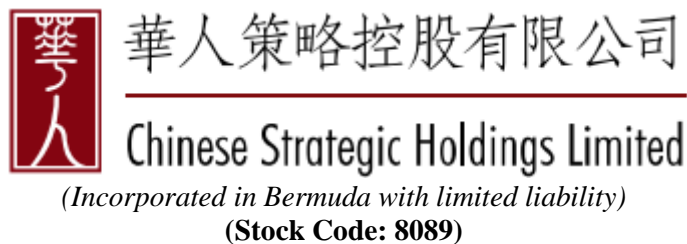


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PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Placing of a maximum of 150,000,000 new Shares under General Mandate

On 17 October 2016 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 150,000,000 Placing Shares at a price of HK\$0.24 per Placing Share to not less than six Placeses under the General Mandate.

A maximum of 150,000,000 Placing Shares under the Placing represent (i) approximately 15.02% of the existing issued share capital of the Company of 998,783,425 Shares as at the date of this announcement; and (ii) approximately 13.06% of the issued share capital of the Company of 1,148,783,425 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company prior to the Completion. The aggregate nominal value of the Placing Shares under the Placing will be HK\$150,000.

The Placing Price of HK\$0.24 represents (i) a discount of approximately 5.88% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 17 October 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 3.23% to the average closing price of approximately HK\$0.248 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the Placing Shares, and such listing and permission not having been subsequently revoked.

The maximum gross proceeds from the Placing will be HK\$36 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$34.9 million which will be used for general working capital of the Group as to (i) approximately HK\$11.3 million for the general operating capital for the Group for the coming 3 months; (ii) approximately HK\$10.3 million for the repayment of liabilities arising from the securities margin account of the Group; (iii) approximately HK\$8.1 million for the settlement of the outstanding operation payables; and (iv) approximately HK\$5.2 million for the settlement of interest payable on the liabilities of the Company.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

17 October 2016 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 150,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares. The Directors are of the view that the placing commission of 2.5% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares, on a best effort basis, at the price of HK\$0.24 per Placing Share to not less than six Placees under the General Mandate. It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) of the Company as a result of the Placing.

Number of Placing Shares

A maximum of 150,000,000 Placing Shares under the Placing represent (i) approximately 15.02% of the existing issued share capital of the Company of 998,783,425 Shares as at the date of this announcement and (ii) approximately 13.06% of the issued share capital of the Company of 1,148,783,425 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company prior to the Completion. The aggregate nominal value of the Placing Shares under the Placing will be HK\$150,000.

Placing Price

The Placing Price of HK\$0.24 per Placing Share represents (i) a discount of approximately 5.88% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 17 October 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 3.23% to the average closing price of approximately HK\$ 0.248 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net placing price under the Placing is approximately HK\$0.233 per Placing Share.

The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Shares in issue as at the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 196,498,800 new Shares. Up to the date of this announcement, 13,289,425 Shares under the General Mandate have been utilised for issue of the shares for settlement of the indebtedness of the Company, details of which was set out in the announcement of the Company dated 16 June 2016. Save as disclosed aforesaid, no other Share has been issued under the General Mandate. After Completion, approximately 83.10% of the General Mandate would be utilised.

Conditions of the Placing

Completion of the Placing is conditional upon: –

- (a) (if necessary) the approval by the Board of the Placing Agreement and the transactions contemplated thereby and/or all other consents and acts required under the GEM Listing Rules having been obtained and completed;
- (b) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the Shares to be issued under the Placing, and such listing and permission not having been subsequently revoked;
- (c) the Bermuda Monetary Authority having granted all, and not revoking any necessary approvals and permissions for the creation, allotment and issue of the new Shares to be issued under the Placing; and
- (d) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms thereof, including provisions regarding force majeure event.

If the above conditions are not satisfied by the Placing Agent on or before 8 November 2016 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be

terminated and the Placing will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion, in any event, will take place within two business days after the fulfilment of the above conditions or such other date to be agreed between the Company and the Placing Agent in writing.

Termination and force majeure events

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of Completion, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; 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 of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of Completion;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or

- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in businesses of properties investments, securities trading and loan financing.

The maximum gross proceeds from the Placing will be HK\$36 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$34.9 million which will be used for general working capital of the Group as to (i) approximately HK\$11.3 million for the general operating capital for the Group for the coming 3 months; (ii) approximately HK\$10.3 million for the repayment of liabilities arising from the securities margin account of the Group; (iii) approximately HK\$8.1 million for the settlement of the outstanding operation payables; and (iv) approximately HK\$5.2 million for the settlement of interest payable on the liabilities of the Company.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the financial position of the Group. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Date of announcement(s) or circular	Event	Net proceeds	Intended use of proceeds as stated in the announcement (s)	Actual use of proceeds
11 November 2015 and 23 November 2015	Placing of new Shares under general mandate	Approximately HK\$56 million	As general working capital of the Group	As to (i) approximately HK\$39 million for the investment in listed securities; (ii) approximately HK\$12.5 million for funds invested into and used in the loan financing business of the Group; (iii) approximately HK\$4.5 million for office operating expenses
27 November 2015 and 17 December 2015	Placing of existing Shares and subscription of new Shares under general mandate	Approximately HK\$37.6 million	As general working capital of the Group	As to (i) approximately HK\$3 million for the staffing costs, Tinian project associated professional fees, rental payment and other office expenses associated with the investment in the hospitality industry in Tinian, the Commonwealth of the Northern Mariana Islands; (ii) approximately HK\$1.8 million for the settlement of the interest for the property mortgage financing of the Group; (iii) approximately HK\$6.6 million for the investment in listed securities; (iv) approximately 12 million for funds invested into and used in the loan financing business of the Group; and (v) approximately HK\$14.2 million for the staffing cost, rental and utilities expenses, professional and consultant fee

2 March 2016, 31 March 2016 , 3 June 2016, 27 July 2016 and 29 July 2016	Placing of convertible bonds under specific mandate and placing of options to subscribe further convertible bonds under specific mandate	The principal amount (gross proceeds) of the convertible bonds has been revised to up to HK\$495,600,000.	Please refer to the announcement of the Company dated 2 March 2016 for the intended use of proceeds from the placing of convertible bonds of the Company in the principal amount of HK\$1,000,000,000. 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.	Not applicable
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Save as disclosed above, the Company has not conducted any other equity fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon Completion are set out below for illustration purposes:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Ms. Chan Shui Sheung Ivy (Note 1)	60,000	0.01%	60,000	0.01%
Placees (Note 2)	-	-	150,000,000	13.06%
Others	998,723,425	99.99%	998,723,425	86.93%
Total	998,783,425	100.00%	1,148,783,425	100.00%

Notes:

1. As at the date of this announcement, Ms. Chan Shui Sheung Ivy, an executive Director, is beneficially interested in 60,000 Shares.
2. It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) of the Company immediately after the Completion.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the existing General Mandate.

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the conditions precedent in the Placing Agreement being fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 28 April 2016 at which (among others) a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong

“Company”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on GEM
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Placee(s)”	any independent professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent
“Placing”	placing of a maximum of 150,000,000 new Shares of HK\$0.24 each by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 17 October 2016 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.24 per Placing Share
“Placing Shares”	a maximum of 150,000,000 new Shares to be placed under the Placing
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 17 October 2016

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, Mr. Wang Chin Mong and Mr. Chow Fu Kit Edward.

This announcement, for which the directors of the Company 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 of the Company, 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 Announcements” 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.