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## CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 235)**

### ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

**Financial adviser to the Company**



The Board is pleased to announce that on 20 November 2020 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.060 per Subscription Share.

The Subscription Shares represent (i) approximately 20% of the existing issued shares of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares assuming that there is no change in the number of issued shares of the Company from the date of the Subscription Agreement to the date of Completion. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, prior to the entering of the Subscription Agreement, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The gross proceeds from the Subscription will be HK\$203,852,400 and the net proceeds after deducting relevant expenses are expected to be approximately HK\$203,500,000.

**Completion is subject to the satisfaction of the condition to the Subscription as stated in this announcement and as such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are summarized as follows:-

### **Date**

20 November 2020 (after trading hours)

### **Parties**

- (i) The Company as the issuer of the Subscription Shares; and
- (ii) The Subscriber as the subscriber for the Subscription Shares.

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is set up for the purpose of the Subscription. Based on information provided by the Subscriber, the ultimate beneficial owner of entire issued share capital of the Subscriber is Dr. Cheng Kar-Shun, Henry, GBM, GBS. Dr. Cheng is the chairman and executive director of New World Development Company Limited (HKEX stock code: 0017), NWS Holdings Limited (HKEX stock code: 659), Chow Tai Fook Jewellery Group Limited (HKEX stock code: 1929), the chairman and non-executive director of New World Department Store China Limited (HKEX stock code: 825) and FSE Services Group Limited (HKEX stock code: 331), the vice-chairman and non-executive director of i-CABLE Communications Limited (HKEX stock code: 1097) and a non-executive director of DTXS Silk Road Investment Holdings Company Limited (HKEX stock code: 620). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, prior to the entering of the Subscription Agreement, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.060 per Subscription Share.

Assuming that there is no change in the number of issued shares of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 20% of the existing issued shares of the Company as at the date of this announcement; and

- (ii) approximately 16.67% of the issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price of HK\$0.060 per Subscription Share represents:

- (i) a discount of approximately 10.45% to the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 9.09% to the average closing price of approximately HK\$0.066 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Subscription Agreement.

The net proceeds from the Subscription, after deduction of relevant expenses, is estimated to be approximately HK\$203,500,000. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.060 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares and the trading volume of the Shares.

### **Ranking**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

### **Condition to Completion of Subscription**

The Subscription is conditional upon the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Subscription Shares and such condition is not capable of being waived under the Subscription Agreement.

In the event the condition of the Subscription is not fulfilled on or before 11 December 2020 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement will automatically lapse and neither the Subscriber nor the Company shall have any claim against each other, save for any prior breach of the Subscription Agreement.

### **Completion**

Completion shall take place on the third Business Day (or such later date as may be agreed between the Company and the Subscriber) after the fulfilment of the condition to the Subscription as stated above.

### **Issuance pursuant to General Mandate**

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 3,397,542,767 new Shares, representing 20% of the total number of issued Shares as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

### **Application for listing**

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

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

The Group is principally engaged in the business of investment in securities, trading of commodities and electronic components, money lending as well as securities brokerage.

Taking into account factors including the recent volatile conditions of the investment market and economy in Hong Kong, which to a certain extent, owing to the adverse impact of the COVID-19 pandemic, the Directors consider raising funds through issuing shares under the Subscription is an appropriate means to raise additional capital for the business operations of the Group, as well as to strengthen the Group's financial position for its future development. The Subscription also broadens and enlarges the Shareholder base and capital base of the Company. The Directors are of the view that the Subscription Price and the other terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription will be HK\$203,852,400 and net proceeds after deducting relevant expenses are expected to be approximately HK\$203,500,000. The Company intends to apply the net proceeds as general working capital of the Group.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12-MONTH PERIOD**

The Company had not conducted any equity fund raising during the 12 months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 16,987,713,835 Shares in issue. Set out below is a table illustrating the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following Completion of the Subscription, assuming there is no change in the number of issued shares of the Company from the date of this announcement up to the date of Completion:

Shareholders	As at the date of this announcement		Immediately following Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Pioneer Success Development Limited (Note)	1,680,000,000	9.89	1,680,000,000	8.24
Subscriber	–	–	3,397,540,000	16.67
Other public Shareholders	15,307,713,835	90.11	15,307,713,835	75.09
<b>Total</b>	<b>16,987,713,835</b>	<b>100.00</b>	<b>20,385,253,835</b>	<b>100.00</b>

*Note: Pioneer Success Development Limited is wholly owned by Mr. Suen Cho Hung, Paul.*

**Completion is subject to the satisfaction of the condition to the Subscription as stated above in this announcement and as such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	annual general meeting of the Company held on 29 June 2020
“Board”	Board of Directors of the Company
“Business Day”	a day (other than a Saturday and Sunday or public holiday) on which banks are open for business in Hong Kong
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Director(s)”	director(s) of the Company
“General Mandate”	general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed by the Shareholders at the AGM to issue, allot and deal with new Shares not exceeding 20% of the total number of Shares in issue as at the date of the AGM, pursuant to which a maximum of 3,397,542,767 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Committee”	Listing Committee of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China which, and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Courage Star Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	conditional subscription agreement dated 20 November 2020 entered into between the Company and the Subscriber in relation to the Subscription

“Subscription Price”	subscription price of HK\$0.060 per Subscription Share
“Subscription Share(s)”	an aggregate of 3,397,540,000 new Share(s) to be issued and allotted by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“%”	per cent.

By Order of the Board  
**China Strategic Holdings Limited**  
**Dr. Or Ching Fai**  
*Chairman*

Hong Kong, 20 November 2020

*At the date of this announcement, the Board comprises one Non-executive Director, namely Dr. Or Ching Fai (Chairman); three Executive Directors, namely Mr. Sue Ka Lok (Chief Executive Officer), Ms. Lee Chun Yeung, Catherine and Mr. Chow Kam Wah; and three Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying.*