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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chinese Strategic Holdings Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the sub-section headed “14. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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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)**

### PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

Underwriter to the Rights Issue



**Rifa Securities Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 25 August 2020 to Tuesday, 1 September 2020 (both days inclusive). If the conditions precedent of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as applicable) and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, and/or dealings in the nil-paid Rights Shares, shall accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any Shareholders or other persons contemplating any dealing in the Shares and/or the nil-paid Rights Shares are recommended to consult their own professional advisers and exercise caution.

**It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed “Termination of the Underwriting Agreement” of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.**

The latest date and time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares is 4:00 p.m. on Friday, 4 September 2020. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 19 to 22 of this Prospectus.

21 August 2020

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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.**

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## EXPECTED TIMETABLE

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The expected timetable for the Rights Issue is set out below:-

### Expected Timetable

**2020**

First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Tuesday, 25 August
Latest time for splitting of PALs . . . . .	4:00 p.m. on Thursday, 27 August
Last day of dealings in nil-paid Rights Shares . . . . .	4:00 p.m. on Tuesday, 1 September
Latest time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares . . . . .	4:00 p.m. on Friday, 4 September
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Monday, 7 September
Announcement of results of the Rights Issue . . . . .	Friday, 11 September
Despatch of certificates for the fully-paid Rights Shares . . . . .	Monday, 14 September
Despatch of refund cheques, if any, for wholly or partially unsuccessful excess applications or if the Rights Issue is terminated . . . . .	Monday, 14 September
Dealings in the fully-paid Rights Shares expected to commence . . . . .	9:00 a.m. on Tuesday, 15 September
Designated broker starts to stand in the market to provide matching services for odd lots of Shares . . . . .	9:00 a.m. on Tuesday, 15 September
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares . . . . .	4:00 p.m. on Tuesday, 6 October

All times and dates stated in this Prospectus refer to Hong Kong local times and dates. Dates specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES**

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Underwriting Agreement may be interrupted by a typhoon, a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong (“**Extreme Conditions**”), the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning and/or Extreme Conditions is/are in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning and/or Extreme Conditions is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance will be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 4 September 2020, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following terms have the following meanings:*

“Announcement”	the announcement of the Company dated 26 May 2020 in relation to, among other things, the Rights Issue
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI Shareholder”	shareholder of the Company whose registered address is in the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Directors”	the directors of the Company
“Excess Application Form(s)”	the form(s) of application for Excess Rights Shares in the agreed form for use by such Qualifying Shareholders who wish to apply for any Excess Rights Shares
“Excess Rights Shares”	(i) any of the Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders prior to the Latest Time for Acceptance; (ii) any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares

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## DEFINITIONS

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“Excluded Shareholder(s)”	those Overseas Shareholder(s) whose address is/are in such place(s) outside Hong Kong where the Directors, based on legal opinions provided by legal advisors of the Company, consider it being necessary or expedient on account of either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares based on the enquiry made pursuant to the terms and conditions of the Underwriting Agreement
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the 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), 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 within the meaning of the GEM Listing Rules
“Last Trading Day”	26 May 2020, being the last trading day of the Shares on the Stock Exchange prior to the execution of the Underwriting Agreement
“Latest Practicable Date”	17 August 2020, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 4 September 2020 or such later time or date as may be agreed between the Parties in writing, being the latest time for acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares as described in the Prospectus

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## DEFINITIONS

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“Latest Time for Termination”	4:00 p.m. on Monday, 7 September 2020 or such later time or date as may be agreed between the Parties in writing, being the next Business Day after the Latest Time for Acceptance, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning as defined in the GEM Listing Rules
“Mr. Lam”	Lam Kwok Hing Wilfred, <i>J.P.</i> , a non-executive Director and the chairman of the Company
“Mr. Mok”	Mok Tsan San, an executive Director of the Company
“Ms. Chan”	Chan Shui Sheung Ivy, an executive Director of the Company
“Options Holder(s)”	holders of the Outstanding Share Options
“Outstanding Share Option(s)”	as at the Latest Practicable Date, 2,545,795 outstanding share options granted under the Share Option Scheme
“Overseas Shareholder(s)”	such Shareholder(s) whose registered address(es) (as shown in the register of members of the Company on the Record Date) is/are situated outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	this prospectus dated 21 August 2020 and despatched to Shareholders in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the Excess Application Form to be used by the Qualifying Shareholders to apply for the Rights Shares
“Prospectus Posting Date”	Friday, 21 August 2020 or such other date as may be agreed between the Parties in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), Prospectus only)



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## DEFINITIONS

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“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appeared on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Tuesday, 30 June 2020 or such other date as may be agreed between the Parties in writing, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer agent of the Company in Hong Kong, being Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	140,547,956 new Shares to be allotted and issued pursuant to the Rights Issue
“Second Supplemental Underwriting Agreement”	the second supplemental underwriting agreement dated 15 July 2020 entered into between the Company and the Underwriter, pursuant to which the Company and the Underwriter agreed that the timetable for the Rights Issue shall have to be further revised to such an extent that certain dates ought to be further put off (the “ <b>Second Extension</b> ”) and to carry out and give effect to the Second Extension
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	issued ordinary share(s) in the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 2 April 2014
“Shareholder(s)”	holder(s) of the Share(s) from time to time

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.08 per Rights Share
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 30 June 2020 entered into between the Company and the Underwriter, pursuant to which the Company and the Underwriter agreed that the timetable for the Rights Issue shall have to be revised to such an extent that certain dates ought to be put off (the “ <b>Extension</b> ”) and to carry out and give effect to the Extension
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Third Supplemental Underwriting Agreement”	the third supplemental underwriting agreement dated 23 July 2020 entered into between the Company and the Underwriter, pursuant to which the Company and the Underwriter agreed that the timetable for the Rights Issue shall have to be further revised to such an extent that certain dates ought to be further put off (the “ <b>Third Extension</b> ”) and to carry out and give effect to the Third Extension
“Underwriter”	Rifa Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 26 May 2020 (as revised and supplemented by the Supplemental Underwriting Agreement, Second Supplemental Underwriting Agreement and Third Supplemental Underwriting Agreement) entered into between the Company and the Underwriter and as revised, supplemented and/or amended from time to time

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## DEFINITIONS

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“Underwritten Shares”	Up to 141,820,854 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement (as none of the Outstanding Share Options has been exercised and no new Shares were issued which would be entitled to the Rights Issue as at the Record Date. As a result, the total number of Rights Shares to be issued by the Company and to be underwritten by the Underwriter would be 140,547,956 Rights Shares)
“Untaken Share(s)”	those (if any) of the Rights Shares in respect of which valid applications under the PALs and Excess Application Forms have not been received on or before the Latest Time for Acceptance
“%”	per cent.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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### TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (1) in the absolute opinion of any of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; 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 or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive Business Days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of the announcement or other matters in connection with the Underwriting Agreement and/or the Rights Issue; or
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing served on the Company prior to the Latest Time for Termination (the "**Termination Notice**"). For avoidance of any doubt, the Underwriter shall not rely on the global pandemic of COVID-19 and/or the impact or aftermath thereof as any ground or reason to terminate or rescind the Underwriting Agreement and/or the Rights Issue.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

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## LETTER FROM THE BOARD

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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)**

***Executive Directors***

Ms. Chan Shui Sheung Ivy

Mr. Mok Tsan San

***Non-executive Director***

Mr. Lam Kwok Hing Wilfred, *J.P.*, (Chairman)

***Independent Non-executive Directors***

Ms. Yuen Wai Man

Mr. Chow Fu Kit Edward

Mr. Lam Raymond Shiu Cheung

***Registered office:***

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

***Head office and principal place of  
business in Hong Kong:***

Unit 1, 21/F, Yue Xiu Building

Nos. 160-174 Lockhart Road

Wanchai

Hong Kong

21 August 2020

*To the Qualifying Shareholders and,  
for information purpose only,  
the Excluded Shareholders and Option Holders,*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference are made to the Announcement and the announcements of the Company dated 30 June 2020, 15 July 2020 and 23 July 2020 whereby the Board announced that the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.08 per Rights Share, to raise approximately HK\$11,244,000, before expenses. From the date of the Announcement and up to 23 June 2020, being the date the register of members of the Company closed for determining entitlement under the Rights Issue, no issue or repurchase of Shares has been conducted. As such, the total number of Shares qualified for the Rights Issue is 281,095,913 Shares and the total number of Rights Shares to be issued will be 140,547,956 Rights Shares. The Rights Issue is only available to the Qualifying Shareholders.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with, among other things, further details on (i) the Rights Issue and the underwriting arrangement; (ii) the financial information of the Group; and (iii) the general information of the Group.

### PROPOSED RIGHTS ISSUE

#### Rights Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Number of Shares in issue as at the Record Date and the Latest Practicable Date	:	281,095,913 Shares
Number of Rights Shares to be issued	:	140,547,956 Rights Shares
Aggregate nominal value of the Rights Share:	:	HK\$1,405,479.56
Subscription Price	:	HK\$0.08 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.073 per Rights Share
Enlarged number of Shares upon completion of the Rights Issue	:	421,643,869 Shares
Gross proceeds from the Rights Issue	:	Approximately HK\$11,244,000
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there were 2,545,795 Outstanding Share Options which are exercisable up to 22 March 2026 and entitle the Options Holders to subscribe for 2,545,795 Shares under the Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, the Company has no outstanding derivatives, options, warrants or securities in issue which confer any rights to subscribe for, convert or exchange into Shares.

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## LETTER FROM THE BOARD

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None of the Outstanding Share Options has been exercised and no new Shares were issued which would be entitled to the Rights Issue as at the Record Date. As a result, the total number of issued Shares as at the Record Date and the total number of Rights Shares to be issued by the Company would be 281,095,913 Shares and 140,547,956 Rights Shares, respectively.

From the date of the Announcement and up to 23 June 2020, being the date the register of members of the Company closed for determining entitlement under the Rights Issue, no issue or repurchase of Shares has been conducted. As such, the total number of Shares qualified for the Rights Issue is 281,095,913 Shares and the total number of Rights Shares to be issued will be 140,547,956 Rights Shares.

As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. Pursuant to the Underwriting Agreement, the Company shall not from the date of the Underwriting Agreement until after the Latest Time for Acceptance issue any Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares.

As at the Record Date, the aggregate number of 140,547,956 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents approximately 50% of the total number of issued Shares and approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

### **Subscription Price**

The Subscription Price is HK\$0.08 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for Excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 40.30% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.53% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 29.95% to the average closing price of approximately HK\$0.114 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 28.51% to the average closing price of approximately HK\$0.112 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;



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## LETTER FROM THE BOARD

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- (v) a discount of approximately 17.81% to the theoretical ex-rights price of approximately HK\$0.097 per Share based on the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 62.93% to the audited consolidated net asset value per Share of approximately HK\$0.216 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$60,670,000 and 281,095,913 Shares in issue as at 31 December 2019);
- (vii) a discount of approximately 24.98% to the unaudited consolidated net asset value per Share of approximately HK\$0.107 (based on the latest published unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$29,975,000 and 281,095,913 Shares in issue as at 30 June 2020); and
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 9.90%, represented by the theoretical diluted price of approximately HK\$0.103 per Share to the benchmarked price of approximately HK\$0.114 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.106 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.114 per Share).

The closing price of the Shares during the period from 27 February 2020 (i.e. 3 months immediately prior to the Last Trading Day) up to the Last Trading Day (the “**Corresponding Period**”) ranged from the highest of HK\$0.167 per Share on 27 February 2020 to the lowest of HK\$0.076 per Share on 24 April 2020, which was trading at a discount of approximately 22.63% to a discount of 64.79% to the audited consolidated net asset value per Share attributable to the Shareholders (the “**NAV**”) as at 31 December 2019, respectively. The Subscription Price represents a discount of approximately 62.93% to the NAV of approximately HK\$0.216 as at 31 December 2019. Having considered that the closing price of the Company has a decreasing trend during the Corresponding Period, the Board is of the view that the prevailing market price of the Shares would be a more appropriate benchmark to determine the Subscription Price as the NAV does not reflect the market value of the Company which is acceptable by the potential investors. Having considered that each Qualifying Shareholder will be offered an equal opportunity to subscribe for their entitlements under the Rights Issue, the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price to the NAV if the Qualifying Shareholders take up their entitlements. The Board considered that such discount will encourage the Qualifying Shareholders to participate in the Rights Issue.

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## LETTER FROM THE BOARD

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The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the ongoing business development and financial position of the Group; and (iii) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in this Prospectus. In order to assess the fairness and reasonableness of the Subscription Price, the Company have reviewed 8 comparable transactions\* (the "**Comparables**") which involve issuance of rights shares announced by companies listed on the Stock Exchange during the Corresponding Period. To the best of the Directors' knowledge, the Comparables are an exhaustive list based on the selection criteria as shown below. The Board considered that the Comparables are feasible for the purpose of showing recent market practice in relation to the setting of subscription price of rights issue and they can be used as a general reference under the current market environment in Hong Kong. The Board considered that it is common for the listed companies in Hong Kong to set the subscription price of rights issue at a discount to the market price in order to increase the attractiveness of the rights issue transactions so that the discount would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their shareholding interests in the Company. The Board considered that the Subscription Price is justified given that (i) the discount of approximately 24.53% of the Subscription Price to the closing price of the Shares on the Last Trading Day fell within the range (from 0% to 64.0%) of the Comparables and is slightly lower than the average discount (25.35%) of the Comparables; and (ii) the theoretical dilution effect represented by a discount of approximately 9.90% fell within the range (from 0% to 21.34%, except one of the Comparables was over 25% for which Stock Exchange approval was needed) of the Comparables. In addition, before entering into the Underwriting Agreement with the Underwriter, the Company has approached several underwriters of which two of them did not express any interest in conducting the proposed Rights Issue and one of them was interested in the proposed Rights Issue but did not reach any agreement on the proposed terms including a subscription price. The Underwriter was the only underwriter that had accepted the current terms and conditions as well as the Subscription Price of the Rights Issue. Also, the Group has suffered from losses for the past five financial years. In addition, referring to the annual report of the Group for the year ended 31 December 2019, the Group's current liabilities exceeded its current assets by approximately HK\$192,229,000, in which total borrowings amounted to approximately HK\$114,959,000, while its cash and cash equivalents amounted to approximately HK\$1,320,000 only. Referring to the interim report of the Group as at 30 June 2020, the Group's current liabilities exceeded its current assets by approximately HK\$191,494,000, in which total borrowings amounted to approximately HK\$153,479,000, while its cash and cash equivalents amounted to approximately HK\$2,104,000 only. Therefore, the Company has an imminent funding needs to settle parts of its current liabilities. A summary of the details of the outstanding loans/bonds is shown in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS".

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## LETTER FROM THE BOARD

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- \* *The Comparables are selected based on the following criteria: (i) companies listed on the Stock Exchange (including main board and GEM) which conducted Rights Issue; (ii) within the period from 27 February 2020 to 26 May 2020. Shareholders should note that the business activities of the companies of the Comparables vary from company to company with their financial positions, business performances and future prospects.*

In light of the above, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. The Company will despatch the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date and will despatch the Prospectus only (without the PAL or the Excess Application Form) to the Excluded Shareholders for their information.

To qualify for the Rights Issue, a Shareholder:

- (i) must be registered as a member of the Company on the Record Date; and
- (ii) is not an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, any transfer of Shares (together with the relevant Share certificates) must have been lodged with the Registrar for registration by 4:00 p.m. on Monday, 22 June 2020. The last day of dealing in the Shares on a cum-rights basis was Thursday, 18 June 2020 and the Shares have been dealt with on an ex-rights basis from Friday, 19 June 2020. The latest time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares will be at 4:00 p.m. on Friday, 4 September 2020.

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## LETTER FROM THE BOARD

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**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.**

### **Rights of Overseas Shareholders**

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the Record Date, there were one (1) Overseas Shareholder with registered address situated in the British Virgin Islands holding an aggregate of 1,700,000 Shares, representing approximately 0.60% of the total number of Shares in issue as at the Record Date. Save for the above, the Company did not have any other Overseas Shareholders as at the Record Date.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries with the legal adviser of the British Virgin Islands whether or not under British Virgin Islands law the Rights Issue could be extended to the BVI Shareholder. The Company has been advised by its legal adviser of the British Virgin Islands that there are no restrictions under securities law or other similar laws in the British Virgin Islands which would prevent the Company from including the BVI Shareholder in the Rights Issue. It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares.

Based upon such advice, the Directors have decided to extend the Rights Issue to the BVI Shareholder who is therefore a Qualifying Shareholder. Accordingly, as at the Record Date, there is no Excluded Shareholder.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of or application for Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

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## LETTER FROM THE BOARD

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Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Excluded Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on Excess Application Forms by the Qualifying Shareholders.

### **Basis of provisional allotments**

The Company shall provisionally allot the Rights Shares to the Qualifying Shareholders at the Subscription Price, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements" below.

### **Fractional entitlements**

In any event, fractions of the Rights Shares will not be allotted to any of the Qualifying Shareholders, and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders accordingly. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares will be taken up by the Underwriter.

### **Application for the Rights Shares**

The PALs and the Excess Application Forms relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar of the Company by the Latest Time for Acceptance.

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## LETTER FROM THE BOARD

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### **Procedures for acceptance and payment or transfer**

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by no later than 4:00 p.m. on Friday, 4 September 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Chinese Strategic Holdings Limited – Rights Issue Account**" and crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Friday, 4 September 2020, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the Excess Application Forms by the Qualifying Shareholders. The Company is not obliged to but may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of the provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Thursday, 27 August 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

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## LETTER FROM THE BOARD

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The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the paragraph headed "Conditions precedent of the Rights Issue" below is not fulfilled or waived (as applicable) at or before 4:00 p.m. on Monday, 7 September 2020, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Monday, 14 September 2020.

No receipt will be issued in respect of any PAL and/or remittances received.

### **Application for Excess Rights Shares**

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of Excess Application Form, and the Excess Rights Shares represent:

- (i) any of the Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders prior to the Latest Time for Acceptance;
- (ii) any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares.

The Directors will allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:



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## LETTER FROM THE BOARD

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- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for under each excess application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion.

Application for Excess Rights Shares can be made only by duly completing and signing an Excess Application Form (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the amount payable for the Excess Rights Shares being applied for with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by not later than 4:00 p.m. on Friday, 4 September 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Chinese Strategic Holdings Limited – Excess Application Account**" and crossed "**ACCOUNT PAYEE ONLY**". No receipt will be issued in respect of any remittances received.

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Friday, 11 September 2020. If no Excess Rights Shares are allotted to a Qualifying Shareholder who has applied for Excess Rights Shares, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post by the Registrar at his/her/its own risk on Monday, 14 September 2020. If the number of Excess Rights Shares allotted to a Qualifying Shareholder is fewer than that applied for, the surplus application monies without interest are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on Monday, 14 September 2020.



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## LETTER FROM THE BOARD

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All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the Excess Application Form will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the Excess Application Form and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for Excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

Completion and return of the Excess Application Form together with a cheque or a banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereto, the Company reserves the right to reject any Excess Application Form in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation.

The Excess Application Form is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an Excess Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the Excess Application Form is not completed in accordance with the relevant instructions. The Company may require such incomplete Excess Application Form to be completed by the relevant applicants at a later stage.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the paragraph headed "Conditions precedent of the Rights Issue" below is not fulfilled or waived (as applicable) at or before 4:00 p.m. on Monday, 7 September 2020, the monies received in respect of application for Excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Monday, 14 September 2020.

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## LETTER FROM THE BOARD

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### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions precedent of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on Monday, 14 September 2020 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on Monday, 14 September 2020 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on Monday, 14 September 2020, by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Application for listing**

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares will be traded in the board lots of 1,800 Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

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## LETTER FROM THE BOARD

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### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares in both their nil-paid and fully-paid forms.

### **Arrangement of odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Rifa Securities Limited to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best efforts basis. Holders of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. K.Y. Lau of Rifa Dealing Department at (852) 3900-1781, Level 7, 28 Hennessy Road, Hong Kong during the period from Tuesday, 15 September 2020 at 9:00 a.m. to Tuesday, 6 October 2020 at 4:00 p.m., both days inclusive. Holders of the odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed.

### **THE UNDERWRITING AGREEMENT**

On 26 May 2020 (after trading hours), the Company and the Underwriter (each a “**Party**” and collectively, the “**Parties**”) entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue.

The Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

### **Underwriting Agreement**

Date : 26 May 2020 (after trading hours) and revised and supplemented by the Supplemental Underwriting Agreement, Second Supplemental Underwriting Agreement and Third Supplemental Underwriting Agreement

Issuer : The Company

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## LETTER FROM THE BOARD

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Underwriter : Rifa Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities. As at the Latest Practicable Date, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons.

The Underwriter confirmed that it has complied with Rule 10.24A(1) of the GEM Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary course of business includes underwriting of securities, and it is not a connected person of the Company.

Number of Rights Shares underwritten by the Underwriter : Up to 141,820,854 Rights Shares (as none of the Outstanding Share Options has been exercised and no new Shares were issued which would be entitled to the Rights Issue as at the Record Date. As a result, the total number of Rights Shares to be issued by the Company and to be underwritten by the Underwriter would be 140,547,956 Rights Shares)

Underwriting Commission : 3.0% of the aggregate Subscription Price in respect of the maximum number of Rights Shares agreed to subscribe or procure subscription respectively by the Underwriter

The underwriting commission was determined after arm's length negotiation between the Company and the Underwriter with reference to market range of the rights issue (except for the rights issue on non-underwritten basis, in relation to application for whitewash waiver or underwriting of H-shares) from 0% to 5.50% of the aggregate subscription price of the underwritten shares as published in the last six months from the date of the Underwriting Agreement. As comparing the underwriting commission of 3% to the market range, the Company is of the view that the underwriting commission of the Rights Issue is in line with the prevailing market practices and therefore it is fair and reasonable.

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## LETTER FROM THE BOARD

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The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition, the market price of the Company and the prevailing underwriting commission of the market. The Directors consider that the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Subject to the fulfilment of all the conditions precedent (save and except for the conditions precedent (v) in the paragraph as set out below headed “**Conditions precedent of the Rights Issue**”) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares.

### **Conditions precedent of the Rights Issue**

Pursuant to the Underwriting Agreement, completion of the Rights Issue is conditional upon:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares;
- (iv) the obligations of the Underwriter having become unconditional and the Underwriting Agreement not having been terminated in accordance with its terms;
- (v) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement, and the Underwriting Agreement is not terminated in accordance with its terms;

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## LETTER FROM THE BOARD

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- (vi) compliance with the requirements under the applicable laws and regulations of Hong Kong and those of Bermuda;
- (vii) the Underwriter having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated herein; and
- (viii) the entering into of binding agreements by the Underwriter with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that none of the Underwriter together with such parties acting in concert with the Underwriter (having the meaning as set out in the Takeovers Code) nor any of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning as set out in the Takeovers Code) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Rights Issue.

Apart from the conditions precedent as set out in (v) above which can be waived by the Underwriter unilaterally by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent are incapable of being waived. The Parties shall use their respective best endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Parties may agree in writing and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares or to give effect to the Rights Issue and the arrangements contemplated in the Underwriting Agreement.

If any of the conditions precedent (save and except those having been waived in accordance with the above paragraph) are not satisfied in whole by the Latest Time for Termination or such other date as the Parties may agree in writing, the Underwriting Agreement shall terminate (save and except the clauses of fees and expenses and indemnity and certain clauses which shall remain in full force and effect) and no Party shall have any claim against the other Party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, the conditions precedent (vii) has been satisfied and none of the other conditions precedent has been satisfied or fulfilled. Further, condition precedent (v) has not been waived by the Underwriter up to date.

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Rights Issue for illustration purpose only:

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue			
	Number of Shares	% Approx.	Assuming full acceptance by all Qualifying Shareholders and there is no Excluded Shareholders		Assuming (a) no acceptance by the Qualifying Shareholders; and (b) all the Untaken Shares are taken up by the Underwriter and its subscribers procured by the Underwriter	
Shareholders	Number of Shares	% Approx.	Number of Shares	% Approx.	Number of Shares	% Approx.
<b>Substantial Shareholder</b>						
Tse Young Lai	<u>57,339,000</u>	<u>20.40%</u>	<u>86,008,500</u>	<u>20.40%</u>	<u>57,339,000</u>	<u>13.60%</u>
Sub-total	57,339,000	20.40%	86,008,500	20.40%	57,339,000	13.60%
<b>Directors</b>						
Ms. Chan (Note 1)	<u>9,000</u>	<u>0.00%</u>	<u>13,500</u>	<u>0.00%</u>	<u>9,000</u>	<u>0.00%</u>
Sub-total	9,000	0.00%	13,500	0.00%	9,000	0.00%
<b>Public Shareholders</b>						
The Underwriter and/or subscriber(s) procured by it	-	-	-	-	55,547,956	13.17%
The Sub-underwriter and/or subscriber(s) procured by it	-	-	-	-	85,000,000	20.16%
Other Public Shareholders	<u>223,747,913</u>	<u>79.60%</u>	<u>335,621,869</u>	<u>79.60%</u>	<u>223,747,913</u>	<u>53.07%</u>
Sub-total	<u>223,747,913</u>	<u>79.60%</u>	<u>335,621,869</u>	<u>79.60%</u>	<u>364,295,869</u>	<u>86.40%</u>
Total	<u>281,095,913</u>	<u>100.00%</u>	<u>421,643,869</u>	<u>100.00%</u>	<u>421,643,869</u>	<u>100.00%</u>

Note:

- Ms. Chan beneficially owns 9,000 Shares and 297,870 Outstanding Share Options. Ms. Chan is an executive Director of the Company.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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## LETTER FROM THE BOARD

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Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares, the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Untaken Shares procured by the Underwriter shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the public float requirements under Rule 11.23 of the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue; and (3) the Underwriter shall not (together with its respective parties acting in concert or any of its respective connected persons or associates) hold in aggregate 10% or more of the voting rights of the Company immediately after the Rights Issue.

As at the Latest Practicable Date, the Underwriter has procured one sub-underwriter (the “**Sub-underwriter**”), who are Independent Third Parties of and not connected with the Company, to take up 85,000,000 Rights Shares. The Sub-underwriter is a licensed corporation carrying out type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. The Underwriter will continue to procure more sub-underwriters to ensure that it will not hold in aggregate 10% or more of the voting rights of the Company immediately after the Rights Issue. The Sub-underwriter will also procure more subscribers to ensure that itself or any single subscriber will not hold in aggregate 10% or more of the voting rights of the Company immediately after the Rights Issue.

### **INFORMATION ON THE UNDERWRITER**

The Underwriter is a company incorporated in Hong Kong with limited liability. It is principally engaged in dealing in securities and its ordinary course of business includes underwriting of securities. As at the Latest Practicable Date, it is a licensed corporation carrying out type 1 (dealing in securities) regulated activity under the SFO.



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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in businesses of properties investments, securities trading, loan financing, trading business and dealing in, advising on securities and asset management.

In order to show the imminent funding needs of the Group, the Company has summarized the details of the outstanding loan/bonds as follows:

	Identity of Lender	Principal amount As at 30 June 2020 <i>HK\$('000)</i> <i>Approximately</i>	Range of interest rate per annum <i>%</i>	Range of maturity	Category by maturity
Secured Loan	Financial institution	125,885	15	2-Jun-21	Due within 12 months
Secured Bond & Convertible Bonds	Corporate bondholder	18,000	9 – 13.5	29-Oct-20 to 25-Mar-21	Due within 12 months
Bonds	Individual bondholder	10,000	8	1-Jun-20	Due immediately
	Individual bondholders	40,000	6 – 8	4-Dec-21 to 1-Jun-22	Due over 12 months
		193,885			

On the other hand, the Board is of the view that the macroeconomic environment remains pessimistic, the market conditions for Hong Kong will be uncertain and continue to face challenges mainly from the trade war between China and the US, the continuing local political and social events, the outbreak of COVID-19 in Hong Kong and around the world, and China's economic growth is forecasted to decelerate this year.

The Directors consider that the Rights Issue, which is on a fully underwritten basis, will allow the Group to strengthen its capital structure without incurring debt financing cost, improve the financial and liquidity position and provide additional general working capital. Meanwhile, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. The Qualifying Shareholders are also able to further increase their interests in the Company through excess applications. The Company has provided all its Qualifying Shareholders an equal opportunity to participate and increase their shareholding at a discounted price.

Having taken into consideration the aforesaid, the Board considers that the terms and conditions of the Rights Issue are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The gross proceeds from the Rights Issue will be approximately HK\$11,244,000. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are estimated to be approximately HK\$10,162,000. The net proceeds from the Rights Issue are intended to be used in the following manner:

- (i) as to approximately HK\$2,600,000, being approximately 26% of the net proceeds, for repayment of outstanding liabilities upon completion of the Rights Issue, which mainly comprise of outstanding legal and professional fees;
- (ii) as to approximately HK\$4,162,000, being approximately 41% of the net proceeds, for general working capital of the Group for 3 months; and
- (iii) remaining net proceeds of approximately HK\$3,400,000, being approximately 33% of the net proceeds, immediately after the completion of the Rights Issue, for 2 months' loan interest payable to secured borrowings and bond payables.

### OTHER FUNDRAISING ALTERNATIVES

The Company has considered other alternative fund raising methods such as placing of new Shares and debt financing. The Board considered that placing of new Shares would be available to certain places only and will cause dilution effect to the existing Shareholders. Also, the placing agent would usually conduct the placing on a best effort basis of which the target amount of fundraising is not guaranteed. Without a certainty on placing of new Shares, the Board has not further considered. On the other hand, the Board considered that the debt financing would further increase the liabilities of the Group. As it is the intention of the Company to reduce the liabilities and improve the gearing ratio of the Group, the Board does not considered the debt financing to be a best alternative.

The Board has also considered the Rights Issue would be more favourable and attractive to Shareholders than an open offer because the flexibility of the Shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements. In conclusion, the Board reiterated that all the Qualifying Shareholders will be offered equal opportunities to maintain their proportionate interests in the Company by exercising the rights to accept their entitlements of the Rights Shares or to dispose of the nil-paid Rights Shares in the stock market for their own economic benefit.

### RISK FACTORS

In compliance with Rule 14.22 of the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but do not limit to, the following:

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## LETTER FROM THE BOARD

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### **Risk factors relating to the Group's business**

***There are no long-term arrangements with the suppliers and customers in relation to the Company's trading business.***

The Group launched its trading business of tea leaves in the last quarter of 2017. The Company does not make any long-term arrangements with its suppliers and customers. Therefore, the Company is exposed to the risk of diminishing the orders by the customers. In addition, the Company may not find substitution if the suppliers reduce or cease to supply the trading products to the Company.

### ***Single product of the trading business***

Although the Company actively considers and sources for new products for its trading business. Currently, the Company operates only tea leaves trading business. Therefore, the Company is not able to maintain its revenue if the demand of tea leaves drops significantly.

### **Risk factors relating to the Group**

#### ***Failure to raise additional fund***

As disclosed in Appendix I section headed "WORKING CAPITAL", the Directors are of the opinion that the Group will not have sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this Prospectus as the total current assets is less than the total current liabilities. The Directors has expressed that the Company may consider to other fund raising activities after the completion of the Rights Issue. However, there is no assurance that the Company is able to obtain sufficient working capital which will be depending on a variety of uncertainties, including the economic condition, Share price performance and investors' sentiment in the Hong Kong capital market.

#### ***Exchange rate risk***

The majority of the Group's sales, receivables and expenditures are denominated in HK\$, United States dollars ("USD") or Renminbi ("RMB"). As the Directors do not consider that the Group is exposed to any material foreign currency exchange risk, no hedging or other similar device has been implemented.

#### ***Worsening of the outbreak of COVID-19 in Hong Kong and the PRC***

As the outbreak of the epidemic is still serious in the United States of America and Europe and some cases rebounded again in Hong Kong and the PRC, there is a threat that another wave of the outbreak will come following the re-opening of all or some of the boundaries with the PRC and the cancellation of the quarantine policy later. Such outbreaks may continue to affect the economy in Hong Kong and the PRC as well as the business and the financial condition of the Company.

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## LETTER FROM THE BOARD

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### Risk factors relating to the Rights Issue

#### *The Underwriter may terminate the arrangement set out in the Underwriting Agreement*

Pursuant to the Underwriting Agreement, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing served on the Company upon the occurrence of any of the events stated in the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” in this Prospectus prior to the Latest Time for Termination. Therefore, the Rights Issue will not proceed if the Underwriter terminates the Underwriting Agreement.

### FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
2 August 2019	Placing of new Shares under general mandate	HK\$8,800,000	(i) approximately HK\$3,000,000 towards the liabilities of the Group and approximately HK\$4,100,000 for the Group’s general working capital; and	(i) approximately HK\$3,000,000 towards the liabilities of the Group and approximately HK\$4,100,000 for the Group’s general working capital; and
			(ii) approximately HK\$1,700,000 for the loan interest and installment.	(ii) approximately HK\$1,700,000 for the loan interest and installment.

### POSSIBLE ADJUSTMENT TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, the Company has Outstanding Share Options under the Share Option Scheme carrying rights for the Option Holders thereof to subscribe for an aggregate of 2,545,795 new Shares.

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Outstanding Share Options under the Share Option Scheme. The Company will notify the Option Holders and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

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## LETTER FROM THE BOARD

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### **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms set out herein. Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,  
By Order of the Board  
**Chinese Strategic Holdings Limited**  
**Lam Kwok Hing Wilfred**  
*Chairman*

**1. FINANCIAL INFORMATION**

Details of the audited consolidated financial statements of the Group for the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, including the notes thereto, are disclosed in the annual reports of the Company for the three years ended 31 December 2017, 2018 and 2019 and the interim report for the six months ended 30 June 2020, which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.chinesestrategic.com>). Set out below are links to the relevant annual reports and interim report of the Company:

- (i) The interim report of the Company for the six months ended 30 June 2020 published on 14 August 2020 (pages 2 to 21):

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0814/2020081400496.pdf>

- (ii) The annual report of the Company for the year ended 31 December 2019 published on 14 May 2020 (pages 61 to 234):

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0514/2020051400575.pdf>

- (iii) The annual report of the Company for the year ended 31 December 2018 published on 29 March 2019 (pages 62 to 250):

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0329/gln20190329419.pdf>

- (iv) The annual report of the Company for the year ended 31 December 2017 published on 27 March 2018 (pages 63 to 226):

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0327/gln20180327133.pdf>

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 June 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

**(i) Secured borrowings**

The Group had outstanding borrowings of approximately HK\$125,885,000 at fixed rate of 15% per annum. The borrowings were secured by the Group's four investment properties.

**(ii) Secured borrowings from a joint venture**

The Group had borrowings from a joint venture with total of RMB17,550,000 (approximately HK\$20,136,000) at an interest of 8% per annum. The independent third parties (the “Pledgers”) pledged certain shares of private entities which were incorporated in PRC and investment properties which located in PRC and corporate guarantee as collateral to the joint venture. The borrowing from joint venture was then borrowed to the Pledgers. According to the loan agreement with the Pledgers, the Pledgers have to reimburse the Group for its cost of financing.

**(iii) Unsecured other borrowing**

The Group entered into a deed of settlement with EverCare, in relation to the assignment of a property located in CNMI to EverCare to set-off against the aggregate outstanding loan and accrued interest of approximately HK\$7,502,000 owed by the Group. As at 30 June 2020, the settlement was yet to be completed.

**(iv) Lease liabilities**

The Group had lease liabilities payables of approximately HK\$1,770,000 which classified as follows:

	<i>HK\$</i>
	<i>Approximately</i>
Within one year	1,213,000*
Within a period of more than one year but not more than two years	<u>557,000</u>
	<u><u>1,770,000</u></u>

\* of which approximately HK\$155,000 was secured by a motor vehicle of the Group.

**(v) Bond payables**

The Group had bond payables of HK\$50,000,000, unsecured, transferrable and bearing interest rate ranging from 6% to 8% per annum.

The Group had bond and convertible bond payables of HK\$18,000,000, which was secured by the Group’s four investment properties and bearing interest rate of 9% to 13.5% per annum.

**(vi) Guarantees issued**

At the close of business on 30 June 2020, the Group has provided the total maximum guarantees to two former subsidiaries of amount to approximately HK\$4,837,000. The total maximum guarantee issued represents the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

**(vii) Pledged of Assets**

At the close of business on 30 June 2020, certain equity securities listed in Hong Kong with the amount of approximately HK\$54,000 which was classified as financial assets at fair value through profit or loss are placed in a margin account of a regulated securities broker to secure a margin payable of approximately HK\$1,000.

Save as aforesaid and apart from intra-group liabilities and normal payables in the ordinary course of business, the Group did not have, at the close of business on 30 June 2020, any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities.

**3. WORKING CAPITAL**

The Directors are of the opinion that, after due and careful enquiry, taking into account the present available financial resources and the estimated net proceeds from the Rights Issue, as at the Latest Practicable Date, as the total current assets of the Group is less than the total current liabilities of the Group, the Group will not have sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this prospectus in the absence of unforeseeable circumstances.

Following the completion of the Rights Issue, depending on the then market circumstances and the Company's needs of funds, the Company may consider possible debt and/or equity fundraising activities and/or disposal of assets. As at the Latest Practicable Date, the Company does not have a concrete plan regarding the above and no agreement in relation to the above has been entered into by the Company. The Company will make further announcement(s) as and when appropriate pursuant to the GEM Listing Rules.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.



**5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$1,640,000 (six months ended 30 June 2019: approximately HK\$1,498,000), representing an increase of approximately 9.5% as compared with the last corresponding period. The increase in revenue mainly due to the increase in revenue of loan financing business during the six months ended 30 June 2020. The loss attributable to the owners of the Company for the six months ended 30 June 2020 aggregated at approximately HK\$30,693,000 (six months ended 30 June 2019: approximately HK\$40,560,000). Loss for the period was mainly attributable to loss from change in fair values in investment properties of approximately HK\$550,000, loss on disposals of financial assets at FVTPL of approximately HK\$362,000, gain arising from changes in fair value of financial assets at FVTPL of approximately HK\$993,000, staff cost and Directors' emoluments of approximately HK\$8,830,000 and professional fees of approximately HK\$1,875,000.

Looking forward to the year of 2020, the macroeconomic environment remains pessimistic, the market conditions for Hong Kong remain uncertain and continue to face challenges. Hong Kong will be exposed to increasing risks and difficulties, mainly from trade war between China and the US, the continuing local political and social events, the outbreak of COVID-19 in Hong Kong and around the world, and China's economic growth is forecast to decelerate this year.

Overall, the Group is actively attempting to improve the performance of its various business operations, and from time to time, to explore business opportunities in different sectors in order to broaden its revenue stream. Given that the overall business environment in the second half of 2020 will likely be challenging, volatile and unpredictable, the management will maintain a very cautious and practical approach in managing the Company's business operations. The Group will no doubt act cautiously and prudently moving forward.

**UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the directors of the Company (the “Directors”) in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) is set out below to illustrate the effect of the proposed rights issue by issuing 140,547,956 rights shares (no outstanding share options are exercised on or before the record date) at a price of HK\$0.08 per rights share on the basis of one rights share for every two existing shares on the record date (collectively referred to as the “Proposed Rights Issue”) on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company on 30 June 2020 as if the Proposed Rights Issue had taken place on 30 June 2020.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company immediately had the Proposed Rights Issue been completed as at 30 June 2020 or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the financial information as extracted from the published condensed consolidated statement of financial position of the Group as at 30 June 2020 as set out in the interim report of the Company for the six months ended 30 June 2020, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with (i) the historical financial information of the Group as set out in the interim report of the Group for the six months ended 30 June 2020 dated 13 August 2020 and (ii) other financial information included elsewhere in this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 HK\$'000 (Note 1)	Add: Estimated net proceeds from the Proposed Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Proposed Rights Issue HK\$'000	Unaudited consolidated net tangible assets per share attributable to owners of the Company as at 30 June 2020 before the Proposed Rights Issue HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company as at 30 June 2020 immediately after the completion of the Proposed Rights Issue HK\$ (Note 4)
Rights Issue of 140,547,956 rights shares	<u>27,285</u>	<u>10,162</u>	<u>37,447</u>	<u>0.097</u>	<u>0.089</u>

## Notes:

- The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2020 is based on the consolidated net assets of the Group of HK\$60,914,000 after deducting non-controlling interests of HK\$30,939,000 and club debenture of HK\$2,690,000 as extracted from the interim report of the Group for the six months ended 30 June 2020.
- The estimated net proceeds from the Proposed Rights Issue of approximately HK\$10,162,000 are based on the issuance of 140,547,956 rights shares at a price of HK\$0.08 per rights share, after the deduction of the estimated expenses attributable to the Proposed Rights Issue of approximately HK\$1,082,000. No outstanding share option have been exercised up to the close of the Record Date.
- The calculation of the unaudited consolidated net tangible assets per share attributable to owners of the Company as at 30 June 2020 before the Proposed Rights Issue is determined based on unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 of approximately HK\$27,285,000, divided by the number of shares in issue on 30 June 2020, i.e. 281,095,913 shares.
- The calculation of the unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company as at 30 June 2020 immediately after the completion of the Proposed Rights Issue is determined based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Proposed Rights Issue of approximately HK\$37,447,000 divided by the number of shares in issue upon the completion of the Proposed Rights Issue, i.e. 421,643,869 shares.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

21 August 2020

The Board of Directors  
**Chinese Strategic Holdings Limited**  
Unit 1, 21/F, Yue Xiu Building  
Nos. 160-174 Lockhart Road  
Wanchai, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Chinese Strategic Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2020 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 21 August 2020 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of proposed rights issue by issuing 140,547,956 rights shares (no outstanding share options are exercised on or before the record date) at a price of HK\$0.08 per rights share on the basis of one rights share for every two existing shares on the record date (the “Proposed Rights Issue”) on the Group’s net tangible assets as at 30 June 2020 as if the Proposed Rights Issue had taken place on 30 June 2020. As part of this process, information about the Group’s net tangible assets as at 30 June 2020 has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 30 June 2020 dated 13 August 2020, on which an interim report of the Group has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM on The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the "*Code of Ethics for Professional Accountants*" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Proposed Rights Issue on the Group's consolidated net tangible assets attributable to owners of the Company as if the Proposed Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Rights Issue at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the Proposed Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and

- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

**Asian Alliance (HK) CPA Limited**

*Certified Public Accountants (Practising)*

**Cheng Ting Chiu**

Practising Certificate Number: P06598

8/F, Catic Plaza  
8 Causeway Road  
Causeway Bay  
Hong Kong

**1. RESPONSIBILITY STATEMENT**

This Prospectus, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital in the Company as at the Latest Practicable Date and immediately following completion of the Rights Shares (assuming the Rights Issue becoming unconditional) was and will be as follows:

- (i) As at the Latest Practicable Date:

	Nominal value per Share (HK\$)	Number of Shares	Nominal Amount (HK\$)
Authorised:	0.01	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:	0.01	<u>281,095,913</u>	<u>2,810,959.13</u>

- (ii) Immediately after completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to completion of the Rights Issue and full acceptance by the Qualifying Shareholders):

	Nominal value per Share (HK\$)	Number of Shares	Nominal Amount (HK\$)
Authorised:	0.01	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:			
– As at the Latest Practicable Date	0.01	281,095,913	2,810,959.13
– Rights Shares to be issued pursuant to the Rights Issue	0.01	<u>140,547,956</u>	<u>1,405,479.56</u>
Shares upon completion of the Rights Issue		<u>421,643,869</u>	<u>4,216,438.69</u>



All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including as regards to dividends, voting rights and return of capital. All Rights Shares to be issued will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

The Company has applied to the Listing Committee for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there are 2,545,795 Outstanding Share Options which are exercisable up to 22 March 2026 and entitle the Options Holders to subscribe for 2,545,795 Shares under the Share Option Scheme, details of which are set out below:

Name of category of participant	Date of grant	Exercise period	Exercise price after adjustment <sup>#</sup> (HK\$)	Number of Outstanding Share Options
Directors	23 March 2016	23 March 2016 to 22 March 2026	6.1640	893,610
Employees	23 March 2016	23 March 2016 to 22 March 2026	6.1640	677,157
Consultants	23 March 2016	23 March 2016 to 22 March 2026	6.1640	<u>975,028</u>
				<u><u>2,545,795</u></u>

<sup>#</sup> Following the open offer and share consolidation on 26 June 2017 and 27 June 2017, respectively, the exercise price of the outstanding share options was adjusted from HK\$0.6120 to HK\$6.1640.

Save as disclosed above, as at the Latest Practicable Date, the Company has no outstanding derivatives, options, warrants or securities in issue which confer any rights to subscribe for, convert or exchange into Shares, and there was no arrangement under which future dividends are/will be waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS

#### (i) Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

#### *Long position in the Shares and underlying Shares of the Company*

Name of Director	Long/Short position	Nature of interests	Interests in ordinary shares	Interest in underlying share options	Aggregate interests	Approximate percentage of aggregate interests to total issued share capital of the Company
Chan Shui Sheung Ivy	Long position	Beneficial owner	9,000	297,870	306,870	0.11%
Lam Kwok Hing Wilfred	Long position	Beneficial owner	–	297,870	297,870	0.11%
Mok Tsan San	Long position	Beneficial owner	–	297,870	297,870	0.11%

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(ii) Substantial Shareholders' interests in Shares and underlying Shares**

As at the Latest Practicable Date, so far as known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company as disclosed above) had, or were deemed to have, interests or short position in the Shares or underlying Shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

***Long position in the Shares and underlying Shares of the Company***

Name	Long/Short position	Capacity and Nature of interest	Number of Shares	Approximate percentage of the Company's total issued share capital
Tse Young Lai	Long position	Beneficial owner	57,339,000	20.40%
Ng Kam Ching	Long position	Beneficial owner	19,260,000	6.85%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

**4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS AND ASSETS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in the assets which had been, since 31 December 2019, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors and their respective associates was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and any member of the Group which were not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## 6. COMPETING INTEREST

As at the Latest Practicable Date, 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.

## 7. LITIGATIONS

Regarding the action under High Court Action No. 701 of 2013, the parties have exchanged their respective witness statements and are now preparing for the expert evidence. Upon filing and exchange of the expert evidence, the case would be set down for trial.

The Company and King Perfection Limited have obtained judgment but one of the judgment debtors has been wound up. Both the Company and King Perfection Limited are relying on legal advice for further conduct and for protection of their interest.

Under High Court Action No. 1114 of 2019 (“**HCA 1114/2019**”), EverCare Finance Company Limited (“**EverCare**”) claimed against the Company for HK\$11,296,663.40 together with interest and costs. Subsequently, EverCare and the Company entered into the deed of settlement (the “**Deed of Settlement**”) on 30 August 2019, pursuant to which the Company settled EverCare’s claim partly in cash and partly by assigning to EverCare all its right, title, benefit, interest and ownership over a land parcel situated on Lot 044 T 02 of Tinian, the Commonwealth of the Northern Mariana Islands (the “**Property**”). The transfer and the registration of change of ownership of the Property is still being processed by the relevant government agent/department in the place in which the Property is situated, which is not completed yet. EverCare now alleges that the Company has failed to meet certain requirements imposed by the Deed of Settlement, and it therefore proceeds with HCA 1114/2019. A Consent Summons setting out proposed directions for further conduct of HCA 1114/2019 was endorsed by solicitors for EverCare and solicitors for the Company on 10 July 2020.

With regard to High Court Miscellaneous Proceedings No. 1152 of 2019 (“**HCMP 1152/2019**”), Nanyang Commercial Bank Limited (the “**Bank**”) instituted mortgagee action against the Company and Sun Famous Investment Limited (“**Sun Famous**”) as a result of the non-repayment of certain loan facilities that have been obtained by Sun Famous from the Bank. The Bank claimed for vacant possession of the charged property namely, which was charged to and in favour of the Bank under the mortgage, as well as all money due by the Company and Sun Famous to the Bank thereunder, and both the Company and Sun Famous have instructed legal advisers to act on their behalf on this matter whilst simultaneously pursuing direct discussions and negotiations with the Bank with a view to resolving this matter swiftly and amicably. As at the Latest Practicable Date, the Company and Sun Famous have repaid the entire amount due to the Bank, and HCMP 1152/2019 has already been fully settled.

Easy Champ Corporation Limited (“**Easy Champ**”), an indirect wholly-owned subsidiary of the Company, has been sued under High Court Action No. 1504 of 2019 by the landlord of the office premises (the “**Premises**”) previously occupied by Easy Champ. Judgment has already been entered against Easy Champ, and it is adjudged that Easy Champ do pay the landlord (a) the sum of HK\$1,350,000 being arrears of rent; (b) mesne profits at the rate of HK\$150,000 per month from 10 August 2019 to the date when vacant possession of the Premises is delivered up to the landlord; (c) the sum of approximately HK\$26,000 being interest accumulated on arrears of rent as at 19 August 2019; (d) interest on the sum of HK\$1,350,000 at the rate of 5.125 per cent per annum from 1 September 2019 to the date of the judgement and thereafter at the judgment rate to the date of full payment; and (e) costs, to be taxed if not agreed.

As at the Latest Practicable Date, a winding-up petition has been presented by the landlord of the Premises against Easy Champ, which winding-up petition was heard by the Court of First Instance of the High Court of Hong Kong on 8 July 2020. The Court of First Instance of the High Court of Hong Kong granted the winding-up order against Easy Champ on 8 July 2020, and Mr. LAU Siu Hung and Ms. KWOK Sin Kwan have been appointed by the Official Receiver as Joint and Several Provisional Liquidators of Easy Champ on 8 July 2020. Easy Champ did not have any revenue for the year ended 31 December 2019 while Easy Champ’s total assets only contributed approximately 2.8% of the Group’s total assets as at year ended 31 December 2019. Easy Champ did not have any revenue for the six months ended 30 June 2020 while its total assets only contributed approximately 3.1% of the Group’s total assets as at 30 June 2020. The Board is of the view that the winding-up of Easy Champ will not have a material adverse impact on the Group.

FT Securities Limited (“**FT Securities**”), an indirect wholly-owned subsidiary of the Company, was disciplined by the SFC on 16 November 2018 and as a result of which FT Securities was fined HK\$3,500,000. FT Securities appealed to the Securities and Futures Appeals Tribunal. The appeal was dismissed, and SFC enforced against FT Securities for a total amount of approximately HK\$3,806,000, being the said fine of HK\$3,500,000 together with SFC’s costs. On 10 October 2019, the SFC obtained a Garnishee Order to Show Cause from the cost of First Instance of the High Court of Hong Kong against FT Securities, with The Hongkong and Shanghai Banking Corporation Limited being the garnishee (the “**Garnishee**”), and with the said Garnishee order to Show Cause being made absolute on 13 December 2019, an amount of approximately HK\$2,261,000 was deducted from FT Securities’ bank account with the Garnishee for purported part payment of the fine. Further, FT Securities was sued by Pasture Land Company Limited (“**Pasture Land**”), landlord of the premises known as/situate at 22nd Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong (the “**Premises**”), with the Premises being occupied and used by FT Securities as its registered office and place of business, in Lands Tribunal Case No. LPDE 1474 of 2019 (“**LPDE 1474/2019**”) for recovery of vacant possession of the Premises, all outstanding rental due and owing by FT Securities to Pasture Land, and costs.

FT Securities surrendered vacant possession of the Premises to Pasture Land on 13 May 2020, and Pasture Land entered into judgment against FT Securities on 13 May 2020 for the sum of HK\$1,196,027.84 together with interest and costs (to be taxed if not agreed) (collectively, the “**Judgment Sum**”). As at the Latest Practicable Date, the entire amount of the Judgment Sum remains outstanding up to date.

On 18 November 2019, the Company received a statutory demand (the “**Statutory Demand**”) dated 18 November 2019 issued by the legal representative of a purported creditor demanding the Company to settle a sum of approximately HK\$1,443,000 plus interest (the “**Relevant Sum**”). The Statutory Demand was issued pursuant to section 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. If the Company fails to repay the Relevant Sum within 3 weeks after the service of the Statutory Demand, a winding-up order may be made in respect of the Company. As at the Latest Practicable Date, the Company has already repaid a substantial part of the Relevant Sum, with only HK\$114,903.63 remaining outstanding.

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

Save as disclosed above as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

## 8. MATERIAL CONTRACTS

The following contract(s) (not being contract(s) entered into in the ordinary course of business) have been entered into by member(s) of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement dated 23 May 2018 entered into between 北京華鼎滙金投資有限責任公司 (Beijing Huading Huijin Investment Company Limited\*), a company incorporated in the PRC with limited liability as Vendor I; 汪名一 (Mr. Wang Mingyi), an individual shareholder of 北京金准韋特智能科技有限公司 (Beijing Jinzhun Weite Intelligence Technological Company Limited\*), a company incorporated in the PRC with limited liability (the “**Target Company**”) as Vendor II; 常偉 (Mr. Chang Wei), an individual shareholder of the Target Company as Vendor III; 劉靖衡 (Mr. Liu Jingheng), an individual shareholder of the Target Company as Vendor IV; 周鵬宇 (Mr. Zhou Pengyu), an individual shareholder of the Target Company as Vendor V; Goal Set Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as the Purchaser; and the Company (collectively, the “**Parties**”) in relation to the acquisition of 55% equity interest in the Target Company at the consideration of HK\$96,000,000, which shall be satisfied (i) as to HK\$3,000,000 in cash: and (ii) as to HK\$93,000,000 by the issue of the exchangeable note which can be exchanged into the convertible bonds. Subsequently, the supplemental agreement to the above sale and purchase agreement dated 5 September 2018 was entered into among the Parties to extend the long stop date to 31 October 2018 and to revise certain terms on the sales and purchase agreement. As certain conditions had not been clarified with the authorities as at the long stop date, the sale and purchase agreement as supplemented by the supplemental agreement lapsed accordingly and neither party had any claim against the other thereunder;

\* For identification purpose only

- (b) the placing agreement dated 20 June 2018 entered into between the Company and I Win Securities Ltd (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed to procure not less than six placees on a best efforts basis to subscribe for up to 40,000,000 placing shares at the placing price of HK\$1.68 per placing share under the general mandate. Subsequently, the supplemental agreement to the placing agreement dated 10 July 2018 was entered into between the Company and the Placing Agent, whereby the Company and the Placing Agent agreed to amend the term of the Placing Agreement by replacing the definition of “long stop date” in its entirety by “31 July 2018 or such later date as the Company and the Placing Agent may agree in writing”. As the conditions precedent to the Placing Agreement and Supplemental Agreement were not fulfilled on 31 July 2018, the Placing Agreement and Supplemental Agreement lapsed thereon;
- (c) the preliminary sales and purchase agreement dated 25 February 2019 and the sales and purchase agreement dated 11 March 2019 entered into between Host Luck Limited (the “**Vendor**”), a subsidiary of the Company, and two individuals (the “**Purchasers**”), pursuant to which the Vendor agreed to sell and the Purchasers agreed to purchase the property at the consideration of HK\$8,300,000;
- (d) the placing agreement dated 4 March 2019 entered into between the Company and two placing agents, Paragon Securities Limited and Excel Precise Securities Limited (collectively, the “**Placing Agents**”), pursuant to which the Company has conditionally agreed to place, through the Placing Agents, on a best effort basis to place a maximum of 41,000,000 placing shares, not less than 6 placees, at a placing price of HK\$0.35 per placing share under general mandate;
- (e) the memorandum of understanding (“**First MOU**”) dated 7 March 2019 entered into between Best Marvel Investment Limited (“**Best Marvel**”), an indirect wholly-owned subsidiary of the Company, and a substantial shareholder of the Company (the “**Purchaser**”) in relation to the possible disposal of the entire equity interest in Sun Famous Investment Limited (“**Sun Famous**”), a company incorporated in Hong Kong with limited liability and was wholly owned by Best Marvel, including but not limited to the real estate property in Hong Kong beneficially owned by Sun Famous, to the Purchaser;
- (f) the memorandum of understanding (“**Second MOU**”) dated 7 March 2019 entered into between Unique Jade International Limited, two other independent parties of the Company (collectively “**Vendors II**”) and the Purchaser in relation to the possible disposal of the entire equity interest in Hong Kong Newrich Limited (“**Hong Kong Newrich**”), including but not limited to the real estate property in Hong Kong beneficially owned by Hong Kong Newrich, to the Purchaser;



- (g) the placing agreement dated 2 August 2019 entered into between the Company and Easy One Securities Limited (the “**Placing Agent**”), pursuant to which the Company proposed to offer the placing of up to 46,800,000 placing shares at the placing price of HK\$0.20 per placing share under general mandate and appoint the Placing Agent to place and to procure subscriptions for the placing shares, on a best-effort basis, to not less than six places;
- (h) the deed of settlement dated 30 August 2019 entered into between the Company (the “**Debtor**”) and EverCare Finance Company Limited (“**EverCare**”, the “**Creditor**”) (collectively, the “**Parties**”), pursuant to which EverCare agreed to discontinue High Court Action 1114 of 2019 against the Company if the Company assigned all its right, title, benefit, interest and ownership over a land parcel, which was situated in Tinian, the Commonwealth of the Northern Mariana Islands, to EverCare at a consideration of approximately HK\$3,557,000 plus the payment in cash of the sum of approximately HK\$268,000 for interest accrued on the principal of approximately HK\$3,557,000 from 1 March 2019 to 30 August 2019 and the sum of approximately HK\$129,000 for the reimbursement of legal costs incurred by EverCare;
- (i) the strategic cooperation framework agreement (the “**Framework Agreement**”) dated 24 September 2019 entered into among Sure Progress Investment Limited (必進投資有限公司) (“**Sure Progress**”), a wholly-owned subsidiary of the Company, and Cheng Jiao Advisory Services (Shenzhen) Company Limited\* (承教投資諮詢(深圳)有限公司), a wholly-owned foreign enterprise formed under the laws of the PRC that was entirely owned by Sure Progress, and Beijing Huading Huijin Investment Company Limited\* (北京華鼎滙金投資有限責任公司) (“**Beijing Huading**”), a company established under the laws of the PRC with limited liability, pursuant to which the parties agreed to strategically develop and market, on a global scale, the artificial intelligence services business (the “**AI Services Business**”) that was currently operated by Beijing Lanhai Huijin Technology Company Limited\* 北京藍海滙金智能科技有限公司 (“**Lanhai Technology**”), a company established under the laws of the PRC with limited liability and of which Beijing Huading was a major shareholder. The parties to the Framework Agreement agreed to each use their best efforts to enter into a formal cooperation agreement and to procure the execution of the exclusive agency agreement by no later than 31 October 2019 which has subsequently been extended to 31 January 2020 under a supplemental framework agreement signed on 31 October 2019, for the purpose of realizing the aforementioned goals. The Framework Agreement finally lapsed on 31 January 2020;

\* For identification purpose only



- (j) the sale and purchase agreement dated 6 November 2019 entered into between Rich Best Asia Limited (“**Rich Best**”), a subsidiary of the Company, and First Champion Worldwide Limited (“**First Champion**”), pursuant to which (i) First Champion agreed to purchase and Rich Best agreed to sell 100% of the total issued shares of Alpaco Company Limited (“**Alpaco**”) and (ii) the Company agreed to assign and First Champion agreed to accept the assignment of a shareholder’s loan due by Alpaco to the Company at the total consideration of HK\$9,280,001;
- (k) the sale and purchase agreement dated 6 November 2019 entered into between Key Model Limited (“**Key Model**”), a subsidiary of the Company and Luck Bloom International Limited (“**Luck Bloom**”), pursuant to which (i) Luck Bloom agreed to purchase and Key Model agreed to sell 88.89% of the total issued shares of Watson China Limited and (ii) the Company agreed to assign and Luck Bloom agreed to accept the assignment of a shareholder’s loan due and owed by Watson China to the Company at the total consideration of HK\$8,980,001;
- (l) the memorandum of understanding dated 5 February 2020 entered into between Magic Red Limited, an indirect wholly-owned subsidiary of the Company, and two independent third parties (the “**Vendors**”) in relation to a possible acquisition of the entire equity interests in a target company which was incorporated in Hong Kong and principally engaged in business of inbound tour and travel related services in Hong Kong and the PRC;
- (m) the non-legally binding framework agreement (the “**Framework Agreement I**”) dated 21 February 2020 entered into among Best Marvel Investment Limited (the “**Vendor I**”), an indirect wholly-owned subsidiary of the Company, the Company (the “**Guarantor**”) and the purchaser (the “**Purchaser**”) in relation to the possible disposal of the entire issued share capital of Sun Famous Investment Limited at the consideration of HK\$50,000,000. On the same day, another non-legally binding framework agreement (the “**Framework Agreement II**”) was entered into among Unique Jade International Limited (the “**Vendor II**”), an indirect wholly-owned subsidiary of the Company, the Guarantor and the Purchaser in relation to the possible disposal of the entire issued share capital of Hong Kong Newrich Limited at the consideration of HK\$44,800,000. The Framework Agreement I and Framework Agreement II had lapsed subsequently;
- (n) the Underwriting Agreement;
- (o) a loan agreement dated 4 June 2020 entered into between Fameway Finance Limited, a wholly-owned subsidiary of the Company and Fortunate Soar International Limited (the “**Borrower**”), an independent third party of the Company, in relation to provision of a loan of HK\$5,000,000 to the Borrower for a term of 6 months with interest rate of 18% per annum;

- (p) a loan agreement dated 5 June 2020 entered into between Fameway Finance Limited, a wholly-owned subsidiary of the Company and GFL (Murray) Holdings Limited (the “**Borrower**”), an independent third party of the Company, in relation to provision of a loan of HK\$5,000,000 to the Borrower for a term of 6 months with interest rate of 18% per annum;
- (q) the Supplemental Underwriting Agreement;
- (r) the Second Supplemental Underwriting Agreement; and
- (s) the Third Supplemental Underwriting Agreement.

## 9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

Ms. Chan Shui Sheung Ivy, aged 55, was appointed as an executive Director on 25 August 2008. Ms. Chan graduated from the University of South Australia with a Master of Business Administration degree. Ms. Chan has over 26 years of experience in investment and is currently the director of certain subsidiaries of the Company. She is also a director of Channel Enterprises (Int’l) Limited.

Mr. Mok Tsan San, aged 49, was appointed as an executive Director on 12 August 2014. Mr. Mok is the managing director of Capital Union Investments Limited, a direct investment firm with a portfolio in Greater China and overseas. Mr. Mok was an executive director of Chinese Food and Beverage Group Limited (stock code: 8272), a company listed on the GEM of the Stock Exchange during the period from April 2014 to December 2016. He was also a non-executive director of Casablanca Group Limited (stock code: 2223), from April 2015 to April 2018, and a non-executive director of Newtree Group Holdings Limited (stock code: 1323) during the period from August 2014 to February 2016, both companies listed on the Main Board of the Stock Exchange. With over 17 years of solid experiences in fund raising and investment syndication in a number of ventures, he has helped, funded, and/or personally invested in and advised in a number of other Silicon Valley companies in Hong Kong, including but not limited to Facebook Inc. and Proteus Digital Health. Mr. Mok began his career in Babbie Asia Limited (now Jacobs Engineering Group Inc.), an international civil engineering consulting firm as an engineer. He holds a Bachelor of Science degree in Civil Engineering from Ohio State University.

### Non-executive Director

Mr. Lam Kwok Hing Wilfred, *J.P.*, aged 61, was appointed as a non-executive Director on 2 September 2013, re-designated as an executive Director with effect from 1 January 2014 and then redesignated again as a non-executive Director with effect from 1 December 2018. He has also been appointed as the Chairman of the Board, members of the nomination committee and the remuneration committee of the Company. Mr. Lam is currently the director of certain subsidiaries of the Company.

Mr. Lam is an independent non-executive director of National Arts Entertainment and Culture Group Limited (stock code: 8228), a company listed on GEM of the Stock Exchange, since 22 March 2019.

Mr. Lam was an executive director (re-designated from an executive director to a non-executive director on 1 July 2015 and from a non-executive director to an executive director from April 2017 to June 2019) of Hong Kong Resources Holdings Company Limited (Stock Code: 2882), a company listed on the Main Board of the Stock Exchange.

Mr. Lam was a chairman and an executive director of Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited) (Stock Code: 1041), a company listed on the Main Board of the Stock Exchange from June 2015 to March 2016, and then was appointed as a consultant until March 2017. Mr. Lam was a non-executive director of The Hong Kong Building and Loan Agency Limited (Stock Code: 145) a company listed on the Main Board of the Stock Exchange from October 2011 to October 2017.

Mr. Lam is a Justice of Peace of Hong Kong and was awarded the Queen's Badge of Honour in January 1997. He is also a Deputy Commissioner (Administration) of the Civil Aid Service. He holds a bachelor degree of Law with honours from The University of Hong Kong. He is a practising solicitor in Hong Kong, a consultant lawyer of WT Law Offices and Lam, Lee & Lai Solicitors & Notaries and a Civil Celebrant of Marriages. He also holds a professional qualification of Estate Agent's (Individual) License in Hong Kong.

#### **Independent non-executive Directors**

Ms. Yuen Wai Man ("**Ms. Yuen**"), aged 48, was appointed as an independent non-executive Director on 4 July 2008. She was also appointed as the chairman of the audit and remuneration committees of the Company and a member of nomination committee of the Company on 4 July 2008. She graduated from The University of Hong Kong with a degree in Business Administration in 1994. She is the fellow member of The Association of Chartered Certified Accountants, fellow member of The Hong Kong Institute of Certified Public Accountants and overseas member of The Chinese Institute of Certified Public Accountants. Ms. Yuen has worked in accounting and auditing area for over 25 years. She is currently an independent non-executive director of China Eco-Farming Limited (stock code: 8166), a company listed on the GEM of the Stock Exchange since 1 September 2016, and was an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), a company listed on the Main Board of the Stock Exchange, during the period from November 2012 to October 2017.

Mr. Chow Fu Kit Edward (“**Mr. Chow**”), aged 52, was appointed as an independent non-executive Director on 14 May 2012. He was also appointed as members of the audit committee, nomination committee and remuneration committee of the Company on 14 May 2012. Mr. Chow has over 25 years of experience in power industry and is specialised in business strategy development, change management, materials procurement and marketing for power company. He holds a Master’s degree of Engineering in Mechanical Engineering from The University of Hong Kong and a Master’s degree of Business Administration from The Chinese University of Hong Kong. He is a Chartered Engineer, member of Institution of Mechanical Engineers and The Hong Kong Institution of Engineers.

Mr. Lam Raymond Shiu Cheung (“**Mr. Lam**”), aged 54, was appointed as an independent non-executive Director on 1 September 2017. He was also appointed as the chairman of the nomination committee of the Company and member of the audit committee and remuneration committee of the Company on 1 September 2017. Mr. Lam graduated from the Victoria University of Melbourne, Australia, with a Bachelor of Business Degree majoring in banking and finance. He also earned a Master Degree in Applied Finance from Macquarie University of Australia. Mr. Lam has 28 years’ extensive experience in business development and corporate finance. He started his career in corporate banking, after which he joined one of the biggest oil companies in the USA specializing in the area of business development.

Mr. Lam is currently an independent non-executive director of China Assurance Finance Group Limited (Stock Code: 8090) since December 2011 and Yin He Holdings Limited (Stock Code: 8260) since April 2012, all companies listed on the GEM of the Stock Exchange. He was an independent non-executive director of Kakiko Group Limited (now known as Jinhai International Group Holdings Limited) (stock code: 2225) from September 2017 to July 2019, a company listed on the Main Board of the Stock Exchange. He was an executive director of Chinese Food And Beverage Group Limited (Stock Code: 8272) from April 2013 to January 2019, a company listed on the GEM of the Stock Exchange.

#### **Audit Committee**

The audit committee of the Board (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Ms. Yuen Wai Man, Mr. Chow Fu Kit Edward and Mr. Lam Raymond Shiu Cheung. Ms. Yuen Wai Man is the chairman of this committee.

The primary duties of the Audit Committee include, among other things, making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; reviewing the Company's financial statements, annual report and accounts, interim report and quarterly reports and financial reporting judgments contained therein; overseeing the effectiveness of the audit financial reporting system, risk management and internal control systems of the Group; and reviewing the confidential arrangements that employees of the Company may use to report and by way of which facilitating the above-mentioned duties.

#### **10. EXPERT'S CONSENT AND QUALIFICATION**

The following is the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
Asian Alliance (HK) CPA Limited	Certified Public Accountants

Asian Alliance (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter or advice, and references to its name in the forms and context in which they appear.

As at the Latest Practicable Date, Asian Alliance (HK) CPA Limited had no shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Asian Alliance (HK) CPA Limited had neither direct nor indirect interest in any assets which had been, since 31 December 2019, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**11. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

Registered office:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business in Hong Kong:	Unit 1, 21/F, Yue Xiu Building Nos. 160-174 Lockhart Road Wanchai Hong Kong
Underwriter:	Rifa Securities Limited Level 7, 28 Hennessy Road Wanchai Hong Kong
Legal advisers to the Company as to the Rights Issue:	WT Law Offices Units 1102-1103, 11/F Prosperous Building 48-52 Des Voeux Road Central Hong Kong
Legal advisers to the Company as to Bermuda law:	Conyers Dill & Pearman 29th Floor One Exchange Square 8 Connaught Place Central Hong Kong
Bermuda principal share registrar and transfer office:	MUFG Fund Services (Bermuda) Limited 4th Floor, North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong branch share registrar and transfer office:	Union Registrars Limited Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road North Point Hong Kong

Financial adviser to Company:	Red Sun Capital Limited Unit 3303, 33/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Auditor:	Asian Alliance (HK) CPA Limited 8/F., Catic Plaza 8 Causeway Road Causeway Bay Hong Kong
Principal bankers:	Fubon Bank (Hong Kong) Limited 3/F, Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong  The Hongkong and Shanghai Banking Corporation Limited Room 2103-7, Causeway Bay Plaza Two, 463-483 Lockhart Road, Hong Kong
Authorised representatives:	Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San Unit 1, 21/F, Yue Xiu Building Nos. 160-174 Lockhart Road Wanchai Hong Kong
Company Secretary:	Mr. Lam Kwok Hing, Wilfred Unit 1, 21/F, Yue Xiu Building Nos. 160-174 Lockhart Road Wanchai Hong Kong
Compliance Officer:	Mr. Mok Tsan San Unit 1, 21/F, Yue Xiu Building Nos. 160-174 Lockhart Road Wanchai Hong Kong

**12. EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1,082,000, which are payable by the Company.

**13. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “10. EXPERT’S CONSENT AND QUALIFICATION” in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Unit 1, 21/F, Yue Xiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong during the period of 14 days from the date of this Prospectus:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for the three financial years ended 31 December 2017, 2018 and 2019;
- (iii) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (iv) the written consent referred to in the paragraph headed “10. EXPERT’S CONSENT AND QUALIFICATION” in this Appendix;
- (v) the material contracts referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this Appendix; and
- (vi) the Prospectus Documents.



**16. LANGUAGE**

In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

**17. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iii) The compliance officer of the Company is Mr. Mok Tsan San who is also an executive Director.
- (iv) The business address of all Directors and authorized representatives of the Company is Unit 1, 21/F, Yue Xiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong.