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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 GENERAL MANDATE**

**Placing Agent**

 **KINGSTON SECURITIES**

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

On 17 October 2017 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis to currently expected to be not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 34,460,000 Placing Shares at the Placing Price of HK\$0.8 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum of 34,460,000 Placing Shares represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.8 per Placing Share represents: (i) a discount of approximately 14.89% to the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on 17 October 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 17.70% to the average closing price of HK\$0.972 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 further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Subject to the completion of the Placing and assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$27.6 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$0.9 million, are estimated to be approximately HK\$26.7 million. The Company intends to apply the net proceeds from the Placing for the general working capital of the Group.

**Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

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

On 17 October 2017 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 34,460,000 Placing Shares at the Placing Price of HK\$0.8 per Placing Share. Details of the Placing Agreement are set out below:

### **The Placing Agreement**

Date: 17 October 2017

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 2.5% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. 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 consider that the placing commission in respect of the Placing is fair and reasonable.

### **Placees**

The Placing Shares will be placed to currently expected to be not less than six Placees who shall be professional, institutional or other investors independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties.

### **Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum of 34,460,000 Placing Shares represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 34,460,000 Placing Shares is HK\$344,600.

### **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.8 per Placing Share represents: (i) a discount of approximately 14.89% to the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on 17 October 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 17.70% to the average closing price of HK\$0.972 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 Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, amongst others, the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Conditions of the Placing**

The Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

In the event that any of the above conditions is not fulfilled on or before 7 November 2017 (or such later dates as may be agreed between the parties to the Placing Agreement in writing) (the "**Long Stop Date**"), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

## **Completion of the Placing**

Completion of the Placing shall take place on a date falling within four Business Days after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the parties to the Placing Agreement in writing) (the "**Completion Date**").

## **Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **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 34,463,502 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. 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 further Shareholders' approval. The General Mandate will be utilised as to approximately 99.99% upon the allotment and issue of all the Placing Shares.

## **Termination**

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing; (b) the Long Stop Date if the conditions as set out in the section headed "Conditions of the Placing" above have not been satisfied or waived (as the case may be) and (c) the termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.
- (ii) The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, 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 hereof) 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 Placing Shares to potential investors 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 Placing Shares to potential investors) 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.
- (iii) If, at or prior to 9:00 a.m. on the Completion Date:
- (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) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements 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.

- (iv) Upon giving of notice by the Placing Agent to terminate the Placing in accordance with the Placing Agreement, all obligations of the Placing Agent hereunder 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.

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

The Group is principally engaged in investment holding, properties investments, securities trading and loan financing.

Subject to completion of the Placing and assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$27.6 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$0.9 million, are estimated to be approximately HK\$26.7 million, representing a net issue price of approximately HK\$0.77 per Placing Share. The Company intends to apply the net proceeds from the Placing as the general working capital of the Group.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing are as follows:

	As at the date of this announcement		Immediately upon completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Ms. Chan Shui Sheung Ivy ( <i>Note 1</i> )	9,000	0.01	9,000	0.00
The Placees	–	–	34,460,000	16.67
Other public Shareholders	172,308,513	99.99	172,308,513	83.33
Total	<u>172,317,513</u>	<u>100.00</u>	<u>206,777,513</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Ms. Chan Shui Sheung Ivy, an executive Director, is beneficially interested in 9,000 shares.
- The percentage are subject to rounding errors, if any.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

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

Date of the initial announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
10 April 2017	Open offer	HK\$54,200,000	As to (i) approximately HK\$31,700,000 for the repayment of the short-term borrowings due from the Group to certain financial institutions; and (ii) approximately HK\$22,500,000 for the general working capital of the Group.	As to (i) approximately HK\$39,100,000 for the repayment of the short-term borrowings due from the Group to certain financial institutions; (ii) approximately HK\$11,000,000 for the general operating capital for the Group; and (iii) approximately HK\$4,100,000 for settlement of the outstanding operation payable of the Group.

<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 2016	Placing of Shares under general mandate	HK\$34,900,000	As to (i) approximately HK\$11,300,000 for the general operating capital for the Group for the coming 3 months; (ii) approximately HK\$10,300,000 for the repayment of liabilities arising from the securities margin account of the Group; (iii) approximately HK\$8,100,000 for the settlement of the outstanding operation payables; and (iv) approximately HK\$5,200,000 for the settlement of interest payable on the liabilities of the Company.	As to: (i) approximately HK\$11,400,000 for the general operating capital for the Group for October 2016 to December 2016; (ii) approximately HK\$11,800,000 for the repayment of liabilities arising from the securities margin accounts of the Group; (iii) approximately HK\$8,300,000 for the settlement of the outstanding operation payables; and (iv) approximately HK\$3,400,000 for the settlement of interest payable on the liabilities of the Group.

Save for disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

**Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Board”	the board of Directors
“Company”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the GEM (stock code: 8089)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	Growth Enterprise Market 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 Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 28 June 2017 to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution, pursuant to which a maximum of 34,463,502 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 34,460,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 17 October 2017 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.8 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Shares”	a total of up to 34,460,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

“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 2017

*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 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 on the Company website at [www.chinesestrategic.com](http://www.chinesestrategic.com) from the date of its publication.*