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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)

**(I) INSIDE INFORMATION
FRAMEWORK AGREEMENT IN RELATION TO THE POSSIBLE
SUBSCRIPTION OF 95% INTEREST OF WIN ELEMENT
DEVELOPMENT LIMITED
AND POSSIBLE GRANT OF LOAN FACILITY; AND
(II) RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 23 September 2014 in relation to the halt in the trading in the Shares on GEM pending the release of an announcement in relation to an inside information of the Company.

The MOU

On 3 July 2014, the Leading Investor and the Investors (of which include the Target Company) executed a memorandum of understanding in relation to the Casino Project, pursuant to which the relevant parties agreed that the Casino Project is to be led by the Leading Investor to explore the potential business opportunities arising therefrom. The Casino Project is to be developed and constructed on a project site in a country in the Caucasus region of Eurasia. It is a tentative plan that the Leading Investor shall incorporate and subscribe for shares of the SPV for the operation of the Casino Project, and the Investors will invest in the Casino Project by subscribing for shares in the SPV in accordance with the Leading Investor's and the Investors' respective shareholding interests of and in the SPV to be further negotiated and agreed, if any, in the future.

The Investors are interested in the Casino Project, and subject to the signing of the formal definitive agreement(s), for the purposes of the furtherance of the Casino Project, the parties to the MOU agreed to co-operate with each other in accordance with the MOU.

The Sale and Purchase Agreement

On 23 September 2014, Sun First, as the purchaser, executed the Sale and Purchase Agreement with China Swan Resources (Group) Limited, as the vendor, and the Target Company for and in relation to the sale of the entire issued share capital of the Target Company to Sun First. Pursuant to the Sale and Purchase Agreement, in accordance with the shareholding percentage in the SPV as agreed among the Leading Investor and the Investors, the Target Company shall be entitled to subscribe for 20% of the entire issued share capital of the SPV.

As at the date of this announcement, the acquisition of the Target Company by Sun First from China Swan Resources (Group) Limited has not yet been completed.

(I) THE FRAMEWORK AGREEMENT

On 23 September 2014, Fair Million, as the subscriber and Sun First, as the vendor entered into the Framework Agreement to set out the proposed material terms and the tentative time frame of and/or concerning the Possible Transactions.

Under the Framework Agreement, the Parties reached the understanding that the Target Company shall, and Sun First shall procure the Target Company to, allot and issue 1,900 shares of the Target Company to Fair Million, and Fair Million shall subscribe the 1,900 shares in the Target Company, representing 95% of the entire issued share capital of the Target Company, at the subscription price of US\$1 per share.

It is intended that Fair Million shall grant a loan in the principal amount of US\$100,000,000 (approximately HK\$780 million) to the Target Company and/or Sun First, and the terms and conditions of the Possible Loan Facility shall be set out in the Formal Agreement and/or the relevant loan agreement(s).

It is also intended that Sun First shall irrevocably guarantee as primary obligor and not as mere surety, *inter alia*, (i) the Target Company's performance of the Sale and Purchase Agreement, (ii) the Target Company's discharge of its duties and performance of its obligations under the Possible Transactions as set out in the Framework Agreement.

IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE GEM LISTING RULES

Under Guidance Letter GL71-14 and the Guidelines, if the Company is directly or indirectly engaged in gambling activities, the Company would be required to use its best endeavours to ensure that the operation of gambling activities must, after investment and throughout the holding of such investment, comply with the applicable laws in the areas where such activities operate; and/or not contravene the Gambling Ordinance. Should the operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate; and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 11.06 of the GEM Listing Rules depending on the circumstances of the case, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares pursuant to Rule 9.01 of the GEM Listing Rules.

Subject to entering into of the Formal Agreement, the materialisation of the MOU and upon the condition of the Formal Agreement being fulfilled, the Company will use its best endeavours to procure that the operation of relevant gambling facilities and businesses, throughout the holding of the investment by the Company, will (i) comply with the applicable laws in the areas where such activities operate; and/or (ii) not contravene the Gambling Ordinance. If necessary, the Company will and will procure Fair Million to consult and seek advice from professional advisers in the relevant jurisdictions on such compliance.

As at the date of this announcement, the Formal Agreement has not been entered into and the MOU has not been materialised. The Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

GENERAL

Further announcement(s) will be made upon execution of the Formal Agreement as and when appropriate, and in accordance with the GEM Listing Rules.

(II) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on GEM had been halted with effect from 9:00 a.m. on 23 September 2014 and became suspended and would remain suspended pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:00 a.m. on 29 September 2014.

Since the Possible Transactions are subject to the entering into of the Formal Agreement, the Possible Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 23 September 2014 in relation to the halt in the trading in the Shares on GEM pending the release of an announcement in relation to an inside information of the Company.

The MOU

On 3 July 2014, the Leading Investor and the Investors (of which include the Target Company) executed a memorandum of understanding in relation to the Casino Project (as defined below), pursuant to which the relevant parties agreed that the Casino Project (as defined below) is to be led by the Leading Investor to explore the potential business opportunities arising therefrom. The casino project is to be developed and constructed on a project site in a country in the Caucasus region of Eurasia (the “**Casino Project**”). It is a tentative plan that the Leading Investor shall incorporate and subscribe for shares of the SPV for the operation of the Casino Project, and the Investors will invest in the Casino Project by subscribing for shares in the SPV in accordance with the Leading Investor’s and the Investors’ respective shareholding interests of and in the SPV to be further negotiated and agreed, if any, in the future.

The Leading Investor is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM. Based on the information available to the Company, the Leading Investor is a member of a reputable casino gaming group active in Asia Pacific region, certain members of the group are listed on the Hong Kong Stock Exchange, and a member of which holds one of the only six companies granted concessions or subconcessions by Macau SAR government to operate casinos in Macau.

The Company understands that the Investors (excluding the Target Company) comprise of Taiwan professional investors, shares of which are listed on Taiwan Stock Exchange and Taiwan Gre Tai Securities Market.

The Investors are interested in the Casino Project, and subject to the signing of the formal definitive agreement(s), for the purposes of the furtherance of the Casino Project, the parties to the MOU agreed to co-operate with each other in accordance with the MOU.

The Sale and Purchase Agreement

On 23 September 2014, Sun First, as the purchaser, executed the Sale and Purchase Agreement with China Swan Resources (Group) Limited, the existing shareholder of the entire issued share capital of the Target Company, as the vendor, and the Target Company for and in relation to the sale of the entire issued share capital of the Target Company to Sun First. Pursuant to the Sale and Purchase Agreement, in accordance with the current shareholding percentage in the SPV as agreed among the Leading Investor and the Investors, the Target Company shall be entitled to subscribe for 20% of the entire issued share capital of the SPV.

As at the date of this announcement, the acquisition of the Target Company by Sun First from China Swan Resources (Group) Limited has not yet been completed.

(I) THE FRAMEWORK AGREEMENT

Date : 23 September 2014

Parties

Vendor : Sun First Group Limited, a company incorporated in the British Virgin Islands with limited liability

Subscriber : Fair Million Asia Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company

(collectively, the “**Parties**”)

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Sun First, together with its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

The Framework Agreement sets out the following proposed material terms and the tentative time frame of and/or concerning the Possible Transactions.

Under the Framework Agreement, the Parties reached the understanding that the Target Company shall, and Sun First shall procure the Target Company to, allot and issue 1,900 shares of the Target Company to Fair Million, and Fair Million shall subscribe the 1,900 shares in Target Company, representing 95% of the entire issued share capital of the Target Company, at the subscription price of US\$1 per share.

It is intended that Fair Million shall grant a loan in the principal amount of US\$100,000,000 (approximately HK\$780 million) to the Target Company and/or Sun First, and the terms and conditions of the Possible Loan Facility shall be set out in the Formal Agreement and/or the relevant loan agreement(s).

It is also intended that Sun First shall irrevocably guarantee as primary obligor and not as mere surety, *inter alia*, (i) the Target Company's performance of the Sale and Purchase Agreement, (ii) the Target Company's discharge of its duties and performance of its obligations under the Possible Transactions as set out in the Framework Agreement.

Principal conditions precedent

It is intended that Completion shall take place within 5 Business Days following the date when the conditions precedent, including the following principal conditions precedent, are fulfilled (or waived, if applicable) or such other date as agreed by the Parties in the Formal Agreement:

- (i) the Shareholders having approved the Possible Transactions and/or the related investments (if required);
- (ii) all necessary consents, approvals and authorisations in relation to the Possible Transactions and/or the related investments having been satisfied and/or having been granted by relevant regulatory authorities (if required) (collectively, the “**Necessary Approvals**”), and such Necessary Approvals shall be valid and effective and not threatened with any withdrawal, revocation or cancellation at all times up to and including Completion;
- (iii) Sun First is, and shall remain at all times up to Completion as, the sole legal and beneficial owner of the entire issued share capital of the Target Company free from any encumbrance or third party rights of any kind;
- (iv) the SPV having been incorporated with the share capital and the memorandum and articles of association of the SPV being agreeable to Fair Million;
- (v) documentary proof to the satisfaction of Fair Million that the Target Company shall be entitled to subscribe for 20% of the entire issued share capital of the SPV being available;
- (vi) agreements for and/or in relation to the Target Company's subscription of 20% of the entire issued share capital of the SPV having been executed;
- (vii) the Sale and Purchase Agreement having been completed;
- (viii) Fair Million having conducted due diligence investigations on legal, accounting, financial, operational or other aspects on the Casino Project, the SPV, the Target Company or such other entities as Fair Million deems fit and appropriate (collectively, the “**Due Diligence Investigations**”), and Fair Million being reasonably satisfy with the results of the Due Diligence Investigations;

- (ix) valid and effective gaming license for and with respect to the operation and management of the Casino Project having been issued by the relevant local government in favour of the SPV (or a wholly owned subsidiary of the SPV) as owner and operator of the Casino Project, and such gaming license not having been revoked or subject to any possible revocation up to the time of Completion;
- (x) legal opinions covering such matters of Hong Kong, the British Virgin Islands and other laws relevant to the Possible Transactions as Fair Million may request;
- (xi) valuation report on the Casino Project having been prepared, and Fair Million being reasonably satisfy with the valuation;
- (xii) all relevant representations, warranties and undertakings remaining valid, binding and effective to the satisfaction of Fair Million; and
- (xiii) such other conditions as may be reasonably required by Fair Million.

If any of the conditions precedent has not been fulfilled (or waived, if applicable) prior to the long stop date as agreed in the Formal Agreement, then the Formal Agreement will immediately terminate.

Exclusivity

The Target Company and Sun First shall not, and shall procure their respective directors, shareholders, officers, agents, subsidiaries, associates and/or connected parties not to, enter into or execute any agreement with any party other than Fair Million or the Company on or in relation to (i) any matter set out or enlisted in the Framework Agreement and/or (ii) any transaction resembling, similar to, identical to or comparable with the Possible Transactions from the time of execution of the Framework Agreement up to and including 31 October 2014 (both days inclusive) (collectively, the “**Exclusivity**”). The Exclusivity shall be, and shall remain, valid, binding and effective up to and including 31 October 2014.

Other terms of the Framework Agreement

It is also intended that:

- (i) the Formal Agreements of and concerning the Possible Transactions (including the subscription agreement(s) and loan agreement(s)) shall be executed within one month of the execution of the Framework Agreement, failing which the Framework Agreement shall be terminated and cease to be valid, binding or effective forthwith; and
- (ii) the parties to the Formal Agreement shall, tentatively, include the Parties and the Target Company.

Non-binding Effect

Save for the Exclusivity and the governing law provision which are legally binding on the Parties, the Framework Agreement only serves as an indication of intention which is not intended to be exhaustive and is not legally binding upon the Parties unless and until a Formal Agreement has been entered into by the Parties and the proposed structure of the Possible Transactions set out in the Framework Agreement is subject to clearance by the Stock Exchange (if required).

INFORMATION OF TARGET COMPANY

The Target Company is a company with limited liability incorporated in the British Virgin Islands. As at the date of this announcement, the Target Company is an investment holding company.

IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE GEM LISTING RULES

Under Guidance Letter GL71-14 and the Guidelines, if the Company is directly or indirectly engaged in gambling activities, the Company would be required to use its best endeavours to ensure that the operation of gambling activities must, after investment and throughout the holding of such investment, comply with the applicable laws in the areas where such activities operate; and/or not contravene the Gambling Ordinance. Should the operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate; and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 11.06 of the GEM Listing Rules depending on the circumstances of the case, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares pursuant to Rule 9.01 of the GEM Listing Rules.

Subject to entering into of the Formal Agreement, the materialisation of the MOU and upon the condition of the Formal Agreement being fulfilled, the Company will use its best endeavours to procure that the operation of relevant gambling facilities and businesses, throughout the holding of the investment by the Company, will (i) comply with the applicable laws in the areas where such activities operate; and/or (ii) not contravene the Gambling Ordinance. If necessary, the Company will and will procure Fair Million to consult and seek advice from professional advisers in the relevant jurisdictions on such compliance.

As at the date of this announcement, the Formal Agreement has not been entered into and the MOU has not been materialised. The Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

GENERAL

Further announcement(s) will be made upon execution of the Formal Agreement as and when appropriate, and in accordance with the GEM Listing Rules.

(II) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on GEM had been halted with effect from 9:00 a.m. on 23 September 2014 and became suspended and would remain suspended pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:00 a.m. on 29 September 2014.

Since the Possible Transactions are subject to the entering into of the Formal Agreement, the Possible Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Company”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Completion”	the completion of the Possible Transactions
“Director(s)”	the director(s) of the Company
“Fair Million”	Fair Million Asia Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“Formal Agreement”	the formal agreement to be entered into by relevant parties in relation to the Possible Transactions
“Framework Agreement”	the framework agreement dated 23 September 2014 entered into between the Parties in relation to, among other things, the Possible Transactions
“Gambling Ordinance”	the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong)
“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
“Guidelines”	the guidelines issued by the Stock Exchange in relation to “Gambling Activities undertaken by listing applicants and/or listed issuers” dated 11 March 2003
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investors”	collectively, the Target Company and certain other investors, some of which have their shares listed on Taiwan Stock Exchange and Taiwan Gre Tai Securities Market

“Leading Investor”	a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“MOU”	the memorandum of understanding dated 3 July 2014 entered into between the Leading Investor and the Investors in relation to, among other things, the Casino Project
“Parties”	together, Fair Million and Sun First
“Possible Subscription”	the proposed subscription of 95% of the enlarged issued share capital of the Target Company by Fair Million from Sun First under the Framework Agreement
“Possible Loan Facility”	the intended grant of a loan in the principal amount of US\$100,000,000 (approximately HK\$780 million) by Fair Million to the Target Company and/or Sun First under the Framework Agreement, and the terms and conditions of the Possible Loan Facility shall be set out in the Formal Agreement and/or the relevant loan agreement(s)
“Possible Transactions”	the Possible Subscription and the Possible Loan Facility
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 September 2014 entered into between Sun First, China Swan Resources (Group) Limited and the Target Company in relation to the sale of the entire issued share capital of the Target Company to Sun First
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“SPV”	a company to be incorporated by the Leading Investor for the purpose of the investment in the Casino Project under the MOU
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun First”	Sun First Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company”	Win Element Development Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“US\$” United States dollar(s), the lawful currency of the United States of America

“%” per cent.

By Order of the Board
Chinese Strategic Holdings Limited
Lam Kwok Hing Wilfred
Chairman and Executive Director

Hong Kong, 26 September 2014

The translation of US\$ into HK\$ throughout this announcement is based on the exchange rate of US\$1.00 to HK\$7.8 which is provided for information purposes only.

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.

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 Announcement” page of the GEM website at www.hkgem.com for at least 7 days and the Company website at www.chinesestrategic.com from the date of its publication.