr. Lam was a chairman and an executive director of Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited) (stock code: 1041), a company listed on the Main Board of the Stock Exchange from June 2015 to March 2016, and then was appointed as a consultant thereafter and its term expired on 13 March 2017. He was also an independent non-executive director of China Ever Grand Financial Leasing Group Co., Ltd (formerly known as PME Group Limited) (stock code: 379), a company listed on the Main Board of the Stock Exchange from 14 April 2011 to 30 December 2014.

Mr. Lam is a Justice of Peace of the Hong Kong Special Administrative Region and was awarded the Queen’s Badge of Honour in January 1997. He holds a bachelor degree of Law with honours from The University of Hong Kong. He is a practising solicitor in Hong Kong and is a consultant lawyer of WT Law Offices and Lam, Lee & Lai Solicitors & Notaries. He also holds a professional qualification of Estate Agent’s (Individual) Licence in Hong Kong.

Ms. Chan Shui Sheung Ivy (“**Ms. Chan**”), aged 52, was appointed as an executive Director on 25 August 2008. Ms. Chan graduated from the University of South Australia with a Master of Business Administration degree. Ms. Chan has over 23 years of experience in investment and is currently the director of certain subsidiaries of the Company. Ms. Chan previously served as an executive director of China Ever Grand Financial Leasing Group Co., Ltd. (formerly known as PME Group Limited) (stock code: 379) which is a company listed on the Main Board of the Stock Exchange from 2 May 2007 to 11 June 2014. She is a director of Channel Enterprises (Int’l) Limited.

Mr. Mok Tsan San (“**Mr. Mok**”), aged 46, was appointed as an executive Director on 12 August 2014. Mr. Mok is the managing director of Capital Union Investments Limited, a direct investment firm with a portfolio in Great China and overseas. He is also currently a non-executive director of Casablanca Group Limited (stock code: 2223), a company listed on the Main Board of the Stock Exchange, since 9 April 2015. Mr. Mok was an executive director of Chinese Food and Beverage Group Limited (stock code: 8272), a company listed on the GEM of the Stock Exchange during the period from April 2014 to December 2016. He was also an executive director of Hin Sang Group (International) Holding Co., Ltd. (stock code: 6893) during the period from 1 May 2015 to 29 September 2015 and a non-executive director of Newtree Group Holdings Limited (stock code: 1323) during the period from 27 August 2014 to 28 February 2016, both companies listed on the Main Board of the Stock Exchange. With over 14 years of solid experiences in fund raising and investment syndication in a number of ventures, he has helped, funded, and/or personally invested in and advised in a number of other Silicon Valley companies in Hong Kong, including but not limited to Facebook Inc. and Proteus Digital Health. Mr. Mok began his career in Babbie Asia Limited (now Jacobs Engineering Group Inc.), an international civil engineering consulting firm as an engineer. He holds a Bachelor of Science degree in Civil Engineering from Ohio State University.

Independent Non-executive Directors

Ms. Yuen Wai Man (“**Ms. Yuen**”), aged 45, was appointed as an independent non-executive Director on 4 July 2008. She was also appointed as the chairmen of the audit and remuneration committees of the Company and a member of nomination committee of the Company since 4 July 2008. She graduated from The University of Hong Kong with a degree in Business Administration in 1994. She is the fellow member of The Association of Chartered Certified Accountants, fellow member of The Hong Kong Institute of Certified Public Accountants and overseas member of The Chinese Institute of Certified Public Accountants. Ms. Yuen has worked in accounting and auditing area for over 22 years. She is an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), a company listed on the Main Board of the Stock Exchange, since 1 November 2012 and China Eco-Farming Limited (stock code: 8166), a company listed on the GEM of the Stock Exchange, since 1 September 2016. Ms. Yuen was an independent non-executive director of Trillion Grand Corporate Company Limited (formerly known as Tai Shing International (Holdings) Limited) (stock code: 8103), a company listed on the GEM of the Stock Exchange, from 3 April 2014 to 29 December 2014.

Mr. Chow Fu Kit Edward (“**Mr. Chow**”), aged 49, was appointed as an independent non-executive Director on 14 May 2012. He has also been appointed as members of the audit committee, nomination committee and remuneration committee of the Company since 14 May 2012. Mr. Chow has over 22 years of experience in power industry and is specialised in business strategy development, change management, materials procurement and marketing for power company. He holds a Master’s degree of Engineering in Mechanical Engineering from The University of Hong Kong and a Master’s degree of Business Administration from The Chinese University of Hong Kong. He is a Chartered Engineer, member of Institution of Mechanical Engineers and The Hong Kong Institution of Engineers.

The Company has established an audit committee, comprising all the independent non-executive Directors, namely Ms. Yuen Wai Man and Mr. Chow Fu Kit Edward, with written terms of reference, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

9. EXPERT AND CONSENT

The following is the qualification of the professional adviser who has given opinion or advice which is contained in this Prospectus:

Name	Qualification
Asian Alliance (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, Asian Alliance (HK) CPA Limited has given and has not withdrawn its consent to the issue of this Prospectus with the inclusion of its letter, and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Asian Alliance (HK) CPA Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Asian Alliance (HK) CPA Limited did not have any direct or indirect interests in any assets which have since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

11. COMPETING INTERESTS

None of the Directors or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that competes or may compete with the business of the Group or had any other conflict of interest with the Group during the year ended 31 December 2016 and up to the Latest Practicable Date.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this Prospectus, together with a copy of the Application Form and Excess Application Form and the written consent referred to in the paragraph headed “Expert and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies Ordinance.

13. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

14. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges and other related expenses, are estimated to amount to approximately HK\$3,200,000 and are payable by the Company.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at 2nd Floor, SBI Centre, Nos. 54-58 Des Voeux Road Central, Hong Kong during normal business hours on any Business Day from the date of this Prospectus up to and including the Latest Time for Acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016;
- (c) the accountants’ report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II of this Prospectus;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (e) the written consent referred to in the section headed “Expert and Consent” in this appendix; and
- (f) this Prospectus.

16. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business in Hong Kong of the Company is situated at 2nd Floor, SBI Centre, Nos. 54-58 Des Voeux Road Central, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (e) The company secretary of the Company is Ms. Cheung Ching Man, who holds a Bachelor's Degree of Business Administration and has over 19 years of extensive experience in the company secretarial industry and served numerous private and listed companies. The Stock Exchange has confirmed that Ms. Cheung is qualified to act as the company secretary of the Company under Rule 5.14 of the GEM Listing Rules. For details, please refer to the announcement of the Company dated 7 June 2016.
- (f) The compliance officer of the Company is Mr. Lam Kwok Hing Wilfred, J.P, who is also an execution Director.
- (g) As at the Latest Practicable Date, the Board had not received any information from any substantial Shareholders (within the meaning of the GEM Listing Rules) of their intention to take up the Offer Shares to be provisionally allotted or offered to them under the Open Offer.
- (h) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong and from outside Hong Kong and the Group has no exposure to foreign exchange liabilities.
- (i) The business address of all Directors and authorized representatives of the Company is 2nd Floor, SBI Centre, Nos. 54-58 Des Voeux Road Central, Hong Kong.
- (j) In the event of any inconsistency, the English language text of this Prospectus shall prevail over the Chinese language text.