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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Chinese Strategic Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**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 for at least 7 days and on the Company website at www.chinesestrategic.com from the date of its publication.

The board of directors (the “**Board**”) of Chinese Strategic Holdings Limited (the “**Company**”) hereby announces to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 30 September 2016, together with the comparative figures for the corresponding period in year 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover	3	85,067	9,202	159,031	141,532
Revenue	3	1,385	4,580	3,769	7,438
Cost of sales		(55)	(61)	(191)	(184)
Gross profit		1,330	4,519	3,578	7,254
Other income and gains		148	182	398	184
Administrative expenses		(17,783)	(22,222)	(67,895)	(63,887)
Changes in fair values of investment properties, net		1,100	–	(1,100)	2,700
Changes in fair values of investments held for trading		(75)	(390,169)	(69,971)	(59,352)
(Loss) gain on disposals of investments held for trading		(9,933)	(2,900)	(19,776)	42,283
Changes in fair values of convertible instruments designated as financial assets at fair value through profit or loss		(679)	(1,820)	(6,260)	100
Changes in fair values of derivative financial liabilities		3	(5,402)	8,125	(5,402)
Gain arising from derecognition of derivative financial liabilities		–	–	–	3,156
Gain(loss) on disposal of subsidiaries		–	1,624	2,340	(11,761)
Share of loss of an associate		–	–	(62)	–
Share of profit of a joint venture		882	819	2,995	2,851
Operating loss		(25,007)	(415,369)	(147,628)	(81,874)
Finance costs	4	(8,284)	(6,546)	(26,680)	(18,622)
Loss before tax		(33,291)	(421,915)	(174,308)	(100,496)
Income tax expense	5	–	–	–	–
Loss for the period	6	(33,291)	(421,915)	(174,308)	(100,496)

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense) income					
<i>Items that may be reclassified</i>					
<i>subsequently to profit or loss:</i>					
Exchange differences arising on translating foreign operations		–	(400)	(3)	(56)
Fair value gain (loss) on available-for-sale financial assets		<u>2,047</u>	<u>(7,725)</u>	<u>207</u>	<u>228</u>
Other comprehensive (expense) income for the period		<u>2,047</u>	<u>(8,125)</u>	<u>204</u>	<u>172</u>
Total comprehensive expense for the period		<u>(31,244)</u>	<u>(430,040)</u>	<u>(174,104)</u>	<u>(100,324)</u>
(Loss) profit for the period attributable to:					
Owners of the Company		<u>(33,454)</u>	<u>(424,352)</u>	<u>(174,863)</u>	<u>(103,308)</u>
Non-controlling interests		<u>163</u>	<u>2,437</u>	<u>555</u>	<u>2,812</u>
		<u>(33,291)</u>	<u>(421,915)</u>	<u>(174,308)</u>	<u>(100,496)</u>
Total comprehensive (expense) income attributable to:					
Owners of the Company		<u>(31,407)</u>	<u>(432,477)</u>	<u>(174,659)</u>	<u>(103,136)</u>
Non-controlling interests		<u>163</u>	<u>2,437</u>	<u>555</u>	<u>2,812</u>
		<u>(31,244)</u>	<u>(430,040)</u>	<u>(174,104)</u>	<u>(100,324)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	8				
Basic		<u>(3.35)</u>	<u>(52.36)</u>	<u>(17.68)</u>	<u>(14.12)</u>
Diluted		<u>(3.35)</u>	<u>(52.36)</u>	<u>(17.68)</u>	<u>(14.12)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

	Attributable to owners of the Company										Non- controlling interests	Total
	Share capital	Share premium	Contributed surplus	Share options reserve	Investment revaluation reserve	Warrant reserve	Convertible loan notes reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015(audited)	676	2,901,300	7,914	3,590	20,268	1,350	-	19,536	(2,127,622)	827,012	25,255	852,267
Profit (loss) for the period	-	-	-	-	-	-	-	-	(103,308)	(103,308)	2,812	(100,496)
Other comprehensive income (expense) for the period	-	-	-	-	228	-	-	(56)	-	172	-	172
Total comprehensive income (expense) for the period	-	-	-	-	228	-	-	(56)	(103,308)	(103,136)	2,812	(100,324)
Release of exchange reserve upon disposal of subsidiary	-	-	-	-	-	-	-	(11,398)	11,398	-	-	-
Capital injection by non- controlling interest	-	-	-	-	-	-	-	-	-	-	100	100
Issue of shares upon exercise of non-listed warrants	134	28,135	-	-	-	(1,350)	-	-	-	26,919	-	26,919
Recognition of equity component of convertible bonds	-	-	-	-	-	-	4,303	-	-	4,303	-	4,303
At 30 September 2015 (unaudited)	<u>810</u>	<u>2,929,435</u>	<u>7,914</u>	<u>3,590</u>	<u>20,496</u>	<u>-</u>	<u>4,303</u>	<u>8,082</u>	<u>(2,219,532)</u>	<u>755,098</u>	<u>28,167</u>	<u>783,265</u>
At 1 January 2016 (audited)	982	3,042,196	7,914	3,590	22,752	-	3,368	1,747	(2,253,922)	828,627	28,219	856,846
Loss for the period	-	-	-	-	-	-	-	-	(174,863)	(174,863)	555	(174,308)
Other comprehensive (expense) income for the period	-	-	-	-	207	-	-	(3)	-	204	-	204
Total comprehensive (expense) income for the period	-	-	-	-	207	-	-	(3)	(174,863)	(174,659)	555	(174,104)
Issue of shares:												
exercise of share options pursuant to loan agreement	3	2,810	-	(977)	-	-	-	-	-	1,836	-	1,836
Recognition of share- based payment	14	7,694	-	-	-	-	(3,368)	-	-	4,340	-	4,340
	-	-	-	12,524	-	-	-	-	-	12,524	-	12,524
At 30 September 2016 (unaudited)	<u>999</u>	<u>3,052,700</u>	<u>7,914</u>	<u>15,137</u>	<u>22,959</u>	<u>-</u>	<u>-</u>	<u>1,744</u>	<u>(2,428,785)</u>	<u>672,668</u>	<u>28,774</u>	<u>701,442</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. COMPANY INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange since 18 May 2000. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and its principal place of business is located at 2nd Floor, SBI Centre, Nos. 54-58 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial results for the nine months ended 30 September 2016 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in preparing the condensed consolidated financial statements for the nine months ended 30 September 2016 are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2015 (the “**2015 Financial Statements**”), except for the new and revised HKFRSs (“**New HKFRSs**”) issued by HKICPA which have become effective in this period as detailed in notes of the 2015 Financial Statements. The Directors believe that the application of the New HKFRSs has no material impact on the unaudited condensed consolidated financial results for the nine months ended 30 September 2016.

3. TURNOVER AND REVENUE

Turnover represents the aggregate of rental income, net proceeds from the disposal of investments held for trading and interest income from the provision of loan financing during the period. Revenue represents the aggregate of rental income, interest income from the provision of loan financing and dividend income from investments held for trading during the period.

The analysis of the Group's turnover and revenue for the period is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover				
Rental income	612	1,146	1,836	3,399
Net proceeds from the disposal of investments held for trading	83,682	4,622	155,262	134,094
Interest income from the provision of loan financing	773	3,434	1,933	4,039
	<u>85,067</u>	<u>9,202</u>	<u>159,031</u>	<u>141,532</u>
Revenue				
Rental income	612	1,146	1,836	3,399
Interest income from the provision of loan financing	773	3,434	1,933	4,039
Dividend income from investments held for trading	–	–	–	–
	<u>1,385</u>	<u>4,580</u>	<u>3,769</u>	<u>7,438</u>

4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on:				
Bank borrowings	154	160	465	485
Other loans	4,459	4,202	9,083	11,403
Bond payables	955	1,998	2,846	6,548
Convertible loan notes	–	186	6,884	186
Obligations under finance leases	19	–	63	–
Margin loans	2,697	–	7,339	–
	<u>8,284</u>	<u>6,546</u>	<u>26,680</u>	<u>18,622</u>

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 30 September 2016 and 30 September 2015.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Three months ended		Nine months ended	
	30 September 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	30 September 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Staff costs including directors' emoluments:				
Salaries and allowances	7,012	7,062	21,715	23,006
Share-based payment expenses	–	–	12,524	–
Contributions to retirement benefits scheme	163	184	462	603
	7,175	7,246	34,701	23,609
Depreciation of plant and equipment	697	616	2,007	1,985
Amortisation of prepaid lease payment	97	97	291	291
Minimum lease payments under operating leases	1,960	2,120	6,289	6,817
Gross rental income	(612)	(1,146)	(1,836)	(3,399)
Less: outgoings (included in cost of sales)	55	61	191	184
Net rental income	<u>(557)</u>	<u>(1,085)</u>	<u>(1,645)</u>	<u>(3,215)</u>

7. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the nine months ended 30 September 2016 and 30 September 2015, nor has any dividend been proposed since 30 September 2016 and up to the date of this announcement.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(33,454)</u>	<u>(424,352)</u>	<u>(174,863)</u>	<u>(103,308)</u>
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	998,783	810,414	988,976	731,528
Effect of dilutive potential ordinary shares in respect of non-listed warrants	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>998,783</u>	<u>810,414</u>	<u>988,976</u>	<u>731,528</u>

The computation of diluted loss per share for the three months and nine months ended 30 September 2016 does not assume the exercise of the Company's share options, the options to subscribe convertible bonds since it would result in a decrease in loss per share for the period which is regarded as anti-dilutive.

The computation of diluted loss per share for the three months and nine months ended 30 September 2015 does not include the Company's share options, convertible bonds and the options to subscribe convertible bonds as the assumed exercise of these share options, convertible bonds and the options to subscribe convertible bonds has an anti-dilutive effect for the period in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The turnover of the Group for the nine months ended 30 September 2016 was approximately HK\$159,031,000 which was up 12.4% from approximately HK\$141,532,000 in the last corresponding period. The increase in turnover was mainly due to the increase in volume of securities trading.

Administrative expenses for the nine months ended 30 September 2016 was approximately HK\$67,895,000 (nine months ended 30 September 2015: approximately HK\$63,887,000), representing an increase of 6.3% as compared with the last corresponding period. The increase in administrative expenses was mainly due to share-based payment expenses of approximately HK\$12,524,000 in respect of the share options granted on 23 March 2016.

The loss attributable to the owners of the Company for the nine months ended 30 September 2016 aggregated at approximately HK\$174,863,000 (nine months ended 30 September 2015: approximately HK\$103,308,000). Loss for the period was mainly attributable to loss arising from fair value changes of investments held for trading of approximately HK\$63,226,000. The basic loss per share for the nine months ended 30 September 2016 was HK17.68 cents (nine months ended 30 September 2015: HK14.12 cents).

Business Review and Outlook

The Group recorded a rental income of approximately HK\$1,836,000 for the nine months ended 30 September 2016 (nine months ended 30 September 2015: approximately HK\$3,399,000) through properties leasing. The decrease in rental income was mainly due to the disposal of two properties in Mainland China in August 2015. As at 30 September 2016, the fair value of investment properties of the Group amounted to approximately HK\$93,800,000 (31 December 2015: approximately HK\$94,900,000). Rental income provided stable cashflow to the Group and is expected to continue in the future. The management remains cautiously optimistic about the property market and will look for desirable property investment opportunities for the benefit of the Company and its shareholders.

Segmental turnover of the securities trading business for the nine months ended 30 September 2016 was approximately HK\$155,262,000 (nine months ended 30 September 2015: approximately HK\$134,094,000). During the period under review, the Group recorded a loss arising from the fair value changes of investments held for trading of approximately HK\$69,971,000 (nine months ended 30 September 2015: approximately HK\$59,352,000) and a loss on disposals of investments held for trading of approximately HK\$19,776,000 (nine months ended 30 September 2015: gain of approximately HK\$42,283,000). The loss as recorded was due to volatile stock prices of the investments held for trading in light of the fluctuating market conditions. Meanwhile, the devaluation of RMB, the slowdown of Mainland China economy and the uncertain US monetary policies remain key factors dragging the fluctuation of the stock market. As at 30 September 2016, the Group had investments held for trading amounted to approximately HK\$287,089,000 (31 December 2015: approximately HK\$413,950,000).

The Group generated an interest income of approximately HK\$1,933,000 during the period under review (nine months ended 30 September 2015: approximately HK\$4,039,000) representing a drop of approximately 52.1%. Facing with tight funding and increasing expectation of a US interest rate hike, the loan financing business has limitation to expand and will affect its performance.

Looking ahead, apart from strengthening its cash position, the Group will continue to place its efforts searching for suitable investment opportunities.

Fund Raising Activities

On 29 February 2016, the Company and the placing agent entered into a placing agreement (as revised and supplemental by the supplemental placing agreement on 31 March 2016). Subsequently, a second supplemental placing agreement was entered into to supersede the placing agreement in entirety on 2 June 2016 which was revised and supplemental by the third supplemental placing agreement on 27 July 2016, to place the convertible bond (the “**Revised New CB**”) in principal amount of up to HK\$495,600,000. The Revised New CB, upon full conversion, are convertible into 1,180,000,000 new shares at the Revised New CB conversion price of HK\$0.42 per share which shall be allotted and issued by the Company under specific mandate (“**Revised New CB Placing**”). The maximum gross proceeds from the Revised New CB Placing will be HK\$495,600,000.

As the condition precedent to the Revised New CB Placing had not been fulfilled on or before the overall completion date on 30 October 2016, the Revised New CB Placing lapsed thereon.

Details of the placing are set out in the announcements of the Company dated 2 March 2016, 31 March 2016, 3 June 2016, 27 July 2016, 29 July 2016 and 1 November 2016 and the circular of the Company dated 16 June 2016.

Liquidity and Financial Resources

The Group principally finances its operations through a combination of shareholders’ equity, internally generated cash flows and borrowings.

As at 30 September 2016, the Group had cash and cash equivalent of approximately HK\$2,251,000 (31 December 2015: approximately HK\$46,952,000) and had interest-bearing borrowings of approximately HK\$234,072,000 (31 December 2015: approximately HK\$168,426,000).

As at 30 September 2016, the gearing ratio (measured as total liabilities to total assets) was approximately 32% (31 December 2015: approximately 27%).

Capital Structure

As at 30 September 2016, the Company’s issued share capital was HK\$998,783 (31 December 2015: HK\$982,494), divided into 998,783,425 shares (31 December 2015: 982,494,000 shares) of HK\$0.001 each. During the nine months ended 30 September 2016, the Company allotted and issued 16,289,425 new shares upon the exercise of share option and pursuant to loan agreement.

Capital Commitments

As at 30 September 2016 and 31 December 2015, the Group did not have any capital commitments.

Contingent Liabilities

As at 30 September 2016 and 31 December 2015, the Group did not have any material contingent liabilities.

Charges on Assets

As at 30 September 2016, investment properties, certain investments held for trading and certain loan receivables with an aggregate carrying value of approximately HK\$298,107,000 (31 December 2015: approximately HK\$309,117,000) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group.

Material Acquisitions and Disposals

On 25 February 2016, 北京華鼎滙金投資有限責任公司 (Beijing Huading Huijin Investment Company Limited*) as vendor, Selected Team Limited, a wholly-owned subsidiary of the Company as purchaser and the Company (collectively the “**Parties**”) entered into a sale and purchase agreement, pursuant to which the vendor conditionally agreed to sell and the purchaser conditionally agreed to acquire, through a wholly foreign owned enterprise, the 51% equity interest in 金地毯 (北京) 文化傳媒有限公司 (Gold Carpet (Beijing) Culture Media Limited*) (“**Gold Carpet**”) at the consideration of HK\$120,000,000.

On 2 March 2016, an addendum to the sale and purchase agreement was entered into pursuant to which the purchaser agreed to advance a sum of HK\$10,000,000 within five days as deposit for the shareholder’s loan to Gold Carpet upon execution of the addendum.

On 29 April 2016, the Parties entered into a supplemental sale and purchase agreement (the “**Supplemental Agreement**”), pursuant to which the Parties agreed that completion shall not be subject to any conditions precedent and completion shall take place upon the execution of the Supplemental Agreement. The Parties further agreed that the purchaser shall issue an exchangeable note to the vendor to settle the consideration in its entirety. The vendor may exercise its right under the exchangeable note to exchange the exchangeable note for the convertible bonds. The convertible bonds in the principal amount of HK\$120,000,000, upon full conversion, are convertible into 240,000,000 new shares of the Company at the conversion price of HK\$0.5 per conversion share. On the same date, completion took place and the exchangeable note was issued.

In the event that the vendor exercises its exchange right under the exchangeable note to exchange the exchangeable note for the convertible bonds, the Company will seek approval for, among other things, the specific mandate from the shareholders of the Company at the special general meeting of the Company.

Details of the acquisition are set out in the announcements of the Company dated 25 February 2016, 2 March 2016, 27 April 2016, 28 April 2016, 29 April 2016 and 20 July 2016.

* For identification purpose only

Litigations

Reference is made to page 13 of 2015 Annual Report of the Company which discloses particulars on and progress of litigation matters in which the Company and/or its subsidiaries are involved.

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

Gain Millennia Limited, an indirect wholly-owned subsidiary of the Company ("GML") has on 23 February 2016 filed complaint for breach of contract in the Superior Court ("Court") for the Commonwealth Of The Northern Mariana Islands against Hong Kong Entertainment (Overseas) Investments Limited ("HKE"). Default judgement was granted by the Court in March 2016.

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

Advance to an Entity

On 15 February 2015 and 24 March 2015, HKE and Tinian Entertainment Co., Ltd ("TEC"), a former indirect wholly-owned subsidiary of the Company, entered into a provisional operating agreement and operating agreement respectively ("**Operating Agreement**") under which HKE intended to lease to TEC and TEC intended to lease from HKE, the leased property comprising of the Dynasty Hotel and the relevant assets at the occupation fees of approximately HK\$133,000,000. Upon the entering into the Operating Agreement, TEC has paid HKE a refundable deposit of HK\$50,000,000, which has been set off with part of the rental prepayment repayable by HKE. As at 30 September 2016, the entire amount due and owing by HKE in the aggregate sum of HK\$174,928,000 is still outstanding.

Following to the term sheet of 7 April 2016 and the restructuring agreement of 29 April 2016 regarding the restructuring of the Hotel-Casino Complex, the total outstanding amount due from HKE to GML, and TEC and other moneys payable by HKE to GML and/or its affiliated companies is HK\$164,737,720 (the "**GML Outstanding Amount**"). Pursuant to the restructuring agreement, a new company incorporated by Mr. Chen Chien Yeh ("**NewCo**") shall issue a convertible bonds in a principal sum of US\$21,150,002 to GML or its nominee as a full and final settlement of the GML Outstanding Amount. On 29 June 2016, a supplemental agreement was entered into to extend the long stop date of the restructuring agreement from 30 June 2016 to 30 September 2016. As at the date of this announcement, discussions on the restructuring under the agreements are currently underway. The Company will make further announcement(s) as and when required in accordance with the GEM Listing Rules.

Details are set out in the announcements of the Company dated 23 February 2015, 3 March 2015, 20 April 2015, 7 April 2016, 29 April 2016, 11 May 2016 and 29 June 2016.

Events after the Reporting Period

On 17 October 2016, the Company and the placing agent entered into a placing agreement pursuant to which the Company 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 independent placees under the general mandate. Placing was completed on 27 October 2016. Details are set out in the announcements of the Company dated 17 October 2016 and 27 October 2016.

On 9 November 2016, Rich Best Asia Limited, a wholly-owned subsidiary of the Company (“**Rich Best**”), entered into a deed of settlement with One Express Group Limited (“**One Express**”). Pursuant to the deed of settlement, One Express, being the sole legal and beneficial owner of 153,800,000 shares of China Fortune Financial Group Limited (stock code: 290) (“**Relevant Shares**”), shall irrevocably and unconditionally assign and transfer the Relevant Shares together with all rights and interests attached thereto to Victory Time Global Limited, a wholly-owned subsidiary and the nominee of Rich Best, to settle and discharge an outstanding indebtedness of HK\$32,000,000 due and owing by One Express to Rich Best as at 9 November 2016. Details of the settlement are set out in the announcement of the Company dated 9 November 2016.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SHARES OF THE COMPANY

As at 30 September 2016, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules were as follows:

Long position in shares and underlying shares of the Company

Name of Director	Type of interests	Number of issued ordinary shares held	Number of underlying shares	Approximate percentage of the issued share capital
Lam Kwok Hing Wilfred	Beneficial owner	–	3,000,000 <i>(Note)</i>	0.30%
Chan Shui Sheung Ivy	Beneficial owner	60,000	3,000,000 <i>(Note)</i>	0.31%
Mok Tsan San	Beneficial owner	–	3,000,000 <i>(Note)</i>	0.30%

Note:

All underlying shares are share options granted by the Company on 23 March 2016 under the Company’s share option scheme at the exercise price of HK\$0.612 per share.

Save as disclosed above, as at 30 September 2016, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the nine months ended 30 September 2016 was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the Directors, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the nine months ended 30 September 2016.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2016, persons (other than a director or chief executive of the Company) who had interests or short positions directly or indirectly in the Company's shares and/or underlying shares recorded in the register kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long position in shares and underlying shares of the Company

Name of Shareholders	Capacity	Number of shares	Number of underlying shares	Approximate percentage of interests
Chinese Capital Management Limited	Beneficial owner	46,103,189	62,000,000 (note)	10.82%

note:

This is an interest in underlying shares held directly by Chinese Capital Management Limited in respect of 62 options which entitle the optionholder to subscribe for the further convertible bonds in the principal amount of HK\$117,800,000. The further convertible bonds can be converted into 62,000,000 further conversion shares at the conversion price of HK\$1.90 per further conversion share. The date of expiry for conversion of convertible bonds was expired on 14 October 2016.

As at 30 September 2016, the number of shares issued by the Company was 998,783,425.

Save as disclosed above, the Directors were not aware of any other persons, other than a director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company as at 30 September 2016 as recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company or the Stock Exchange.

COMPETING INTERESTS

None of the Directors or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that competes or may compete with the business of the Group or had any other conflict of interest with the Group during the nine months ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2016.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual reports and financial statements, interim reports and quarterly reports and to provide comments thereon to the Board.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements and this quarterly results announcement for the nine months ended 30 September 2016 and has provided comments thereon.

On behalf of the Board
Chinese Strategic Holdings Limited
Lam Kwok Hing Wilfred
Chairman and Executive Director

Hong Kong, 10 November 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.