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華人策略控股有限公司

Chinese Strategic Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Arranger



PLUTUS SECURITIES LIMITED
貝德斯證券有限公司

THE PLACING

On 14 September 2020 (after trading hours), the Issuer, an indirectly wholly-owned subsidiary of the Company, entered into the Placing Agreement with the Arranger pursuant to which the Arranger has conditionally agreed to, on a best effort basis, procure Placees to subscribe for the Convertible Bonds of an aggregate principal amount of up to HK\$198.0 million with the Conversion Price of HK\$0.11.

The 1,800,000,000 Conversion Shares, in the event that all the Convertible Bonds are converted in full at the initial Conversion Price of HK\$0.11, represent (i) approximately 426.90% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 81.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares in full.

The SGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the Specific Mandate, the Placing Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Placing Agreement and will be required to abstain from voting on the resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder at the SGM.

The Circular containing, among other things, (i) further details of the Placing and (ii) notice convening the SGM, will be despatched to the Shareholders in due course in accordance with the GEM Listing Rules.

Completion of the Placing is subject to the conditions precedent as set out in the Placing Agreement having been fulfilled within the prescribed timeframe. As such, the Placing may or may not materialise. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

THE PLACING

The Placing Agreement

Date

14 September 2020 (after trading hours)

Parties

Issuer : Asiaciti Management Limited

Arranger : Plutus Securities Limited

Asiaciti Management Limited is an indirectly wholly-owned subsidiary of the Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Arranger and its ultimate beneficial owner(s) are Independent Third Parties.

Placing of Convertible Bonds

Pursuant to the Placing Agreement, the Arranger has conditionally agreed to, during the Placing Period, on a best effort basis, procure Placees to subscribe for the Convertible Bonds of an aggregate principal amount of up to HK\$198.0 million with the Conversion Price of HK\$0.11.

Placees

The Arranger undertakes to use its reasonable endeavours to procure confirmations from its Placees confirming to the effect that the Convertible Bonds shall only be subscribed by such individuals, corporate, institutional investors or other investors whom themselves and their respective ultimate beneficial owners, to their best knowledge, are Independent Third Parties.

Placing Commission

In consideration of the services of the Arranger in relation to the Placing and provided that completion occurs in accordance with the Placing Agreement, the Issuer shall pay to the Arranger a commission of 3% of the aggregate principal amount of Convertible Bonds successfully arranged by the Arranger on behalf of the Issuer in pursuance of its obligations in the Placing Agreement.

The placing commission was determined after arm's length negotiation between the Company and the Arranger by reference to the size, the current and the expected market conditions and the time allowed for the Arranger to procure Placees for the Placing. The Directors are of the view that the placing commission payable for the Placing is fair and reasonable.

Placing Period

The period commencing from the date of the Placing Agreement and ending on the end of the six month from the date of the Placing Agreement, or such other period as may be agreed between the Issuer and the Arranger in writing.

Conditions precedent

The Placing is conditional upon the following matters:

- (i) the grant or conditional grant of approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all of the Conversion Shares;
- (ii) the passing of resolution by the shareholders of the Company who are entitled to vote and not required to abstain from voting under the GEM Listing Rules and other applicable regulations to approve the Placing Agreement and the transactions contemplated thereunder including but not limited to the issue and allotment of the Conversion Shares and the creation and issue of the Bonds; and
- (iii) if necessary, the Bermuda Monetary Authority granting its consent to the issue of the Bonds and the issue and allotment of the Conversion Shares.

Termination

The Arranger may, by notice to the Issuer given at any time prior to the expiry date of the Placing Period, terminate the Placing Agreement in the absolute opinion of the Arranger when the success of the Placing contemplated thereunder would be materially and adversely affected by:

- (i) 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 Arranger materially and adversely affect 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 Placing; or
- (ii) 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 of this announcement) 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 Arranger materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation to any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Arranger is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any suspension in trading of securities of the Company on the Stock Exchange for a period of more than 15 consecutive Business Days; or
- (v) 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; or
- (vi) there is any breach of the warranties, representations and undertakings given by the Issuer in the Placing Agreement and such breach is considered by the Arranger on reasonable grounds to be material in the context of the Placing.

Upon termination of the Placing Agreement pursuant to any of (i) to (vi) inclusive above, all liabilities of the parties thereto thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement. Such termination shall also be without prejudice to any rights of any party in respect of any breach by the other prior to such termination.

Completion of the Placing

Subject to the fulfilment of the conditions precedent and the Arranger having served a completion notice on any Business Day during the Placing Period, Completion shall take place on the Placing Completion Date.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal terms of the Convertible Bonds are summarised as follows:

Issuer: Asiatic Management Limited

Principal amount: Up to HK\$198.0 million

Authorised denomination: HK\$55,000

Interest rate: Coupon rate of 24% per annum on the outstanding principal amount of the Convertible Bond calculated from the First Issue Date to and including the Maturity Date. The interest shall be calculated on the basis of a 365-day year, and shall be paid on the Maturity Date.

Maturity Date: 365 days from the date of issuance of the Convertible Bonds

Conversion Period: The period commencing from the date which falls on the fifth (5th) Business Day before the Maturity Date and ending on the Maturity Date, both dates inclusive.

Conversion Price: The initial Conversion Price (subject to adjustment) of HK\$0.11 represents (i) a discount of approximately 14.1% to the closing price of HK\$0.128 per Share as quoted on the Stock Exchange on 14 September 2020, being the date of the Placing Agreement; (ii) a discount of approximately 14.1% to the average closing price of approximately HK\$0.128 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement; and (iii) a discount of approximately 7.6% to the average closing price of approximately HK\$0.119 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Arranger with reference to, among others, the prevailing market prices of the Shares.

The Conversion Price is subject to customary adjustments upon occurrence of certain events, including subdivision or consolidation of Shares, capitalisation issues, rights issues, issue of other securities and other dilutive events.

Adjustment to Conversion Price: The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events in relation to the Shares, including but not limited to: (i) consolidation or sub-division of Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) issues of Shares or other securities by way of rights; (v) issue of Shares other than by way of rights; (vi) issue of Shares upon conversion or exchange; (vii) modification of rights of conversions or exchange; and (viii) offer for Shares.

Conversion Shares: Up to a maximum of 1,800,000,000 new Shares (subject to adjustments of the Conversion Price) to be issued under the Specific Mandate upon exercise of the conversion rights attached to the Convertible Bonds, representing (i) approximately 426.90% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 81.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Conversion Shares, when issued, will be duly authorised and will rank pari passu in all respects with the Shares in issue on the date of allotment and shall be issued free from all encumbrances.

Transferability:	The Convertible Bonds are transferable in whole or in integral multiples of HK\$55,000 and the Convertible Bonds can be transferred to any person provided that if the Convertible Bonds is intended to be transferred to a connected person (as defined in the GEM Listing Rules), such transfer shall comply with the requirements under the GEM Listing Rules and/or requirements imposed by the Stock Exchange.
Conversion rights:	Holder of the Convertible Bonds has the right on any Business Day during the Conversion Period to convert in whole or in part of the outstanding principal amount of the Convertible Bonds in whole or in integral multiples of HK\$55,000 into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bond to be converted by the Conversion Price in effect on the Conversion Date.
Limitations on conversion of the Convertible Bonds:	The exercise of the conversion rights attaching to the Convertible Bonds shall not trigger any mandatory general obligation on the part of the holders of the Convertible Bonds under Rule 26 of the Takeovers Code.
Public float restriction:	Holder of the Convertible Bonds can only exercise the conversion rights attached to the Convertible Bonds if the minimum public float requirements of the Company under the GEM Listing Rules will not be breached as a result of such exercise.
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
Redemption:	All Convertible Bonds which have not been redeemed or converted by the Maturity Date, shall, at the absolute discretion of the Issuer, either redeemed by the Issuer on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Convertible Bonds, or be converted into the Shares.

Event of default:

Any Bondholders may give notice to the Issuer that the Convertible Bonds are immediately due and repayable at a redemption amount equal to 100% of the principal amount of such Convertible Bonds if:

- (i) there is any failure to pay the principal of the Convertible Bonds when due and such failure continues for a period of fifteen (15) Business Days;
- (ii) there is any default by the Issuer in the performance or observance of any undertaking, warranty or representation given by it under these terms (other than the covenant to pay the principal in respect of the Convertible Bonds) and such default is incapable of remedy (in which event no such notice as is referred to below shall be required), or if capable of remedy is not remedied within fifteen (15) Business Days of service by any Bondholder on the Issuer of notice requiring such default to be remedied;
- (iii) any other present or future indebtedness of the Issuer or any of its major subsidiaries for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised, becomes due and payable prior to its stated maturity otherwise than at the option (as the case may be) of the Issuer or the relevant major subsidiary, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Issuer or any of its major subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness provided that the aggregate amount of indebtedness and guarantees and indemnities in respect of which one or more events mentioned above have occurred equals or exceeds HK\$100,000,000 or its equivalent in any other currency provided that the provisions of this paragraph (iii) shall not apply to any alleged default if the Issuer or the relevant major subsidiary, as the case may be, is contesting the matter in good faith;
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by a resolution of Bondholders;

- (v) a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any major subsidiary except (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Issuer or any other subsidiary, (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (a) above) the terms of which shall have previously been approved by a resolution of the Bondholders, or (c) by way of a voluntary winding up or dissolution where there are surplus assets in such major subsidiary and such surplus assets attributable to the Issuer and/or any other subsidiary are distributed to the Issuer and/or any such other subsidiary;
- (vi) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Issuer or any major subsidiary;
- (vii) a distress, execution or seizure order before judgement is levied or enforced upon or sued out against the whole or a material part of the property, assets or revenues of the Issuer or any major subsidiary (as the case may be) and is not discharged or stayed within thirty (30) Business Days or such longer period as the Bondholders, by a resolution of Bondholders, may consider appropriate in relation to the event concerned;
- (viii) the Issuer or any of its major subsidiaries is insolvent or unable to pay its debts as and when they fall due or the Issuer or any of its major subsidiaries shall initiate or consent to proceedings relating to itself under any applicable administration, bankruptcy, composition or insolvency law or scheme of arrangement while insolvent (except, for the avoidance of doubt, for the purposes of a dissolution or winding-up permitted under paragraphs (iv) or (v) above) or makes a general assignment for the benefit of, or enters into any composition with, its creditors;

- (ix) proceedings shall have been initiated against the Issuer or any major subsidiary under any applicable bankruptcy, reorganisation or insolvency law, and such proceedings shall not have been discharged or stayed within fifteen (15) Business Days thereafter (or such longer period as the Bondholder(s) by a resolution of Bondholders may consider appropriate in relation to the jurisdiction concerned;
- (x) it is or becomes unlawful for the Issuer to perform or comply with any of its obligations under the Convertible Bond instrument or any Convertible Bond, or due to no fault on the part of any Bondholder any such obligation is not or ceases to be enforceable or is claimed by the Issuer not to be enforceable;
- (xi) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all or (other than on arm's length terms or with respect to a part of the relevant entity's business or operations which has not materially contributed to the consolidated operating profit of the Issuer and its subsidiaries for at least three years prior to the day on which this paragraph operates) a material part of the assets of the Issuer or any of its major subsidiaries;
- (xii) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds or this Instrument, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Convertible Bonds or this Instrument admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the requisite time;
- (xiii) any breach of the representations, warranties and undertakings made by the Issuer to the Bondholder(s) in reliance of which the Bondholder(s) subscribes to the Convertible Bonds; or
- (xiv) any event occurs which has an analogous effect to any of the events referred to in paragraphs (i) to (xiii) of the above.

Upon any such notice being given to the Issuer, the Convertible Bonds will immediately become due and repayable at their principal amount together with interest accrued from the date of such notice to the date (after as well as before judgment) on which full payment of all amounts payable is made in accordance with the provisions of the Convertible Bonds.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past twelve (12) months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of the net proceeds
11 September 2020	Rights issue on the basis of one rights share for every two existing shares at the subscription price of HK\$0.08 per rights share	HK\$10,162,000	<p>26% of the net proceeds for repayment of outstanding liabilities (mainly comprise of outstanding legal and professional fees;</p> <p>41% of the net proceeds for general working capital of the Group for 3 months; and</p> <p>33% of the net proceeds for 2 months' loan interest payable to secured borrowings and bond payables</p>	As intended

CHANGES TO THE SHAREHOLDING STRUCTURE AS A RESULT OF THE PLACING

Assuming there is no change in the share capital of the Company from the date of this announcement up to the Placing Completion Date, the shareholding structure of the Company (a) as at the date of this announcement; and (b) as a result of full conversion of the Convertible Bonds at the initial Conversion Price are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing of the Convertible Bonds and assuming full conversion of the Convertible Bonds	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Substantial Shareholder</i>				
Tse Young Lai	63,999,000	15.18	63,999,000	2.89
<i>Director</i>				
Chan Shui Sheung Ivy ("Ms. Chan") (Note 1)	13,500	0.00	13,500	0.00
<i>Public Shareholders</i>				
Placee(s) to be procured by the Arranger	–	–	1,800,000,000	81.02
Other public Shareholders	<u>357,631,369</u>	<u>84.82</u>	<u>357,631,369</u>	<u>16.09</u>
Total	<u>421,643,869</u>	<u>100.00</u>	<u>2,221,643,869</u>	<u>100.00</u>

Note:

- Ms. Chan, the executive Director of the Company, beneficially owns 13,500 Shares.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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

The principal activity of the Company is investment holding and the Group is principally engaged in the businesses of properties investments, securities trading, loan financing and trading business.

As disclosed in the interim report of the Company for the six months ended 30 June 2020, the total liability of the Group were approximately HK\$308 million as at 30 June 2020 which consisted of loan/bonds payables amounted to approximately HK\$194 million, other borrowings amounted to approximately HK\$28 million, trade and other payables approximately HK\$65 million, amounts due to an associate and a joint venture amounted to approximately HK\$4 million, lease liabilities amounted to approximately HK\$2 million, financial guarantee contract amounted to approximately HK\$5 million, tax and deferred tax liabilities amounted to approximately HK\$10 million. The summarised details of the outstanding loan/bonds are as follows:

	Identity of Lender	Principal amount as at 30 June 2020 <i>Approx. HK\$('000)</i>	Range of interest rate per annum	Range of maturity	Category by maturity
Secured Loan	Financial institution	125,885	15	2 June 2021	Due within 12 months
Secured Bond & Convertible Bonds	Corporate bondholder	18,000	9 – 13.5	29 October 2020 to 25 March 2021	Due within 12 months
Bonds	Individual bondholder	10,000	8	1 June 2020	Due immediately
	Individual bondholders	40,000	6 – 8	4 December 2021 to 1 June 2022	Due over 12 months
		193,885			

Assuming all the Convertible Bonds are successfully arranged and subscribed, the gross proceeds and net proceeds from the Placing (after deducting the placing commission payable to the Arranger and other expenses incurred in the Placing) are estimated to be approximately HK\$198 million and HK\$191 million respectively. The net price to the Company is approximately HK\$0.106 per Conversion Share. It is expected that the net proceeds from the Placing will be utilized for the following purposes:

- (i) approximately HK\$10 million, being 5% of the net proceeds, for the partial payment of the principal of the interest of the overdue bonds and other outstanding bonds which will be due by 29 October 2020;
- (ii) approximately HK\$148 million, being 78% of the net proceeds, for the partial payment of the principal of the interest of the overdue loan and other outstanding bonds which will be due by 25 March 2021 and 2 June 2021; and
- (iii) approximately HK\$33 million, being the balance of 17% of the net proceeds, for the general working capital of the Group.

The management of the Group has been reviewing its existing business from time to time and strived to improve the business operation and financial position of the Group. 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 Sino-US trade war, the continuing local and 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 Placing is being undertaken to supplement the Group's funding of its development and solve the imminent need to repay the principal and/or interest of the outstanding loans/bonds which are due within 12 months. The Directors consider issuing the Convertible Bonds represent an opportunity for the Group to enhance its working capital and strengthen its financial position. The Director also consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Group since it will not have an immediate effect on diluting the shareholdings of the existing Shareholders and even if the conversion right attaching to the Convertible Bonds is exercised, the shareholder base of the Company will be broadened.

In light of the above, the Directors consider that the terms of the Placing Agreement (including the mechanism for the determination of the Conversion Price), which were on normal commercial terms following arm's length negotiations between the Company and the Arranger, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

SPECIFIC MANDATE

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the SGM. The issue of the Convertible Bonds and the Conversion Shares by the Company are subject to, among others, the Shareholder's approval.

The Convertible Bonds carry the right to convert into the Conversion Shares at the Conversion Price (subject to adjustment). Assuming (i) the Convertible Bonds are fully arranged and subscribed; (ii) all the Conversion Rights are exercised in full at the Conversion Price; and (iii) there is no adjustment to the Conversion Price and upon full conversion of the Convertible Bonds, a maximum number of 1,800,000,000 Conversion Shares will be allotted and issued to the Placees, representing approximately 426.90% of the existing issued share capital of the Company as at the date of this announcement and approximately 81.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

GENERAL

The SGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the Specific Mandate, the Placing Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Placing Agreement and will be required to abstain from voting on the resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder at the SGM.

The Circular containing, among other things, (i) further details of the Placing; and (ii) notice convening the SGM, will be despatched to the Shareholders in due course in accordance with the GEM Listing Rules.

Completion of the Placing and issue of each tranche of the Convertible Bonds under the Placing Agreement is subject to the conditions precedent as set out in the Placing Agreement having been fulfilled within the prescribed timeframe. As such, the Placing may or may not materialise. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

DEFINITIONS

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

“Arranger”	Plutus Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
“Board”	the board of Directors
“Bondholder(s)”	any person who is for the time being the registered holder of the Convertible Bond(s) after completion of the Placing
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Circular”	a circular to be issued and published by the Company together with the notice of the SGM in relation to the Placing
“Company”	Chinese Strategic Holdings Limited (華人策略控股有限公司), a company incorporated in Bermuda with limited liability and the Shares are listed on GEM of the Stock Exchange (stock code: 8089)
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Conversion Date”	the date on which the Issuer receives or is deemed to have received a duly completed and executed conversion notice together with the bond certificate(s) for the Convertible Bond(s) being converted by the Bondholder(s)
“Conversion Period”	the period commencing from the date which falls on the fifth (5th) Business Day before the Maturity Date and ending on the Maturity Date, both dates inclusive
“Conversion Price”	the conversion price of HK\$0.11 per Conversion Share (subject to adjustment)

“Conversion Shares”	new Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 24% interest per annum convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$198.0 million to be arranged under the Placing
“Director(s)”	the director(s) of the Company
“First Issue Date”	the initial date of issue of the Convertible Bonds
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange (as amended from time to time)
“GEM”	GEM of the Stock Exchange
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates
“Issuer”	Asiaciti Management Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Maturity Date”	365 days from the date of issuance of the Convertible Bonds
“Placee(s)”	any person or entity procured by the Arranger or its agent(s) to subscribe for any Conversion Bonds pursuant to the terms of the Placing Agreement

“Placing”	the placing of the Convertible Bonds pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 14 September 2020 entered into between the Company and the Arranger in respect of the Placing
“Placing Completion Date”	a date falling on the third Business Day after the Arranger has served a completion notice for completion of the Placing or such other date as the Company and the Arranger may agree in writing
“Placing Period”	the period commencing from the date of the Placing Agreement and ending on the end of the six month from the date of the Placing Agreement, or such other period as may be agreed between the Issuer and the Arranger in writing
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Specific Mandate, the Placing Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM and to be granted to the Directors for the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attaching to the Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”

the Hong Kong Code on Takeovers and Mergers

“%”

per cent.

By the order of the Board
Chinese Strategic Holdings Limited
Lam Kwok Hing Wilfred
Chairman

Hong Kong, 14 September 2020

As at the date hereof, the executive Directors are Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; non-executive Director is Mr. Lam Kwok Hing Wilfred, J.P., (Chairman); and the independent non-executive Directors are Ms. Yuen Wai Man, Mr. Chow Fu Kit Edward and Mr. Lam Raymond Shiu Cheung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days and the Company website at www.chinesestrategic.com from the date of its publication.