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## **(I) PLACING OF NEW SHARES UNDER GENERAL MANDATE; AND (II) RESUMPTION OF TRADING**

### **Placing Agents**



### **(I) THE PLACING**

On 4 March 2019, the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have conditionally agreed, as agents of the Company, to procure not less than six Placees on a best efforts basis to subscribe for up to 41,000,000 Placing Shares at the Placing Price of HK\$0.35 per Placing Share during the Placing Period.

Up to 41,000,000 Placing Shares under the Placing represent (i) approximately 19.83% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 16.55% of the total number of issued Shares as enlarged by the Placing, assuming no further change in the shareholding structure of the Company prior to the Completion Date. The aggregate nominal value of the Placing Shares under the Placing will be HK\$410,000.

The Placing Price of HK\$0.35 per Placing Share represents (i) a discount of approximately 7.89% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on 1 March 2019, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 7.65% to the average closing price of approximately HK\$0.379 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 Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. Application will be made by the Company to the Listing Committee for the granting of the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$14.3 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agents, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$13.5 million which will be used for (i) approximately HK\$5 million for the Group's general working capital including overhead expenses of the Group and expansion of business; and (ii) approximately HK\$8.5 million towards the liabilities of the Group.

**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.**

## **(II) RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on GEM has been halted with effect from 9:00 a.m. on 4 March 2019 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares with effect from 9:00 a.m. on 5 March 2019.

## **(I) THE PLACING**

On 4 March 2019, the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have conditionally agreed, as agents of the Company, to procure not less than six Placees on a best efforts basis to subscribe for up to 41,000,000 Placing Shares at the Placing Price of HK\$0.35 per Placing Share during the Placing Period.

### **The Placing Agreement**

**Date:** 4 March 2019

**Parties:** (i) the Company, as issuer; and  
(ii) Excel Precise Securities Limited and Paragon Securities Limited, as the Placing Agents.

(each a “Party”, and collectively, the “Parties”)

In consideration of the services of the Placing Agents in relation to the Placing, the Company shall pay to each Placing Agent, provided that Completion occurs in accordance with the Placing Agreement, a commission equivalent to 3% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares placed in the Placing. The placing commission in respect of the Placing was negotiated on arm’s length basis between the Company and the Placing Agents 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% 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 Agents and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **Placees**

The Placing Shares will be placed to not less than six Placees. The Placee(s) shall be any investor(s) being either a professional or institutional investor or other investors selected and procured by or on behalf of any of the Placing Agents as contemplated by the Placing Agreement, who and whose ultimate beneficial owners are Independent Third Parties.

## **Number of Placing Shares**

Up to 41,000,000 Placing Shares under the Placing represent (i) approximately 19.83% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 16.55% of the total number of issued Shares as enlarged by the Placing, assuming no further change in the shareholding structure of the Company prior to the Completion Date.

The aggregate nominal value of the Placing Shares under the Placing will be HK\$410,000.

## **Issuance of Placing Shares**

The Company shall, upon Completion, issue and allot the Placing Shares under the General Mandate to the Placees free from any and all encumbrances and together with all rights attaching to them ranking *pari passu* to the issued and existing Shares in all respects as at the Completion Date, including the right to receive all dividends declared, made or paid on or after the Completion Date.

## **Placing Price**

The Placing Price of HK\$0.35 per Placing Share represents (i) a discount of approximately 7.89% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on 1 March 2019, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 7.65% to the average closing price of approximately HK\$0.379 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\$0.33 per Placing Share.

The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agents 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 of the Placing is conditional upon (collectively, the “**Conditions**”):

- (a) the Board having passed relevant resolutions for approval of the Placing Agreement and the transactions contemplated thereunder;

- (b) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares on GEM and such approval not having been subsequently revoked, withdrawn or cancelled or threatened with any revocation, withdrawal or cancellation by the Closing Date;
- (c) the Placing Agents, or either of them, having successfully procured not less than six (6) Placées to subscribe for the Placing Shares or any portfolio thereof at the Placing Price;
- (d) (if required) the Company having obtained all necessary consent, approval, authorisation, permission, or confirmation for the consummation of the transactions contemplated under the Placing Agreement from any third party with whom the Company has entered into any agreement or arrangement; and
- (e) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading in any or all material respect as of the date of the Placing Agreement and the Completion Date.

Save and except such Conditions as set out in (e) which may be waived unilaterally by the Placing Agents, none of the other Conditions can be waived by any Party. The Company shall use all its best endeavours to procure the satisfaction of all the Conditions (save and except (e) upon the satisfaction or fulfilment of the same having been waived unilaterally by the Placing Agents) as set out in (a) to (e) above, and in case any of the Conditions (save and except (e) upon the satisfaction or fulfilment of the same having been waived unilaterally by the Placing Agents) shall not have been satisfied or fulfilled by 29 March 2019 (or such later date as the Parties shall mutually agree in writing) (the “**Closing Date**”) or any of the force majeure event set out below shall have occurred, all obligations of the Parties shall cease and determine, and no Party shall have any claim whatsoever against the other Party in relation thereto or as a result thereof save for any antecedent breach of any obligations under the Placing Agreement and without prejudice to the accrued rights and liabilities of the respective Parties.

### **Application for listing**

Application will be made by the Company to the Listing Committee 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 of the Placing Agreement shall take place on the Completion Date.

## **General Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 41,355,502 Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate since its grant. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to Shareholders' approval. The General Mandate will be utilised as to approximately 99.14% upon the allotment and issue of all the Placing Shares.

## **Force Majeure**

If at any time between the date of the Placing Agreement and at 5:00 p.m. on 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 Agents, or either of them, 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 occurring 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 reasonable opinion of the Placing Agents, or either of them, 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 (such success being the Completion) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agents, or either of them, 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 on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the Completion) or otherwise in the reasonable opinion of the Placing Agents make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agents, or either of them, to proceed with the Placing;

Then the Placing Agents may jointly upon giving notice to the Company terminate the Placing Agreement with immediate effect. If the Placing Agreement shall be terminated pursuant to this section, the obligations of the Placing Agents shall cease and determine and the Company shall not be liable to pay any commission under the Placing Agreement and other provisions of the Placing Agreement shall forthwith cease and determine and no Party shall, save as provided in this section, have any claim against any of the other Parties for compensation, costs, damages or otherwise.

## **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

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

The maximum gross proceeds from the Placing will be approximately HK\$14.3 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agents, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$13.5 million which will be used for (i) approximately HK\$5 million for the Group's general working capital including overhead expenses of the Group and expansion of business; and (ii) approximately HK\$8.5 million towards the liabilities of the Group.

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 Agents; (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**

The Company has not conducted any 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:

	As at the date of this announcement		Immediately upon Completion (assuming the Placing Shares are fully placed)	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Ng Kam Ching	34,986,600	16.9199	34,986,600	14.1202
Ms. Chan Shui Sheung Ivy ( <i>Note</i> )	9,000	0.0044	9,000	0.0036
The Placees	–	–	41,000,000	16.5471
Other public Shareholders	171,781,913	83.0757	171,781,913	69.3291
Total	<u>206,777,513</u>	<u>100.0000</u>	<u>247,777,513</u>	<u>100.0000</u>

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

**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.**

## (II) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on GEM has been halted with effect from 9:00 a.m. on 4 March 2019 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares with effect from 9:00 a.m. on 5 March 2019.



## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“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
“Completion Date”	the date of Completion, which shall be any Business Day within a period of five Business Days after the Closing Date or such other date as the Parties may mutually agree in writing
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 3 May 2018 to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 206,777,513 Shares) as at the date of passing such resolution, which is equivalent to 41,355,502 Shares

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who shall be (a) independent of the Group, its connected person(s) and their respective associate(s); and (b) independent of and not parties acting in concert with any persons, other Placee(s) or Shareholders to the effect that any Placing to such Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code
“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 professional or institutional investor or other investors, being Independent Third Parties, selected and procured by or on behalf of any Placing Agent concerned to subscribe for the Placing Shares or any portfolio thereof pursuant to that Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agents on the terms and subject to the conditions of the Placing Agreement
“Placing Agents”	Excel Precise Securities Limited and Paragon Securities Limited, corporations licensed by the Securities and Futures Commission of Hong Kong to carry out regulated activities type 1 (dealing in securities) under and pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), each as a Placing Agent
“Placing Agreement”	conditional placing agreement dated 4 March 2019 entered into between the Company and the Placing Agents in relation to the Placing

“Placing Period”	the period commencing from 4 March 2019 and expiring at 5:00 p.m. on 18 March 2019 or such other date as the Parties may mutually agree in writing
“Placing Price”	HK\$0.35 per Placing Share
“Placing Shares”	a maximum of 41,000,000 new Shares to be allotted and issued pursuant to the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“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*

Hong Kong, 4 March 2019

*As at the date hereof, the executive Directors are Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; non-executive Director is Mr. Lam Kwok Hing Wilfred, J.P., (Chairman); 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 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.*