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華人策略控股有限公司

Chinese Strategic Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

**(I) PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE;
(II) PROPOSED SHARE CONSOLIDATION; AND
(III) CHANGE OF BOARD LOT SIZE**

Underwriter

FT Securities Limited

(I) PROPOSED OPEN OFFER

The Company proposes to raise not less than approximately HK\$57,439,171 and not more than approximately HK\$71,212,171, before expenses, by way of the Open Offer, by issuing not less than 574,391,712 Offer Shares and not more than 712,121,712 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.

The Open Offer is fully underwritten by the Underwriter pursuant to the Underwriting Agreement.

After deducting the estimated expenses relating to the Open Offer, the net proceeds from the Open Offer is estimated to amount to not less than approximately HK\$54,200,000 and not more than approximately HK\$67,400,000 (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date). Assuming the net proceeds will amount to 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 outstanding liabilities and (ii) approximately HK\$22,500,000 for the general working capital of the Group.

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 announcement. 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.

(II) PROPOSED SHARE CONSOLIDATION

The Board 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.

As at the date of this announcement, 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 announcement 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.

(III) 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.

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.

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 announcement 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 Tuesday, 9 May 2017.

The Prospectus Documents setting out details of the Open Offer is expected to be despatched to the Qualifying Shareholders on or before Thursday, 4 May 2017.

(I) PROPOSED OPEN OFFER

The Company proposes to raise not less than approximately HK\$57,439,171 and not more than approximately HK\$71,212,171, before expenses, by way of the Open Offer, by issuing not less than 574,391,712 Offer Shares and not more than 712,121,712 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.

Details of the Open Offer are set out below:

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 for the Offer Shares: HK\$0.1 per Offer Share

Number of Shares in issue as at the date of this announcement: 1,148,783,425 Shares

Number of Offer Shares: Not less than 574,391,712 Offer Shares (*Note 1*) and not more than 712,121,712 Offer Shares (*Note 2*)

The aggregate nominal value of the Offer Shares will be not less than HK\$574,391.71 (*Note 1*) and not more than HK\$712,121.71 (*Note 2*)

Notes:

(1) *Calculated and based on the assumption that there is no change to the issued share capital of the Company from the date of this announcement up to and including the Record Date.*

(2) *Calculated and based on the assumption that there is no change to the issued share capital of the Company other than as a result of the issue of Shares upon exercise of the Outstanding Options in full and the exercise of the exchange and/or conversion rights attaching to the Exchangeable Note and/or the Convertible Bonds in full from the date of this announcement up to and including the Record Date.*

As at the date of this announcement,

- (i) there are Outstanding Options which entitle the holders thereof to subscribe for an aggregate of 35,460,000 Shares; and
- (ii) 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.

Assuming (i) the subscription rights attaching to the Outstanding Options are exercised in full on or before the Record Date; and (ii) the exchange and/or conversion rights attaching to the Exchangeable Note and the then Convertible Bonds are exercised in full on or before the Record Date, a maximum number of 712,121,712 Offer Shares (i.e. with an additional 137,730,000 Offer Shares) will be issued and allotted upon completion of the Open Offer.

Save for the Outstanding Options and the Exchangeable Note, the Company does not have other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into any Shares as at the date of this announcement. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

As at the date of this announcement, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Open Offer.

The Open Offer is fully underwritten by the Underwriter who shall ensure that the Company will comply with the public float requirement under the GEM Listing Rules when the Underwriter is called upon to subscribe for or procure subscribers of the Underwritten Shares.

The Offer Shares

Assuming that there is no change to the issued share capital of the Company from the date of this announcement up to and including Record Date, a total number of 574,391,712 Offer Shares will be allotted and issued upon completion of the Open Offer, representing:

- (i) 50.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

Assuming that there is no change to the issued share capital of the Company other than as a result of the issue of Shares upon exercise of the Outstanding Options in full and the exercise of the exchange and/or conversion rights attaching to the Exchangeable Note and/or the Convertible Bonds in full from the date of this announcement up to and including Record Date, not more than 712,121,712 Offer Shares will be allotted and issued upon completion of the Open Offer, such maximum number of Offer Shares represents:

- (i) 50.00% of the existing issued share capital of the Company as at the date of this announcement (assuming the issue of Shares upon exercise of the Outstanding Options in full and the exercise of the exchange and/or conversion rights attaching to the Exchangeable Note and/or the Convertible Bonds in full); and
- (ii) approximately 33.33% of the issued share capital of the Company (assuming the issue of Shares upon exercise of the Outstanding Options in full and the exercise of the exchange and/or conversion rights attaching to the Exchangeable Note and/or the Convertible Bonds in full) as enlarged by the allotment and issue of the Offer Shares.

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 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 and including on 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 and including on the Last Trading Day; and
- (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 the Last Trading Day.

The net price per Offer Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Open Offer (assuming 574,391,712 Offer Shares will be issued in the Open Offer) will be approximately HK\$0.094.

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 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 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. In addition, the financial institutions were concerned about, among other things, the marketability of the Shares in light of the current change in the members of the Board. As such, 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.

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;
- (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 this announcement 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 entering into of binding agreements by the Underwriter 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.

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.

Qualifying Shareholders

The Company will send 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.

In order to be registered as members of the Company at the close of business on the Record Date, any transfers of Shares must be lodged (together with the relevant share certificates) with the Registrar for registration by no later than 4:00 p.m. on Tuesday, 25 April 2017.

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.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 26 April 2017 to Tuesday, 2 May 2017, both dates inclusive, for ascertaining entitlements of the Shareholders under the Open Offer. No transfer of Shares will be registered during this period.

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.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Open Offer will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any Application Form and Excess Application Form to them.

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. 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.

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) 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 whether they should register their shareholding in their own names prior to the book closure period and apply for the Offer Shares themselves. Excess application from Qualifying Shareholders (including registered nominee company) will be accepted by the Company even if their assured entitlement of the Open Offer Shares is not subscribed for in full.

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 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 Friday, 26 May 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 Friday, 26 May 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 Friday, 26 May 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.

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.

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 the Underwritten Shares being not less than 574,391,712 Offer Shares (assuming no subscription of the Outstanding Options and no exchange of the Exchangeable Note) and not more than 712,121,712 Offer Shares (assuming full subscription of the Outstanding Options and full exchange of the Exchangeable Note) pursuant to the Underwriting Agreement. 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 agreed to subscribe or procure subscription respectively by the Underwriter 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

To the best of the knowledge of the Directors, as at the date of this announcement, the Underwriter, and its associates are Independent Third Party(ies), not acting in concert 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 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 Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed "Conditions of the Open Offer" above.

Rescission and 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
- (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 announcement 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.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Open Offer:

Scenario 1:

Assuming that there is no change to the issued share capital of the Company from the date of this announcement up to and including the Record Date:

Share holders	As at the date of this announcement and up to the Record Date (Note 1)		Immediately after completion of the Open Offer			
			Assuming all the Offer Shares are subscribed for by the Qualifying Shareholders and there is no Excluded Shareholders (Note 1)		Assuming the Underwriter takes up all the Offer Shares (Note 1)	
	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding
Ms. Chan Shui Sheung Ivy (Note 2)	60,000	0.005%	90,000	0.005%	60,000	0.004%
Underwriter (Note 3)	–	–	–	–	574,391,712	33.333%
Other public Shareholders	1,148,723,425	99.995%	1,723,085,137	99.995%	1,148,723,425	66.663%
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 table 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 date of this announcement, Ms. Chan Shui Sheung Ivy, an executive Director, is beneficially interested in 60,000 Shares.
- (3) The above information is for illustration purpose only. Pursuant to the Underwriting Agreement, the Underwriter will not subscribe, for its own account, and will procure each of the subscribers of the Shortfall Underwritten Shares (including any direct and indirect sub-underwriters) and their respective associates, will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 10% or more of the voting rights of the Company immediately upon completion of the Open Offer.

Scenario 2:

Assuming that there is no change to the issued share capital of the Company and immediately after all the Offer Shares are subscribed for by the Qualifying Shareholders (including the holders of Outstanding Options and the Exchangeable Note) from the date of this announcement up to and including the Record Date:

Shareholders	Immediately after completion of the Open Offer							
	As at the date of this announcement and up to the Record Date (Note 1)		Assuming the Outstanding Options are exercised in full and full exercise of the Exchangeable Note at the date of this announcement (Note 1)		Immediately after all the Offer Shares are subscribed for by the Qualifying Shareholders (including the holders of Outstanding Options and the Exchangeable Note) (Note 1)		Assuming the Underwriter takes up all the Offer Shares (Note 1)	
	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding
Ms. Chan Shui Sheung Ivy (Note 2)	60,000	0.005%	60,000	0.004%	90,000	0.004%	60,000	0.003%
Holders of the Outstanding Options and Exchangeable Note	-	-	275,460,000	19.341%	413,190,000	19.341%	275,460,000	12.894%
Underwriter (Note 3)	-	-	-	-	-	-	712,121,712	33.333%
Other public Shareholders	1,148,723,425	99.995%	1,148,723,425	80.655%	1,723,085,137	80.655%	1,148,723,425	53.770%
Total	1,148,783,425	100.000%	1,424,243,425	100.000%	2,136,365,137	100.000%	2,136,365,137	100.000%

Notes:

- (1) Certain figures included in the above table 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 date of this announcement, Ms. Chan Shui Sheung Ivy, an executive Director, is beneficially interested in 60,000 Shares.
- (3) The above information is for illustration purpose only. Pursuant to the Underwriting Agreement, the Underwriter will not subscribe, for its own account, and will procure each of the subscribers of the Shortfall Underwritten Shares (including any direct and indirect sub-underwriters) and their respective associates, will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 10% or more of the voting rights of the Company immediately upon completion of the Open Offer.

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 not less than approximately HK\$57,439,171 and not more than approximately HK\$71,212,171 before expenses from the Open Offer. The minimum 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 outstanding liabilities and (ii) approximately HK\$22,500,000 for the general working capital of the Group.

Assuming the Company will issue 574,391,712 Offer Shares in the Open Offer, 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; and (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 announcement. 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.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the date of this announcement:

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 (Note)
			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.	
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\$81,000,000 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 date of this announcement.

(II) 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.

Effects of the Share Consolidation

As at the date of this announcement, 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 announcement 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.

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.

(III) 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.

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.

Odd lots arrangement and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Shares arising from the Open Offer and the change of board lot size, the Company will appoint a designated broker to provide matching services for the sale and purchase of odd lots of the Shares on a best effort basis for the period from 9:00 a.m. on Tuesday, 13 June 2017 to 4:00 p.m. on Monday, 3 July 2017 (both dates inclusive). Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Further details in respect of the odd lots matching arrangement will be set out in the Prospectus to be despatched by the Company to the Shareholders.

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.

The issue of the Offer Shares may bring about a downward adjustment in the trading price of the Shares on the Stock Exchange and the change in board lot size for trading in the Offer Shares on the Stock Exchange would increase the trading amount for each board lot which would reduce the transaction costs per Share for dealing in the Offer Shares. As a result, the change in board lot size for trading in the Offer Shares on the Stock Exchange would enable the Company to comply with the trading requirements under 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 date of this announcement, 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 date of this announcement, 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.

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 announcement 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 Tuesday, 9 May 2017.

The Prospectus Documents setting out details of the Open Offer is expected to be despatched to the Qualifying Shareholders on or before Thursday, 4 May 2017.

EXPECTED TIMETABLE OF THE OPEN OFFER, THE SHARE CONSOLIDATION AND THE CHANGE OF BOARD LOT SIZE

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

Last day of dealings in Shares on a cum-entitlement basis Friday, 21 April 2017

First day of dealings in Shares on an ex-entitlement basis Monday, 24 April 2017

Latest time for lodging transfers of Shares
in order to qualify for the Open Offer 4:00 p.m. on Tuesday,
25 April 2017

Closure of register of members of the Company Wednesday, 26 April 2017 to
Tuesday, 2 May 2017
(both dates inclusive)

Record Date to determine entitlements under the Open Offer Tuesday, 2 May 2017

Register of members of the Company re-opens Thursday, 4 May 2017

Despatch of the Prospectus Documents Thursday, 4 May 2017

Despatch date of circular with notice of the SGM. on or before
Tuesday, 9 May 2017

Latest Time for Acceptance and payment for the Offer Shares 4:00 p.m. on Thursday,
18 May 2017

Latest Time for Termination of the Underwriting Agreement 4:00 p.m. on Friday,
19 May 2017

Latest time for lodging forms of proxy for the SGM. 11:00 a.m. on Wednesday,
24 May 2017

Announcement of results of the Open Offer to be
published on the Stock Exchange's website and
the Company's website Thursday, 25 May 2017

Despatch of Share certificates for the Offer Shares Friday, 26 May 2017

Despatch of refund cheques for wholly or partially
unsuccessful applications for excess Offer Shares;
or if the Open Offer is terminated Friday, 26 May 2017

Date and time of the SGM	11:00 a.m. on Friday, 26 May 2017
Announcement of voting results of the SGM	Friday, 26 May 2017
Dealings in the Offer Shares expected to commence.	9:00 a.m. on Monday, 29 May 2017
Effective date of the Share Consolidation	Monday, 29 May 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 Monday, 29 May 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 Monday, 29 May 2017
First day of free exchange of existing Share certificates for the existing Shares into new share certificates for the Consolidated Shares	Monday, 29 May 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, 13 June 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, 13 June 2017
Designated broker starts to stand in the market to provide matching services	9:00 a.m. on Tuesday, 13 June 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, 3 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, 3 July 2017
Last day for the designated broker to stand in the market to provide matching services	4:00 p.m. on Monday, 3 July 2017
Last day of free exchange of existing Share certificates for the new share certificates.	Wednesday, 5 July 2017

All times and dates specified in this announcement refer to Hong Kong local times. Dates stated in this announcement 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.

DEFINITIONS

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

“Application Form(s)”	the form 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
“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 Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended from time to time)
“Consolidated Share(s)”	ordinary Share(s) of HK\$0.01 each in the share capital of the Company upon the Share Consolidation becoming effective
“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
“Conversion Price”	HK\$0.5 per conversion Share pursuant to the bond instrument of the Convertible Bonds
“Director(s)”	the director(s) of the Company

“Excess Application Form”	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 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
“Last Trading Day”	7 April 2017, being the last trading day prior to the execution of the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 18 May 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 the Prospectus
“Latest Time for Termination”	4:00 p.m. on Friday, 19 May 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)”	not less than 574,391,712 new Shares and not more than 712,121,712 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 date of the Underwriting Agreement
“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”	the prospectus to be despatched to Shareholders in connection with the Open Offer in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the Application Form(s) and the Excess Application Form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares
“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, or such other date as may be agreed between the Company and the Underwriter 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 to consider and, if thought fit, approve, among other things, the 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 Shareholders or for which duly completed 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
“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
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“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 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	the Offer Shares (being not less than 574,391,712 Offer Shares (assuming that there is no change to the issued share capital of the Company on or before the Record Date) and not more than 712,121,712 Offer Shares (assuming that there is no change to the issued share capital of the Company other than as a result of the issue of Shares upon exercise of the Outstanding Options in full and the exercise of the exchange and/or conversion rights attaching to the Exchangeable Note from the date of this announcement up to and including the Record Date)

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

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

Hong Kong, 10 April 2017

As at the date hereof, the Company’s executive Directors are Mr. Lam Kwok Hing Wilfred, J.P., (Chairman), Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; and the independent non-executive Directors are Ms. Yuen Wai Man and Mr. Chow Fu Kit Edward.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website at www.hkgem.com for at least 7 days and the Company website at www.chinesestrategic.com from the date of its publication.