
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any contents of this Prospectus, you should obtain independent professional advice.

If you have sold or transferred all your shares in China Strategic Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibilities for the contents of the Prospectus Documents, make no representations 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 paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong 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 other registered securities dealer, 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.



CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT HK\$0.15 PER RIGHTS SHARE

Financial adviser to the Company



英皇融資有限公司
Emperor Capital Limited

Underwriter



英皇證券(香港)有限公司
Emperor Securities Limited

Sub-underwriter



結好證券有限公司
GET NICE SECURITIES LIMITED

Capitalized terms used in this cover have the same meanings as those defined in this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 21 July 2015. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 31 July 2015 to Friday, 7 August 2015 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable) at or before 4:00 p.m. on Monday, 17 August 2015 (or such later time as the Company and the Underwriter may agree), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Rights Issue having become unconditional and the Underwriters not having terminated or rescinded (as the case may be) the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" of this Prospectus). Accordingly, the Rights Issue may or may not proceed.

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 12 August 2015. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 11 to 12 of this Prospectus.

29 July 2015

NOTICE

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING EXTENDED TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN, ANY OF THE JURISDICTIONS OUTSIDE HONG KONG. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will be registered under the securities laws of any jurisdiction outside Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exemptions). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the paragraphs headed “Rights of Overseas Shareholders” under the section headed “LETTER FROM THE BOARD” of this Prospectus.

NOTICE TO INVESTORS IN MALAYSIA

This Prospectus has not been and will not be registered with the Securities Commission of Malaysia (“SC”) under the Capital Market and Services Act 2007 (“CMSA”) but will be deposited as an information memorandum with the SC in accordance with section 229 of the CMSA. The Company represents and agrees that it will not circulate or distribute this Prospectus, nor make any invitation or offer, directly or indirectly, other than to persons specified in paragraph 28 of Schedule 6 and paragraph 32 of Schedule 7 of the CMSA.

NOTICE TO INVESTORS IN SINGAPORE

The Prospectus and any other document or material issued in connection with the offer of Rights Shares is not a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore (“SFA”). Accordingly, this Prospectus has not been and will not be lodged with or registered as a prospectus in Singapore under the SFA. The offer of the Rights Shares is made in reliance on the offering exemption under section 273(1)(cd) of the SFA. This Prospectus and any other document or material in connection with the offer of the Rights Shares may not be circulated or distributed, nor may the Rights Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than to a member of the Company pursuant to section 273(1)(cd) of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

NOTICE

NOTICE TO INVESTORS IN THE UNITED STATES

The securities described in this Prospectus have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the laws of any state in the United States and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. The provision of this Prospectus to Shareholders in the United States and any other jurisdiction where distribution is restricted is for information purposes only and shall not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares or to take up any entitlements to the Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful.

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TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination,

- (A) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Underwriting Agreement;
 - (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
 - (3) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
 - (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
 - (5) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange whether due to exceptional financial circumstances or otherwise;

which event or events is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
 - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue; or
- (B) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (C) any Specified Event comes to the knowledge of the Underwriter,

TERMINATION OF THE UNDERWRITING AGREEMENT

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving of notice pursuant to the Underwriting Agreement, all obligations of the parties under the Underwriting Agreement shall terminate forthwith (without prejudice to the rights of any party in respect of antecedent breach) provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 20 May 2015 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Best Effort Placing Shares”	up to 3,500,000,000 Placing Shares other than the Underwritten Placing Shares
“Board”	the board of Directors, from time to time
“Business Day(s)”	any day (excluding Saturdays and Sundays and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 29 June 2015 in relation to, among other things, the Placing and the Rights Issue
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company, from time to time
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company held on 17 July 2015 at which, among other things, the Rights Issue, the Underwriting Agreement, the Placing, the Placing and Underwriting Agreement and transactions contemplated thereunder were approved

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, 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 Shareholder(s)”	any Shareholder(s) other than the controlling Shareholder and their associates or, where there are no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third parties independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Day”	15 May 2015, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	24 July 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 12 August 2015, or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Monday, 17 August 2015, being the third Business Day after (but excluding) the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. on 31 August 2015 (or such later time and date as the Placing Agent and the Company may agree in writing in relation to the Placing and Underwriting Agreement)
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal advice to be provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any independent professional, institutional, and/or individual investors who are not connected with any directors, chief executive or substantial shareholder(s) (if any) of the Company or their respective associates
“Placing”	the placing of the maximum of 7,000,000,000 Placing Shares by the Placing Agent subject to the terms and conditions set out in the Placing and Underwriting Agreement
“Placing and Underwriting Agreement”	the placing and underwriting agreement dated 18 May 2015 which is entered into between the Company and the Placing Agent in respect of the Placing
“Placing Agent” or “Underwriter”	Emperor Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Price”	HK\$0.15 per Placing Share
“Placing Share(s)”	a maximum number of 7,000,000,000 new Shares (including 3,500,000,000 Underwritten Placing Shares and 3,500,000,000 Best Effort Placing Shares) to be placed pursuant to the Placing and Underwriting Agreement
“Posting Date”	Wednesday, 29 July 2015, or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Previous Rights Issue”	the rights issue of 2,219,491,963 rights shares on the basis of one (1) rights share for every two (2) shares held on the then record date, as conducted by the Company as disclosed in the announcement dated 22 October 2014
“Prospectus”	this prospectus issued by the Company to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	this Prospectus, PAL and EAF

DEFINITIONS

“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 28 July 2015, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Registrar”	Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the share registrar of the Company
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every two (2) Shares in issue and held on the Record Date at the Subscription Price subject to the terms and conditions as set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	3,329,237,945 new Shares to be issued and allotted under the Rights Issue
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which render any of the warranties contained in the Underwriting Agreement untrue, inaccurate or misleading
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 18 May 2015 and the extension letter dated 26 June 2015 which are entered into between the Underwriter and the Company in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Placing Shares”	3,500,000,000 Placing Shares to be placed by the Placing Agent on a fully underwritten basis subject to the terms and conditions as set out in the Placing and Underwriting Agreement

DEFINITIONS

“Underwritten Shares”	3,329,237,945 Rights Shares underwritten by the Underwriter subject to the terms and conditions as set out in the Underwriting Agreement
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars
“%”	per cent.

EXPECTED TIMETABLE

All times and dates in this Prospectus refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out below is for indicative purposes only. The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

Event	2015 (Hong Kong time)
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Friday, 31 July
Latest time for splitting in nil-paid Rights Shares	4:30 p.m. on Tuesday, 4 August
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Friday, 7 August
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Wednesday, 12 August
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Monday, 17 August
Announcement of allotment result of the Rights Issue	Wednesday, 19 August
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted	on or before Thursday, 20 August
Certificates for the Rights Shares expected to be despatched	on or before Thursday, 20 August
Completion of Placing	Thursday, 20 August
Dealings in fully-paid Rights Shares and Placing Shares commence	9:00 a.m. on Friday, 21 August

Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a 'black' rainstorm warning:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 12 August 2015. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 12 August 2015. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled 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 of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Wednesday, 12 August 2015, the dates mentioned in the “EXPECTED TIMETABLE” section in this Prospectus may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

Executive Directors:

Dr. Or Ching Fai

(Chairman and Chief Executive Officer)

Mr. Sue Ka Lok

Ms. Lee Chun Yeung, Catherine

Mr. Hui Richard Rui

Mr. Chow Kam Wah

Registered Office:

Rooms 3206-3210, 32nd Floor

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

Independent Non-executive Directors:

Ms. Ma Yin Fan

Mr. Chow Yu Chun, Alexander

Mr. Leung Hoi Ying

29 July 2015

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders,*

Dear Sirs or Madams,

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT HK\$0.15 PER RIGHTS SHARE

INTRODUCTION

On 20 May 2015, the Board announced, among other matters, the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share, to raise approximately HK\$499 million before expenses by way of issuing 3,329,237,945 Rights Shares.

The Rights Issue is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe for all Underwritten Shares that are not taken up, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the paragraph headed "THE UNDERWRITING AGREEMENT" in this section.

LETTER FROM THE BOARD

At the EGM, the resolutions approving the Rights Issue, the Underwriting Agreement, the Placing, the Placing and Underwriting Agreement and transactions contemplated thereunder were duly passed by the Independent Shareholders by way of poll.

The purpose of this Prospectus is to provide you with, among others things, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with the financial and other information of the Group.

THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price:	HK\$0.15 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	6,658,475,890 Shares
Number of Rights Shares:	3,329,237,945 Rights Shares
Number of issued Shares upon completion of the Rights Issue:	9,987,713,835 Shares
Amount to be raised:	Approximately HK\$499 million before expenses
Rights of excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

Basis of provisional allotment

The basis of the provisional allotment is one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment shall be made by completing a PAL and lodging the same with remittance for the Rights Shares accepted with the Registrar by the Latest Time for Acceptance.

LETTER FROM THE BOARD

Rights of Overseas Shareholders

According to the register of members of the Company, as at the Record Date, there are six Overseas Shareholders with registered addresses in the United States, Malaysia, Macau and Singapore, holding 10,800 Shares, 1,750 Shares, 600 Shares and 9,250 Shares respectively.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the above-listed countries and the requirement of the regulatory bodies or stock exchanges of the above-listed countries with respect to extending the Rights Shares to such Overseas Shareholders.

The Company has been advised by its legal advisors in Macau, Singapore and Malaysia that the Prospectus Documents would not be required to be registered with any regulatory authorities or the stock exchanges of Macau, Singapore and Malaysia, and may be despatched to the Overseas Shareholders with registered addresses in Macau, Singapore and Malaysia, but a copy of the Prospectus would have to be filed with the Securities Commission of Malaysia. The Company has been advised by its legal advisor in the United States that the Prospectus Documents would be required to be registered with the United States Securities and Exchange Commission, unless they qualify for an exemption by satisfying various criteria which may involve additional costs and affect the timing of the current timetable.

Based on such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders with registered addresses in Macau, Singapore and Malaysia and to exclude the Rights Issue from the Overseas Shareholders with registered addresses in the United States. As such, the Overseas Shareholders with registered addresses in Macau, Singapore and Malaysia, together with the Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders, while the Overseas Shareholders with registered addresses in the United States are Non-Qualifying Shareholders for the purpose of the Rights Issue.

The Company sent the Prospectus to the Non-Qualifying Shareholders for their information only, but did not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form 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 on pro-rata basis to the relevant Non-Qualifying Shareholders. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders, will be made available for excess applications by Qualifying Shareholders under the EAF(s).

LETTER FROM THE BOARD

Procedures for acceptance and payment and/or transfer

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Wednesday, 12 August 2015. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "CHINA STRATEGIC HOLDINGS LIMITED — PAL A/C" 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 no later than 4:00 p.m. on Wednesday, 12 August 2015, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAF by the Qualifying Shareholders. The Company may, at its sole 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.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Tuesday, 4 August 2015 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

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 cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier's 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 cashier's 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.

Save as described under the paragraph headed "Rights of Overseas Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without

LETTER FROM THE BOARD

compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the PAL 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 warranty and representation. 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. No application for the Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below is not fulfilled or waived (as applicable) at or before 4:00 p.m. on Monday, 17 August 2015 (or such later time as the Company and the Underwriter may agree in writing), the remittance 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 the 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 or such other persons to their registered addresses by the Registrar on or before Thursday, 20 August 2015.

Application and payment for excess Rights Shares

Qualifying Shareholders are entitled to apply for (i) any unsold entitlements of the Non-Qualifying Shareholders and (ii) any Rights Shares provisionally allotted but not accepted, by completing and signing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application.

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Rights Shares should note that there is no guarantee that such odd lots of the Rights Shares will be topped up to create whole board lots pursuant to applications for excess Rights Shares.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to the relevant beneficial owners individually.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:00 p.m. on Wednesday, 12 August 2015. All remittances must be made in Hong Kong dollars by cheques which must be drawn

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on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "CHINA STRATEGIC HOLDINGS LIMITED — EAF A/C" and crossed "ACCOUNT PAYEE ONLY". The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them.

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his own risk by the Registrar on or before Thursday, 20 August 2015. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus remittance without interest is also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post at his/her/its own risk by the Registrar on or before Thursday, 20 August 2015.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's 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 EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty and representation from the Qualifying Shareholders to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, 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 warranty and representation. The Company reserves the right to refuse to accept any application for the excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled or waived (as applicable) at or before 4:00 p.m. on Monday, 17 August 2015 (or such later time as the Company and the Underwriter may agree in writing), the remittance

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received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, 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 or before Thursday, 20 August 2015.

Subscription Price

The Subscription Price is HK\$0.15 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.

The Subscription Price represents:

- (a) a discount of approximately 49.15% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 39.27% to the theoretical ex-rights price of approximately HK\$0.247 per Share based on the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 41.63% to the average closing price of approximately HK\$0.257 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 22.68% to the average closing price of approximately HK\$0.194 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 60.00% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions and it is the same as the Placing Price under the Placing. The Directors (including the Independent Non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.146.

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Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Thursday, 20 August 2015 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or about Thursday, 20 August 2015 by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, 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 their respective commencement dates of dealings 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 stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

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THE UNDERWRITING AGREEMENT

On 18 May 2015 (before trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite all the Rights Shares.

Date: 18 May 2015 (before trading hours) (as supplemented by extension letter dated 26 June 2015)

Underwriter: Emperor Securities Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Total number of Rights Shares being underwritten by the Underwriter: 3,329,237,945 Rights Shares

Commission: 2.5% of the aggregate Subscription Price of the Underwritten Shares

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination,

(A) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Underwriting Agreement;
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;

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- (3) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
- (5) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange whether due to exceptional financial circumstances or otherwise;

which event or events is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
 - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue; or
- (B) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (C) any Specified Event comes to the knowledge of the Underwriter,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving of notice pursuant to the Underwriting Agreement, all obligations of the parties under the Underwriting Agreement shall terminate forthwith (without prejudice to the rights of any party in respect of antecedent breach) provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

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Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (1) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked approval for the listing of, and permission to deal in (i) the Placing Shares; and (ii) the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (2) the passing of the necessary resolution(s) at the EGM by the Shareholders to approve on or before the Posting Date of (i) the Placing; and (ii) the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder;
- (3) the filing and registration of the Prospectus Document (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Posting Date;
- (5) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (6) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination; and
- (7) the Placing and Underwriting Agreement having become unconditional and not having been terminated.

The conditions precedent set out in paragraphs (1) to (5) are incapable of being waived by the Underwriter and the Company. The Underwriter may waive the conditions precedent set out in paragraph (6) and (7) in whole or in part by written notice to the Company.

If the conditions precedent set out in above paragraphs are not satisfied and/or do not remain fulfilled (or, if applicable, waived in whole or in part by the Underwriter) at the respective time and dates specified therein (or such other time as may be extended by the Underwriter (as permitted under the relevant legal and regulatory requirements)), the Underwriting Agreement shall terminate (save in respect of the provisions in relation to indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise (save in respect of any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination).

The Rights Issue is inter-conditional with the Placing. Upon the Underwriting Agreement and the Placing and Underwriting Agreement becoming unconditional, dealings in the fully-paid Rights Shares and the Placing Shares shall commence on the same day, i.e., the next Business Day after completion date of the Placing.

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SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue; (iii) immediately after completion of the Rights Issue and placing of Underwritten Placing Shares; and (iv) immediately after completion of the Rights Issue and the placing of Underwritten Placing Shares and Best Effort Placing Shares (if fully placed).

Scenario 1 — All Shareholders have taken up all their entitled Rights Shares

	As at the Latest Practicable Date		Immediately after completion of Rights Issue		Immediately after completion of (i) Rights Issue and (ii) Placing of Underwritten Placing Shares		Immediately after completion of (i) Rights Issue, (ii) Placing of Underwritten Placing Shares and (iii) Placing of Best Effort Placing Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Placing Agent/ Places procured by the Placing Agent	—	—	—	—	3,500,000,000	25.95	7,000,000,000	41.21
Other public Shareholders	6,658,475,890	100.00	9,987,713,835	100.00	9,987,713,835	74.05	9,987,713,835	58.79
Total	6,658,475,890	100.00	9,987,713,835	100.00	13,487,713,835	100.00	16,987,713,835	100.00

Scenario 2 — No Shareholder has taken up the Rights Shares

	As at the Latest Practicable Date		Immediately after completion of Rights Issue		Immediately after completion of (i) Rights Issue and (ii) Placing of Underwritten Placing Shares		Immediately after completion of (i) Rights Issue, (ii) Placing of Underwritten Placing Shares and (iii) Placing of Best Effort Placing Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Underwriter/ subscribers procured by the Underwriter	—	—	3,329,237,945	33.33	3,329,237,945	24.68	3,329,237,945	19.60
Placing Agent/ Places procured by the Placing Agent	—	—	—	—	3,500,000,000	25.95	7,000,000,000	41.21
Other public Shareholders	6,658,475,890	100.00	6,658,475,890	66.67	6,658,475,890	49.37	6,658,475,890	39.19
Total	6,658,475,890	100.00	9,987,713,835	100.00	13,487,713,835	100.00	16,987,713,835	100.00

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Note:

These scenarios are for illustration purpose only.

Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Rights Shares which will result in it and parties acting in concert with it (within the meaning of the Takeovers Code) to own 30% or more of the voting rights of the Company upon completion of the Rights Issue; and the Underwriter shall use its best endeavours to ensure that each of the sub-underwriter and independent placees and/or subscribers procured by any of them shall be third parties independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or substantial Shareholders or their respective close associates.

REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in investment in securities, trading of metal minerals and electronic components and money lending businesses. During the year ended 31 December 2014, the Group has discontinued its battery operation.

The Directors consider that the Rights Issue represents good opportunities to strengthen the financial position of the Group and to raise additional funds at a reasonable cost to support the Group's continuing development and business growth. The Rights Issue will give the Qualifying Shareholders the opportunity to subscribe for the Shares according to their respective shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds of the Rights Issue will be approximately HK\$499 million. The estimated aggregate net proceeds from the Rights Issue, after the deduction of the relevant commission and other related expenses, is estimated to be approximately HK\$486 million. The Company intends to use the net proceeds of the Rights Issue and the Placing for working capital for expansion of the existing businesses of the Company and any future business opportunities to be identified by the Company including but not limited to the potential acquisition of online shopping business as disclosed in the announcement of the Company dated 15 May 2015. Currently, the Group is principally engaged in the businesses of investment in securities, money lending and trading of metal minerals and electronic components. All three businesses recorded profitable results for the year ended 31 December 2014 and accordingly, the Company intends to continue developing these businesses and will allocate financial resources for their business expansion when considered appropriate. The existing businesses of the Group are principally capital intensive, in particular the investment in securities and money lending businesses. As no bank or other borrowings are raised for these businesses, part of the net proceeds to be raised from the Rights Issue and the Placing will be used as working capital of these businesses for making investments in securities and loans to customers. As for the trading business, the Company is required from time to time to place deposits with banks to obtain trade credit facilities, and to make prepayments and deposits to facilitate the execution of trade transactions. Accordingly, part of the net proceeds to be raised from the Rights Issue and the Placing will be utilized as bank deposits securing trade credit facilities granted to the Group so as to facilitate the expansion of the trading business. At present, the Company intends that (i) approximately 30% to 40% of the net proceeds to be raised from the Rights Issue and the Placing will be used for the development of the Group's investment in

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securities business; (ii) approximately 30% to 40% for the development of the Group's money lending business; and (iii) the remaining balance for the Group's trading business. As the Group's investment in securities business and the money lending business are capital intensive, the Company considers that it is more appropriate to allocate a relatively higher portion ie. 30% to 40% of the net proceeds to these businesses. Nevertheless, the utilization of the net proceeds to be raised from the Rights Issue and the Placing may change, depending on the financial position of the Group at the relevant time, and whether the Company decides to pursue new business opportunities with good prospects, including but not limited to the potential acquisition of online shopping business as disclosed in the announcement of the Company dated 15 May 2015. Appropriate announcements and/or disclosures in annual and/or interim report will be made by the Company in due course.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Pursuant to the announcement of the Company dated 19 August 2014, the Company conducted a placing of 739,800,000 new Shares at a price of HK\$0.16 per Share under the general mandate. The net proceeds from the placing were approximately HK\$115 million. Completion of the placing took place on 5 September 2014. The net proceeds have been used as intended as the general working capital of the Group as at the Latest Practicable Date.

Pursuant to the announcement of the Company dated 22 October 2014, the Company conducted a rights issue of 2,219,491,963 rights shares on the basis of one (1) rights share for every two (2) shares held on the then record date, at an issue price of HK\$0.08 per rights share. The net proceeds from the Previous Rights Issue were approximately HK\$172 million. Completion of the Previous Rights Issue took place on 15 December 2014. The Company intended to utilize the net proceeds as to (i) approximately 40% to 50% for the development of its money lending business; (ii) approximately 30% to 40% for the development of its metal minerals and electronic components trading business; and (iii) the remaining balance for opportunistic investments and general corporate purpose. As at the Latest Practicable Date, the net proceeds have been used as to approximately 26% for the Company's money lending business mainly for providing short term loans to customers, as to approximately 48% for its metal minerals and electronic components trading business mainly for placing deposits with banks for securing trade credit facilities and making other trade payments, and the balance for its investment in securities business mainly for acquiring equity securities listed on the Stock Exchange.

Save as disclosed above, no other fund raising exercise was carried out by the Company during the twelve months period immediately preceding the Latest Practicable Date.

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WARNING OF THE RISKS OF DEALING IN SHARES, RIGHTS SHARES AND RELATING TO THE PLACING

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Placing and the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Tuesday, 21 July 2015. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 31 July 2015 to Friday, 7 August 2015 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject 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.

Completion of the Placing is conditional upon the Rights Issue and is subject to the satisfaction and/or waiver of the conditions precedent in the Placing and Underwriting Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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
China Strategic Holdings Limited
Or Ching Fai
Chairman

APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP

A. THREE-YEAR FINANCIAL INFORMATION

The published audited consolidated financial statements of the Group for the three years ended 31 December 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the three years ended 31 December 2012, 2013 and 2014. The said annual reports of the Company are available on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.irasia.com/listco/hk/chinastrategic/>).

Below please find quick links to the annual reports of the Company:

For the year ended 31 December 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429143.pdf>

For the year ended 31 December 2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0414/LTN20140414217.pdf>

For the year ended 31 December 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0425/LTN20130425985.pdf>

B. INDEBTEDNESS

At the close of business on 31 May 2015, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

C. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available resources to the Group including the estimated net proceeds from the Right Issue and the Placing, the available banking facilities and the Group's internally generated funds, the Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months following the date of this Prospectus.

D. 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 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP

E. BUSINESS AND FINANCIAL REVIEW

Revenue of the Group for the year ended 31 December 2014 was HK\$417.6 million against the HK\$109.5 million for the year ended 31 December 2013. The Group's total comprehensive income for the year ended 31 December 2014 was HK\$366.3 million (total comprehensive expense for the year ended 31 December 2013: HK\$18.2 million). Consolidated profit for the year ended 31 December 2014 was HK\$379.8 million (consolidated loss for the year ended 31 December 2013: HK\$17.7 million), which comprised gross profit of HK\$30.7 million (for the year ended 31 December 2013: HK\$12.8 million), other income of HK\$2.9 million (for the year ended 31 December 2013: HK\$3.8 million), other gain of HK\$0.1 million (for the year ended 31 December 2013: HK\$nil), net gain on financial assets at fair value through profit and loss of HK\$279.1 million (for the year ended 31 December 2013: HK\$19.1 million), selling and distribution costs of HK\$1.9 million (for the year ended 31 December 2013: HK\$nil), administrative expenses of HK\$43.5 million (for the year ended 31 December 2013: HK\$43.1 million), finance costs of HK\$0.1 million (for the year ended 31 December 2013: HK\$nil), gain on disposal of subsidiaries of HK\$7.2 million (for the year ended 31 December 2013: HK\$nil) and profit for the year from discontinued operation of HK\$106.5 million (loss for the year from discontinued operation for the year ended 31 December 2013: HK\$9.9 million). Subsequent to the year end and up to the Latest Practicable Date, the Group has continued to carry on its existing businesses of investment in securities, money lending and trading of metal minerals and electronic components. The development of the Group's businesses is largely in line with the management's expectations. Owing to the general upturn of the stock market in Hong Kong in the few months before the six months period ended on 30 June 2015, the Group expects to record a substantial increase in profit, mainly contributed from its securities investments, for the six months period ended 30 June 2015 as compared to the profit recorded for the six months period ended 30 June 2014. Further details of the Group's financial performance for the six months period ended 30 June 2015 are disclosed in the Company's announcement dated 7 July 2015.

As at 30 June 2015, the Group held the following securities portfolios, which are broadly classified under various business groups, for long-term and short-term investment purpose:

Long-term Investment

Equity securities of a banking company, which is listed on the Stock Exchange, is held for long-term investment purpose and is classified as "available-for-sale investments" in the Company's consolidated statement of financial position:

Category of company	Weighting to the total market value of the long-term securities portfolio (%)
Banking company	100.0

APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP

As at 30 June 2015, the Group only held the listed equity securities of a banking company for long-term investment purpose.

Short-term Investment

Equity securities of the following category of companies, which are listed on the Stock Exchange, are held for short-term investment purpose and are classified as “financial assets at fair value through profit or loss” in the Company’s consolidated statement of financial position:

Category of companies	Approximate weighting to the total market value of the short-term securities portfolio (%)
Infrastructure company	7.8
Property company	8.0
Industrial materials company	1.6
Healthcare services company	2.3
Financial services and investment company	54.8
Mining and resources company	8.6
Conglomerate company	6.3
Entertainment and media company	10.0
Others	<u>0.6</u>
Total	<u><u>100.0</u></u>

As at 30 June 2015, the Group had invested in different category of companies and their weightings to the total market value of the securities portfolio held by the Group is as above.

The Company generally acquires securities listed on the Stock Exchange or other recognised stock exchanges with good liquidity that can facilitate swift execution of securities transactions. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macro-economic news. When deciding on acquiring securities to be held for long-term purposes, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospect, industry and macro-economic outlook etc. When deciding on acquiring securities to be held for short-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments on different sectors of the investment markets. For long-term securities investments, the Company mainly emphasises on return of investment in form of capital appreciation and dividend income. For short-term securities investments, the Company mainly emphasises on return of investment in form of trading gains.

APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP

As for the Group's money lending business, as at 30 June 2015, the Group had made loans to individuals and corporate clients with details as follows:

Category of borrowers	Approximate weighting to the total value of the loan portfolio (%)	Interest rate per annum	Maturity
Individual	90.9	12%	Within one year
Corporate	9.1	18%	Within one year
Total	<u>100.0</u>		

The Group has also granted a standby loan facility to an individual equivalent to 12 million Renminbi which had not been drawn down as at 30 June 2015.

Up to 30 June 2015, the existing money lending operation managed by the current management has experienced zero default rate and the business has been progressing well.

F. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking forward, the slowdown of the Mainland's economy, the uncertainties about the possible rise of interest rate in the United States and the instabilities in the European economy may all pose negative impact to the global investment markets including Hong Kong. Although there are signs that the sentiments of Hong Kong stock market have become more positive and the stock market has shown a general upturn and an increase in trading volume in the few months before the six months period ended on 30 June 2015, the Company's management will continue to take a prudent approach in managing the Group's securities investments portfolio with a view to maintaining a stable profit growth of this business. In light of the profitable results of the money lending business achieved for the year ended 31 December 2014, the Group will continue to develop this business by allocating additional financial resources to it with the view that it will contribute a stable income stream to the Group in future years. As for the Group's trading business, the management will continue to pursue the goal of enlarging the supplier and customer base of this business in order to allow a higher volume of trades to be transacted. In order to strengthen the Group's capital base, the Company had conducted the share placement and rights issue exercises during the year ended 31 December 2014 and raised in aggregate net proceeds of approximately HK\$287 million. The Group has deployed the new capital raised to continue developing its existing businesses as well as seeking investment opportunities with good potential with the view to enhance shareholders' value.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules to illustrate the impacts of the Rights Issue and the Placing on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue and the Placing had taken place on 31 December 2014.

The unaudited pro forma financial information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014, as extracted from the published annual report of the Company for the year ended 31 December 2014, and is adjusted for the impacts of the Rights Issue and the Placing.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue and the Placing.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Estimated net proceeds from the Placing <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the impacts of the Rights Issue and the Placing <i>HK\$'000</i> <i>(Note 4)</i>
Based on 3,329,237,945 Rights Shares and 7,000,000,000 Placing Shares to be issued	<u>1,259,673</u>	<u>485,804</u>	<u>1,022,653</u>	<u>2,768,130</u>
Based on 3,329,237,945 Rights Shares and 3,500,000,000 Placing Shares to be issued	<u>1,259,673</u>	<u>485,804</u>	<u>510,778</u>	<u>2,256,255</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2014
(Note 5) HK\$0.19

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as adjusted for the impacts of the Rights Issue and the Placing (assuming 3,329,237,945 Rights Shares and 7,000,000,000 Placing Shares to be issued)
(Note 6) HK\$0.16

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as adjusted for the impacts of the Rights Issue and the Placing (assuming 3,329,237,945 Rights Shares and 3,500,000,000 Placing Shares to be issued)
(Note 7) HK\$0.17

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 is extracted from the published audited annual report of the Company for the year ended 31 December 2014.
2. The estimated net proceeds from the Rights Issue of approximately HK\$485,804,000 is calculated based on 3,329,237,945 Rights Shares to be issued on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share, after deduction of the estimated related expenses including commission, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue of approximately HK\$13,582,000.
3. The Placing is inter-conditional with the Rights Issue. Upon the Placing and Underwriting Agreement and the Underwriting Agreement becoming unconditional, dealings in the fully-paid Rights Shares and the Placing Shares shall commence on the same day. The estimated net proceeds from the Placing of approximately HK\$1,022,653,000 or HK\$510,778,000 is calculated based on 7,000,000,000 Placing Shares or 3,500,000,000 Placing Shares respectively to

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

be issued at the Placing Price of HK\$0.15 per Placing Share, after deduction of the estimated related expenses including commission, financial advisory fee and other professional fees, which are directly attributable to the Placing of approximately HK\$27,347,000 for 7,000,000,000 Placing Shares or approximately HK\$14,222,000 for 3,500,000,000 Placing Shares.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the impacts of the Rights Issue and the Placing represents the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 plus the estimated net proceeds from the Rights Issue and the Placing as set out in Notes 2 and 3 above.
5. The calculation of the consolidated net tangible assets of the Group attributable to owners of the Company per share is based on the 6,658,475,890 Shares in issue as at 31 December 2014.
6. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as adjusted for the impacts of the Rights Issue and the Placing, assuming 3,329,237,945 Rights Shares and 7,000,000,000 Placing Shares are issued, is based on 16,987,713,835 Shares which comprise of 6,658,475,890 Shares in issue as at 31 December 2014 and 3,329,237,945 Rights Shares and 7,000,000,000 Placing Shares to be issued.
7. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as adjusted for the impacts of the Rights Issue and the Placing, assuming 3,329,237,945 Rights Shares and 3,500,000,000 Placing Shares are issued, is based on 13,487,713,835 Shares which comprise of 6,658,475,890 Shares in issue as at 31 December 2014 and 3,329,237,945 Rights Shares and 3,500,000,000 Placing Shares to be issued.
8. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014.

The following is the text of the independent reporting accountant's assurance report dated 29 July 2015, prepared for the sole purpose of inclusion in this Prospectus, received from independent reporting accountants, Deloitte Touche Tohmatsu, in respect of the unaudited pro forma financial information of the Group.



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

TO THE DIRECTORS OF CHINA STRATEGIC HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of China 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 statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 and related notes as set out on pages 27 to 29 of Appendix II to the Prospectus issued by the Company dated 29 July 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 27 to 29 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impacts of the proposed rights issue of 3,329,237,945 Rights Shares at the subscription price of HK\$0.15 per Rights Share (the "Rights Issue") and the placing of a maximum number of 7,000,000,000 Placing Shares (the "Placing") on the Group's financial position as at 31 December 2014 as if the Rights Issue and the Placing had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the year ended 31 December 2014, on which an independent auditor's report 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 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the 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.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 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 accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the 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 the unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction 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 event or transaction at 31 December 2014 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 event or transaction, 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 accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction 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 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 July 2015

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 Company does not have an authorized share capital. The Shares do not have any nominal value. The issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue and the Placing were and will be as follows:

(a) As at the Latest Practicable Date

6,658,475,890 Shares in issue

(b) Immediately following completion of (i) the Rights Issue; (ii) the Placing of Underwritten Placing Shares; and (iii) the Placing of Best Effort Placing Shares (if fully placed)

6,658,475,890 Shares in issue

3,500,000,000 Underwritten Placing Shares to be allotted and issued under the Placing

3,500,000,000 Best Effort Placing Shares to be allotted and issued under the Placing

3,329,237,945 Rights Shares to be allotted and issued under the Rights Issue

16,987,713,835

All the Rights Shares and Placing Shares to be issued will rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares and the Placing Shares.

The Company will apply 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 and the Placing Shares. 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 Placing Shares or 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 were no arrangements under which future dividends are waived or agreed to be waived. As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted, except for the Rights Shares and the Placing Shares.

3. INTERESTS OF DIRECTORS

(a) Interests in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) 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) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 to the Listing Rules), to be notified to the Company and the Stock Exchange.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in contracts

As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

(d) Interests in competing business

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors and their respective close associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group that needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

(e) **Directors' service contracts**

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than a Director and the chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register of interests in Shares and short positions required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares interested in	Approximate percentage of interest (Note 3)
Emperor Capital Group Limited (Note 1)	Interest of controlled corporation	6,829,237,945	68.38%
Albert Yeung Holdings Limited (Note 1)	Interest of controlled corporation	6,829,237,945	68.38%
STC International Limited (Note 1)	Trustee	6,829,237,945	68.38%
Dr. Yeung Sau Shing, Albert (Note 1)	Founder of discretionary trust	6,829,237,945	68.38%
Ms. Luk Siu Man, Semon (Note 1)	Interest of spouse	6,829,237,945	68.38%
Get Nice Securities Limited (Note 2)	Beneficial owner	1,664,000,000	16.66%
Get Nice Incorporated (Note 2)	Interest of controlled corporation	1,664,000,000	16.66%
Get Nice Holdings Limited (Note 2)	Interest of controlled corporation	1,664,000,000	16.66%

Notes:

- Emperor Securities Limited is deemed to be interested in these Shares by virtue of the Underwriting Agreement and the Placing and Underwriting Agreement. Based on the notices of disclosure of interests filed with the Stock Exchange, Emperor Securities Limited is an indirect wholly-owned subsidiary of Emperor Capital Group Limited, the shares of which are listed on the Stock Exchange. 67.38% of the shares of Emperor Capital Group Limited are held by Emperor Capital Group Holdings Limited. The entire issued share capital of Emperor Capital Group Holdings Limited is held by Albert Yeung Discretionary Trust ("AY Trust"). Dr. Yeung Sau Shing, Albert, as founder of the AY Trust, and Ms. Luk Siu Man, Semon, as the spouse of Dr. Yeung Sau Shing, Albert, are deemed to be interested in the 6,829,237,945 Shares for the purposes of the SFO.
- Based on the notices of disclosure of interests of Get Nice Securities Limited, Get Nice Incorporated and Get Nice Holdings Limited filed with the Stock Exchange, Get Nice Securities Limited is interested in 1,664,000,000 Rights Shares by virtue of its sub-underwriting commitment of these Rights Shares. Get Nice Securities Limited is wholly-owned by Get Nice Incorporated which in turn is wholly-owned by Get Nice Holdings Limited.
- The percentage of interest is calculated based on the existing issued share capital as enlarged by the Rights Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any other persons (not being a Director or chief executive of the Company) who had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

5. LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance, known to the Directors, pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date and were or might be material:

- (i) the agreement dated 31 July 2013 entered into between Windmax Investments Limited, an indirect wholly owned subsidiary of the Company, and HEC Capital Limited in relation to the proposed acquisition of shares representing approximately 20.23% of the total issued share capital of Cordoba Homes Limited at a consideration of HK\$267,944,600 (the transaction of which was subsequently terminated on 29 November 2013);
- (ii) the joint investment agreement dated 31 July 2013 entered into between Main Choice Investments Limited, an indirect wholly owned subsidiary of the Company, and Cordoba Homes Limited in relation to the establishment of an investment company for the purpose of extending the Group's business to money lending and other related financing business;
- (iii) the sale and purchase agreement dated 8 May 2014 entered into between Ace York Holdings Limited, a wholly owned subsidiary of the Company, and 萬蘊琪 (Wan Yunqi, literal translation of the Chinese name) in relation to the disposal by Ace York Holdings Limited to 萬蘊琪 (Wan Yunqi, literal translation of the Chinese name) of the entire issued share capital of Professional Goal Holdings Limited and shareholders' loan at a total consideration of HK\$5,000,000 which was fully settled in cash;
- (iv) the placing agreement dated 19 August 2014 entered into between the Company and Emperor Securities Limited in relation to the placing of a maximum of 739,800,000 Shares on a best effort basis at the placing price of HK\$0.160 per Share and raised net proceeds of approximately HK\$115.30 million;

- (v) the underwriting agreement dated 22 October 2014 entered into between the Company and Enerchine Securities Limited in relation to the rights issue at a price of HK\$0.08 per rights Share on the basis of one (1) rights Share for every two (2) Shares held on 4 November 2014 and raised net proceeds of approximately HK\$172 million;
- (vi) the cornerstone investment agreement dated 10 December 2014 entered into among the Company, Prospect Vantage Holdings Limited, Shenjing Bank Co., Ltd., China Merchants Securities (HK) Co., Limited and Sheng Yuan Securities Limited in relation to the subscription of H shares in Shenjing Bank Co., Ltd. by Propsect Vantage Holdings Limited at the final offer price of the H shares as sold in the global offering of H shares in Shenjing Bank Co., Ltd. at an aggregate amount of US\$20 million;
- (vii) the memorandum of understanding dated 15 May 2015 entered into between Success China Worldwide Limited, an indirect wholly owned subsidiary of the Company and two individuals in relation to the acquisition of the total issued share capital of a Hong Kong company for an indicative price of HK\$2 billion;
- (viii) the Underwriting Agreement; and
- (ix) the Placing and Underwriting Agreement.

7. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinion, letter or advice which are contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

- (b) The above expert has given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of the references to its name and/or opinion in the form and context in which it is included.
- (c) As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which had been, since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group and any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CORPORATE INFORMATION

Registered Office	Rooms 3206-3210, 32nd Floor China Resources Building 26 Harbour Road Wanchai Hong Kong
Authorised Representatives	Mr. Chow Kam Wah Flat 2708, 27th Floor Fu Chung House Mei Chung Court, Tai Wai Shatin, New Territories Mr. Sue Ka Lok Room 1516, Block E Kornhill Hong Kong
Company Secretary	Mr. Sue Ka Lok (a fellow of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow member of both The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and an ordinary member of the Hong Kong Securities and Investment Institute)
Auditor/ Reporting Accountants	Deloitte Touche Tohmatsu 35th Floor, One Pacific Place 88 Queensway Hong Kong
Principal Bankers	Bank of China (Hong Kong) Limited 1 Garden Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong Bank of Communications Co., Ltd., Hong Kong Branch 17th Floor 28 Hennessy Road Wanchai Hong Kong

Share Registrar and Transfer Office	Tricor Standard Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Legal Advisers to the Company	<i>As to Hong Kong law</i> Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road Central, Hong Kong Tung & Co. Office 1601, 16th Floor LHT Tower 31 Queen's Road Central Hong Kong

9. PARTICULARS OF DIRECTORS

Executive Directors

Dr. Or Ching Fai, aged 65, joined the Company as an Executive Director and the Chief Executive Officer in November 2009. Dr. Or was appointed as the Chairman of the Company on 2 March 2012. Dr. Or is also a director of various subsidiaries of the Company. Dr. Or graduated from The University of Hong Kong in 1972 and was awarded an Honorary Doctor of Social Science from the City University of Hong Kong in 2014. Dr. Or is a Justice of the Peace and has extensive experience in the insurance, banking and financial services industries. He was the general manager and a director of The Hongkong and Shanghai Banking Corporation Limited. He was also the chairman of HSBC Insurance Limited. Dr. Or was the chief executive and vice-chairman of Hang Seng Bank Limited (stock code: 11), a company listed in Hong Kong. He was also the chairman of Hang Seng Insurance Company Limited and Hang Seng Bank (China) Limited. Dr. Or was the chairman of the Hong Kong Association of Banks; the vice president and a council member of the Hong Kong Institute of Bankers; the chairman of Executive and Campaign Committee of the Community Chest of Hong Kong. Dr. Or is a vice patron of the board of the Community Chest of Hong Kong. Dr. Or was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region and Honorary University Fellowships from The University of Hong Kong in 2009. Dr. Or has been the chairman of the Financial Services Advisory Committee and a member of the Services Promotion Programme Committee of the Hong Kong Trade Development Council. He has been a member of the Risk Management Committee of Hong Kong Exchanges and Clearing Limited and a member of the Aviation Development Advisory Committee. He was the deputy chairman of the Council of City University of Hong Kong and was a council member of The University of Hong Kong; an adviser of the Employers' Federation of Hong Kong, a member of the 5th East Asian Games Planning Committee and a director of 2009 East Asian

Games (Hong Kong) Limited. Dr. Or was a director of Cathay Pacific Airways Limited (stock code: 293) and Hutchison Whampoa Limited. Dr. Or is the chairman and an independent non-executive director of Esprit Holdings Limited (stock code: 330), a vice-chairman and an independent non-executive director of G-Resources Group Limited (stock code: 1051) (“G-Resources”) and an independent non-executive director of Chow Tai Fook Jewellery Group Limited (stock code: 1929), Television Broadcasts Limited (stock code: 511) and Industrial and Commercial Bank of China Limited (stock code: 1398). Save for Hutchison Whampoa Limited which was delisted on 3 June 2015, all of the above companies are listed in Hong Kong.

Mr. Sue Ka Lok, aged 50, was appointed as an Executive Director and the Company Secretary of the Company in December 2014 and April 2015 respectively. Mr. Sue is also a director of various subsidiaries of the Company. He holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow of both The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and an ordinary member of the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is an executive director of Eyang Holdings (Group) Co., Limited (stock code: 117) and an executive director and the chief executive officer of Enviro Energy International Holdings Limited (stock code: 1102). Mr. Sue was an executive director and the chief executive officer of BEP International Holdings Limited (stock code: 2326) until 13 July 2015 and 10 January 2014 respectively. Mr. Sue was the chairman and a non-executive director of Winshine Entertainment & Media Holding Company Limited (formerly known as China Tycoon Beverage Holdings Limited) (stock code: 209) until 4 November 2014 and 27 November 2014 respectively. Mr. Sue was an executive director and the chief executive officer of Mission Capital Holdings Limited (formerly known as Poly Capital Holdings Limited) (stock code: 1141) (“Mission Capital”) until 31 October 2014 and was also an executive director and the chairman of Hailiang International Holdings Limited (formerly known as Sunlink International Holdings Limited) (stock code: 2336) until 3 June 2014. All of the above companies are listed in Hong Kong.

Ms. Lee Chun Yeung, Catherine, aged 47, was appointed as an Executive Director of the Company in February 2015. Ms. Lee is also a director of various subsidiaries of the Company. She holds a Bachelor of Arts degree from Guangdong University of Foreign Studies (formerly known as Guangzhou Institute of Foreign Languages) and a Master of Business Administration degree from the University of South Australia. Ms. Lee has experience in international trading of metal minerals and commodities. Ms. Lee had worked as an economist in a major commercial bank in the People’s Republic of China (the “PRC”). Ms. Lee was an executive director of Mission Capital until 20 August 2014.

Mr. Hui Richard Rui, aged 47, joined the Company as an Executive Director in September 2008. Mr. Hui is also a director of various subsidiaries of the Company. He graduated from University of Technology, Sydney of Australia with a bachelor’s degree in mechanical engineering. Mr. Hui has experience in management positions of various companies. Mr. Hui is an executive director of G-Resources and CST Mining Group Limited (stock code: 985) (“CST Mining”). All of the above companies are listed in Hong Kong.

Mr. Chow Kam Wah, aged 52, joined the Company as an Executive Director in July 2007. Mr. Chow is also a director of various subsidiaries of the Company. He holds a master's degree in accountancy from The Hong Kong Polytechnic University. Mr. Chow has extensive managerial experience in finance and accounting. He is a certified practising accountant of the CPA Australia.

Independent Non-executive Directors

Ms. Ma Yin Fan, aged 51, joined the Company as an Independent Non-executive Director in September 2007. Ms. Ma obtained a bachelor's degree with honours in accounting from Middlesex University in the United Kingdom. She is also awarded the Master of Business Administration and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University respectively. Ms. Ma is a CPA (Practising) in Hong Kong. Ms. Ma has extensive experience in auditing, accounting and taxation areas. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is a fellow member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in the England and Wales, Taxation Institute of Hong Kong, Association of Chartered Certified Accountants, Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators. She is also a Certified Tax Advisor in Hong Kong. Ms. Ma was an independent non-executive director of China New Energy Power Group Limited (stock code: 1041) ("China New Energy") until 14 November 2014 and is an independent non-executive director of G-Resources and CST Mining. All of the above companies are listed in Hong Kong.

Mr. Chow Yu Chun, Alexander, aged 68, joined the Company as an Independent Non-executive Director in March 2011. Mr. Chow is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has experience in commercial, financial and investment management. Mr. Chow was a non-executive director of New World China Land Limited (stock code: 917) until 28 December 2012 and is an independent non-executive director of Playmates Toys Limited (stock code: 869) and Top Form International Limited (stock code: 333), and has been appointed as an independent non-executive director of Symphony Holdings Limited (stock code: 1223) on 15 December 2014. All of the above companies are listed in Hong Kong.

Mr. Leung Hoi Ying, aged 64, joined the Company as an Independent Non-executive Director in September 2007. Mr. Leung has experience in the trading business and business development. He was an independent non-executive director of China New Energy until 14 November 2014 and is an independent non-executive director of G-Resources. All of the above companies are listed in Hong Kong.

Business address of the Directors

The business address of the Directors is the same as the Company's head office and principal place of business located at Rooms 3206-3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

10. GENERAL

The Prospectus Documents are prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

11. EXPENSES

The expenses in connection with the Rights Issue and the Placing, including underwriting commission, placing commission, financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be in the range of approximately HK\$27.8 million to HK\$40.9 million and are payable by the Company.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “EXPERT AND CONSENT” in this Appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong).

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Rooms 3206-3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for a period of 14 days from the date of this Prospectus:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014;
- (c) the independent reporting accountants’ assurance report on the compilation of unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu set out in Appendix II to this Prospectus;
- (d) the material contracts disclosed in the paragraph under the heading “MATERIAL CONTRACTS” in this Appendix;
- (e) the written consents referred to in the paragraph under the heading “EXPERT AND CONSENT” in this Appendix;
- (f) the Circular; and
- (g) this Prospectus.