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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)**

## **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

**Placing Agent**



**FT Securities Limited**

### **THE PLACING**

On 29 January 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company proposes to offer the Placing Shares for subscription and appoint the Placing Agent on sole and exclusive basis to place and to procure subscriptions for the Placing Shares on a best-effort basis.

Up to 40,000,000 Placing Shares under the Placing represent (i) approximately 19.34% of the existing issued Shares as at the date of this announcement; and (ii) approximately 16.21% of the issued Shares as enlarged by the Placing, assuming no further change in the shareholding structure of the Company prior to the Completion. The aggregate nominal value of the Placing Shares under the Placing will be HK\$400,000.

The Placing Price of HK\$4 per Placing Share represents (i) a premium of approximately 0.50% to the closing price of HK\$3.98 per Share as quoted on the Stock Exchange on 29 January 2018, being the date of the Placing Agreement; and (ii) a premium of approximately 8.99% to the average closing price of approximately HK\$3.67 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among other things, the Listing Committee of the Stock Exchange having granted (subject to allotment), and not having withdrawn or revoked, the approval and/or permission to deal in the Placing Shares on GEM.

The maximum gross proceeds from the Placing will be HK\$160,000,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$154 million which will be used for (i) approximately HK\$60 million for the Company's general working capital; (ii) approximately HK\$75 million for relief of the liabilities of the Group; and (iii) approximately HK\$19 million for the expansion of the money lending business of the Group and possible investment in the future when opportunities arise.

## **GENERAL**

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder, including the grant of the specific mandate to allot and issue the Placing Shares.

A circular containing, amongst other things, (i) further details of the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders in due course.

**Completion is conditional upon the satisfaction or fulfilment of the conditions in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

**Date:** 29 January 2018 (after trading hours)

**Parties:** (i) the Company, as issuer; and  
(ii) FT Securities Limited, as placing agent.

Pursuant to the Placing Agreement, the Company proposes to offer the Placing Shares for subscription and appoint the Placing Agent on sole and exclusive basis to place and to procure subscriptions for the Placing Shares on a best-effort basis.

In consideration of the services of the Placing Agent in relation to the Placing, the Company shall pay to the Placing Agent, on the condition that Completion having taken place, a commission, in Hong Kong dollars, as shall be equivalent to 3.5% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares placed during the Placing Period. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors are of the view that the placing commission of 3.5% 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 owner are third parties independent of the Company and its connected persons.

### **Placees**

The Placing Agent will procure not less than six Placee(s) to subscribe for the Placing Shares at the Placing Price on terms and conditions set out in the Placing Agreement on best-effort basis during the Placing Period. For avoidance of any doubt, the Placing Agent is not underwriting the Placing Shares and under no circumstance shall the Placing Agent be required to purchase any of the unplaced Placing Shares as principal.

## **Number of Placing Shares**

Up to 40,000,000 Placing Shares under the Placing represent (i) approximately 19.34% of the existing issued Shares as at the date of this announcement; and (ii) approximately 16.21% of the issued Shares as enlarged by the Placing, assuming no further change in the shareholding structure of the Company prior to the Completion. The aggregate nominal value of the Placing Shares under the Placing will be HK\$400,000.

## **Issuance of Placing Shares**

The Company shall forthwith upon Completion issue and allot to the respective Placees the Placing Shares subscribed free from any and all encumbrances and together with all rights, interest and title of and/or attached to the Placing Shares which rights, interest and title shall rank *pari passu* to the then existing Shares in all respects at Completion, including the right to receive all dividends declared, made or paid on or after Completion.

## **Placing Price**

The Placing Price of HK\$4 per Placing Share represents (i) a premium of approximately 0.50% to the closing price of HK\$3.98 per Share as quoted on the Stock Exchange on 29 January 2018, being the date of the Placing Agreement; and (ii) a premium of approximately 8.99% to the average closing price of approximately HK\$3.67 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\$3.85 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 and the recent trading performance of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Conditions of the Placing

Completion shall be conditional upon the satisfaction or fulfillment of such conditions precedent as set out hereunder (collectively, the “**Conditions**”):

- (a) the Board having approved the Placing and the transactions contemplated under the Placing Agreement;
- (b) the Shareholders having passed the necessary resolutions at the SGM to approve, inter alia, the Placing as well as the Placing Agreement and all transactions contemplated thereunder at the SGM;
- (c) (if required) the Company having complied with, and procured for the compliance with, all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the Placing, issuance and allotment of the Placing Shares as well as the listing of and permission to deal in the Placing Shares and ensure the continued compliance thereof (provided in each case that the Placee(s) complies with and satisfies all such conditions);
- (d) the Listing Committee of the Stock Exchange having granted (subject to allotment), and not having withdrawn or revoked, the approval and/or permission to deal in the Placing Shares on GEM;
- (e) the Placing Agent having successfully procured Placee(s) ready, willing and able to subscribe for and to accept the allotment of the Placing Shares or any part thereof during the Placing Period;
- (f) the Company having submitted the list of Placees to the Stock Exchange for approval (which list of Placees shall set out the name and personal particulars of each Placee) and the Stock Exchange having approved the same;
- (g) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange and the approval not having been subsequently revoked or cancelled;

- (h) the Shares remaining listed on GEM, and that the listing status of the Shares not being subject to or threatened with any revocation, cancellation, withdrawal or suspension whatsoever;
- (i) (if required) the Company having obtained the necessary consent, approval, authorisation, permission, or confirmation from the monetary authority and/or such other relevant authorities of Bermuda; and
- (j) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as from the execution of the Placing Agreement up to Completion.

None of the Conditions can be waived, and the Company shall use its best endeavours to procure the satisfaction of such conditions as set out in (a) to (d) and (f) to (j) while the Placing Agent shall use all its best endeavours to procure the satisfaction of such conditions as set out in (e) as soon as practicable after the execution of the Placing Agreement and in any event, by the Closing Date, but if any one or more of the Conditions shall not have been satisfied or fulfilled by the Closing Date or any of the force majeure event set out below shall have occurred, all obligations of the Placing Agent and those of the Company under the Placing Agreement shall cease and determine forthwith and no Party shall have any claim against the other Party for or in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of any Party.

### **Application for listing**

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**

Subject to the fulfilment of the Conditions, Completion shall take place on the Completion Date.

## **Force majeure**

If at any time between the execution of the Placing Agreement and at 5:00 p.m. on the Business Day immediately prior to the Completion Date, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international event or change occurring after the execution 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 reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to 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 after the execution of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;

then the Placing Agent may upon giving notice to the Company terminate the Placing Agreement with immediate effect.

## REASONS FOR AND BENEFITS OF 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\$160,000,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$154 million which will be used for (i) approximately HK\$60 million for the Company's general working capital; (ii) approximately HK\$75 million for relief of the liabilities of the Group; and (iii) approximately HK\$19 million for the expansion of the money lending business of the Group and possible investment in the future when opportunities arise.

The Directors are of the view that (i) the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent; (ii) the Placing will enlarge the shareholder base and the capital base of the Company; and (iii) 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 IN THE PAST TWELVE MONTHS

<b>Date of the initial announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
17 October 2017	Placing of new Shares under general mandate	HK\$26.7 million	As general working capital of the Group.	As to (i) approximately HK\$7.2 million for the settlement of short-term borrowings and interest payments; and (ii) approximately HK\$14.8 million for the administrative expenses of the Group. And approximately HK\$4.7 million will be used for overhead expenses of the Group for February 2018. The net proceeds will be fully utilised by then.



<b>Date of the initial announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
10 April 2017	Open offer	HK\$54.2 million	As to (i) approximately HK\$31.7 million for the repayment of the short-term borrowings due from the Group to certain financial institutions; and (ii) approximately HK\$22.5 million for the general working capital of the Group.	As to (i) approximately HK\$39.1 million for the repayment of the short-term borrowings due from the Group to certain financial institutions; (ii) approximately HK\$11 million for staff costs and other administrative expenses of the Group; and (iii) approximately HK\$4.1 million for settlement of the outstanding operation payable of the Group.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately prior to 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:

	<b>As at the date of this announcement</b>		<b>Immediately upon Completion (assuming all the Placing Shares are fully placed)</b>	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Ms. Chan Shui Sheung Ivy ( <i>Note 1</i> )	9,000	0.0044	9,000	0.0037
The Places	–	–	40,000,000	16.2089
Other public Shareholders	<u>206,768,513</u>	<u>99.9956</u>	<u>206,768,513</u>	<u>83.7874</u>
Total	<u><u>206,777,513</u></u>	<u><u>100.0000</u></u>	<u><u>246,777,513</u></u>	<u><u>100.0000</u></u>

*Note: As at the date of this announcement, Ms. Chan Shui Sheung Ivy, an executive Director, is beneficially interested in 9,000 Shares.*

## GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder, including the grant of the specific mandate to allot and issue the Placing Shares.

A circular containing, amongst other things, (i) further details of the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders in due course.

**Completion is conditional upon the satisfaction or fulfilment of the conditions in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking 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”	the completion of the Placing, which shall take place on any Business Day falling within five Business Days after the Closing Date
“Completion Date”	means the Business Day on which the Completion takes place

“Closing Date”	means 29 March 2018, being the date on which all the Conditions have been satisfied or fulfilled, and the parties to the Placing Agreement may agree in writing to have the Closing Date postponed to a later Business Day
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of (and appointed by) the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange
“Placee(s)”	any investor who is either a professional or institutional investor or other investors selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Company (and its subsidiaries), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other Placee(s) or any Shareholders to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Code on Takeovers and Mergers in Hong Kong, procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement

“Placing”	placing of up to 40,000,000 new Shares at the Placing Price by the Placing Agent on a best-effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	FT Securities Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out regulated activities type 1 (dealing in securities) and type 4 (advising on securities) under and pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 29 January 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing on the Business Day immediately after the SGM and expiring at 5:00 p.m. on 20 March 2018 or such later date as the parties to the Placing Agreement may agree in writing
“Placing Price”	HK\$4 per Placing Share
“Placing Shares”	up to 40,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement which shall rank <i>pari passu</i> in all respects with the then existing Shares in issue at the date of allotment of the Placing Shares
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, (i) the Placing, and (ii) the Placing Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 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, 29 January 2018

*As at the date hereof, the 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. Chow Fu Kit Edward and Mr. Lam Raymond Shiu Cheung.*

*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 Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days and the Company website at [www.chinesestrategic.com](http://www.chinesestrategic.com) from the date of its publication.*