
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. Capitalised terms used herein shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus, unless otherwise stated.

If you have sold or transferred all your Shares in China Strategic Holdings Limited, you should at once hand this Prospectus and the accompanying PAL(s) and EAF(s) to the purchaser(s) or other transferee(s) or bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Rights Issue Documents, together with the written consent of Deloitte Touche Tohmatsu, have been registered with 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 takes no responsibility for the contents of any of these documents. You should read the whole of the Rights Issue Documents including the discussions of certain risks and other factors as set out in the paragraphs headed "Warning of the risks of dealing in Shares and Rights Shares in nil-paid form" in the "Letter from the Board" in this Prospectus.

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

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



CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Underwriter



ENERCHINE SECURITIES LIMITED

The latest time for acceptance of and payment for the Rights Shares is 4 p.m. on Thursday, 4 December 2014. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 12 to 13 of this Prospectus.

The Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 6 to 7 of this Prospectus.

Shareholders should note that the existing Shares have been dealt in on ex-rights basis from Wednesday, 29 October 2014. The Rights Shares in their nil-paid form will be dealt in from 9 a.m. on Monday, 24 November 2014 to 4 p.m. on Monday, 1 December 2014 (both dates inclusive). If prior to the latest time for termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraphs headed "Conditions of the Rights Issue" contained in this Prospectus are not fulfilled, the Rights Issue will not proceed. **If the Underwriter terminates or rescinds the Underwriting Agreement, the Rights Issue will not proceed.**

Any dealings in the Shares or Rights Shares in their nil-paid form up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be at 4 p.m. on Monday, 8 December 2014), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or Rights Shares in their nil-paid form who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

20 November 2014

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 “Qualifying Shareholders” and “Excluded Shareholders” under the section headed “Letter from the Board” of this Prospectus.

NOTICE TO INVESTORS IN SINGAPORE

This Prospectus and any other document or material issued in connection with the offer 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 TO INVESTORS IN MALAYSIA

This Prospectus has not been and will not be registered with the Securities Commission of Malaysia (“SC”) under the Capital Markets 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 of the CMSA.

NOTICE

NOTICE TO INVESTORS IN UNITED STATES OF AMERICA

The securities described in this Prospectus have not been registered under 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.

TABLE OF CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	4
Termination of the Underwriting Agreement	6
Letter from the Board	8
Appendices	
Appendix I — Financial Information of the Group	22
Appendix II — Unaudited Pro Forma Financial Information of the Group	23
Appendix III — General Information	28

DEFINITIONS

In this Prospectus, the following expressions have the meanings set out below unless the context otherwise requires.

“Acceptance Date”	4:00 p.m. on Thursday, 4 December 2014 (or such other time or date as the Underwriter may agree in writing with the Company) as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Announcement”	the announcement of the Company dated 22 October 2014, in relation to the Rights Issue
“Board”	the board of Directors
“Business Day”	any day (other than Saturday and Sunday) on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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”	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
“EAF(s)”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges, consider it necessary or expedient to exclude from the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected person

DEFINITIONS

“Last Trading Day”	22 October 2014, being the last trading day prior to the date of the Announcement
“Latest Practicable Date”	14 November 2014, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information in this Prospectus
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Thursday, 20 November 2014 (or such other date as the Underwriter may agree in writing with the Company), being the date of despatch of the Rights Issue Documents
“Prospectus”	this prospectus
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company as at the Record Date
“Record Date”	Tuesday, 4 November 2014 (or such other date as the Underwriter may agree in writing with the Company), being the date by reference to which entitlements to the Rights Issue are to be determined
“Registrar”	the share registrar and transfer office of the Company, being Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one Rights Share for every two Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents
“Rights Issue Documents”	the Prospectus, PAL and EAF

DEFINITIONS

“Rights Shares”	2,219,491,963 Shares to be issued and allotted under the Rights Issue
“Settlement Date”	Monday, 8 December 2014, being the second Business Day following the Acceptance Date (or such other date as the Underwriter and the Company may agree in writing) as the day for settlement of the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 10 June 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.08 per Rights Share
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers
“take up” or “taken up”	in the context of the Rights Issue, such Rights Shares in respect of which the valid PALs and EAFs have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof
“Underwriter” or “Enerchine”	Enerchine Securities Limited, a corporation licensed to conduct type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 22 October 2014 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Rights Shares”	2,219,491,963 Rights Shares which are fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement
“%”	per cent

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Rights Issue. The timetable is subject to change in accordance with the agreement between the Company and the Underwriter. The Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.

The expected timetable of the Rights Issue is set out below:

2014

Latest time for lodging transfers of Shares to qualify for the Rights Issue	4:30 p.m. on Thursday, 30 October
Record Date	Tuesday, 4 November
Despatch of Rights Issue Documents	Thursday, 20 November
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 24 November
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Wednesday, 26 November
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Monday, 1 December
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Thursday, 4 December
Latest time for the Rights Issue to become unconditional.	4:00 p.m. on Monday, 8 December
Announcement of the results of the Rights Issue to be published	Friday, 12 December
Despatch of certificates for fully-paid Rights Shares and refund cheques	Monday, 15 December
Expected first day of dealings in fully-paid Rights Shares on the Stock Exchange	9:00 a.m. on Tuesday, 16 December

All times specified in this Prospectus refer to Hong Kong times.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES

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

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 4 December 2014. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 4 December 2014. Instead the latest time of acceptance of and payment for the 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 does not take place on Thursday, 4 December 2014, the dates mentioned in the section headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:—

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including any disruption to trading generally or trading in any securities of the Company on any stock exchange, or a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or
- (iii) any act of God, fire, flood, explosion, epidemic, earthquake, nuclear or natural disaster, war, act of terrorism, riot, public disorder, civil commotion, strike or lock-out; or
- (iv) any suspension or a material limitation in trading in securities generally on the Stock Exchange, or a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong;

and in the absolute opinion of the Underwriter, such change could have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission could have a material effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue, inaccurate or misleading, or would be untrue, inaccurate or misleading if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;

TERMINATION OF THE UNDERWRITING AGREEMENT

the Underwriter shall be entitled (but not bound) by notice in writing to the Company prior to the Settlement Date to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims). If the Underwriter exercises such right, the Rights Issue will not proceed.

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)

Board of Directors:

Executive Directors:

Mr. OR Ching Fai

(Chairman and Chief Executive Officer)

Mr. HUI Richard Rui

Mr. CHOW Kam Wah

Independent Non-executive Directors:

Ms. MA Yin Fan

Mr. CHOW Yu Chun, Alexander

Mr. LEUNG Hoi Ying

Registered Office and

Principal place of business:

Rooms 3206-3210, 32nd Floor,

China Resources Building,

26 Harbour Road,

Wanchai, Hong Kong.

20 November 2014

To Qualifying Shareholders, and for information only, Excluded Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

INTRODUCTION

The Board announced on 22 October 2014 that the Company proposes to raise approximately HK\$177.56 million before deduction of expenses by way of the Rights Issue, pursuant to which 2,219,491,963 Rights Shares will be issued at the Subscription Price of HK\$0.08 per Rights Share. The Company will provisionally allot one nil-paid Rights Share for every two existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date. Qualifying Shareholders are entitled to apply for additional Rights Shares in excess of their respective entitlements under the Rights Issue. The Rights Issue will not be available to the Excluded Shareholders.

The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events including force majeure.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further information regarding the Rights Issue, including information on dealings in, transfer of and application for the Rights Shares, and financial information and other information of the Group.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	one Rights Share for every two Shares held by the Qualifying Shareholders on the Record Date
Number of Shares in issue as at the Record Date	:	4,438,983,927 Shares
Number of Rights Shares	:	2,219,491,963 Rights Shares
Aggregate nominal value of the Rights Shares	:	the Rights Shares have no nominal value
Subscription Price	:	HK\$0.08 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue (assuming no change in share capital of the Company before the Record Date)	:	6,658,475,890 Shares
Funds raised before expenses	:	approximately HK\$177.56 million
Underwriter	:	Enerchine Securities Limited, a corporation licensed to conduct type 1 (dealing in securities) regulated activity and an Independent Third Party. For background purpose, a fellow subsidiary of the Underwriter holds 2,500,000 Shares representing approximately 0.06% of the issued share capital of the Company as at the Latest Practicable Date

Basis of Provisional Allotment

One Rights Share for every two Shares held by a Qualifying Shareholder on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.08 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 59.80% to the closing price of HK\$0.199 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 60.98% to the average closing price of approximately HK\$0.205 per Share for the five consecutive trading days ended on the Last Trading Day;
- (iii) a discount of approximately 49.69% to the theoretical ex-rights price of approximately HK\$0.159 per Share based on the closing price of HK\$0.199 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) A discount of approximately 49.04% to the closing price of HK\$0.157 per Share as at the Latest Practicable Date.

The Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50% of the existing issued share capital of the Company and will represent approximately 33.3% of the issued share capital of the Company as enlarged by the Rights Issue. Based on the Subscription Price of HK\$0.08, the gross proceeds to be raised by the Company from the Rights Issue will amount to approximately HK\$177.56 million (before expenses).

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. The Directors consider that the discount would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the potential growth of the Group. The Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder. The Company has sent the Rights Issue Documents to the Qualifying Shareholders and has sent the Prospectus (without the PAL and EAF), for information only, to the Excluded Shareholders.

LETTER FROM THE BOARD

Excluded Shareholders

This Prospectus has not been registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

Arrangements have been made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of such sale, less expenses and stamp duty, above HK\$100 will be paid to the relevant Excluded Shareholders in Hong Kong dollars (pro rata to their shareholdings). The Company will retain individual amounts of HK\$100 or less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Excluded Shareholders will be available for excess application on the EAF by the Qualifying Shareholders.

As at the Record Date, there are six Overseas Shareholders with registered addresses in the United States, Malaysia, Macau and Singapore, holding 2,700 Shares, 1,750 Shares, 600 Shares and 9,250 Shares respectively. 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 requirements of the regulatory bodies or stock exchanges of the above-listed countries with respect to the offer of Rights Shares to such Overseas Shareholders.

The Company has been advised by its legal advisors in Macau, Singapore and Malaysia that the Rights Issue Documents would not be required to be registered with any regulatory authorities or 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 advisors in the United States that the Rights Issue Documents would be required to be registered with the U.S. Securities and Exchange Commission, unless they qualify for an exemption by satisfying various criteria which may 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, Overseas Shareholders with registered addresses in Macau, Singapore and Malaysia, together with the Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders, while Overseas Shareholders with registered addresses in the United States are Excluded Shareholders for the purpose of the Rights Issue. The Company will send the Rights Issue Documents to the Qualifying Shareholders, and will send the Prospectus (without the PAL and EAF) to the Excluded Shareholders for their information only.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of the Rights Shares but fractional entitlements will be aggregated and made available for excess application on the EAF by the Qualifying Shareholders.

LETTER FROM THE BOARD

Status of the Rights Shares

When issued and fully paid, the Rights Shares will rank *pari passu* in all respects with the existing Shares. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for Listing

The Company has made the listing application to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The board lot size of nil-paid Rights Shares is the same as that of the fully-paid Rights Shares of 5,000 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 listing or permission to deal in any securities of the Company is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholders wish to exercise their right to subscribe for all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, by not later than 4:00 p.m. on Thursday, 4 December 2014. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Strategic Holdings Limited — PAL**" and crossed "**Account Payee Only**". Any payment for the Rights Shares should be rounded down to 2 decimal points.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Thursday, 4 December 2014, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions in the PAL. The Company may require such incomplete PAL to be completed by the relevant applicants on or before the latest time of acceptance.

The Company reserves the right to refuse to act on any acceptance of provisional allotments of Rights Shares and to refuse to accept any application for excess Rights Shares where it believes that in doing so would or may violate the applicable securities legislations or other laws or regulations of any jurisdiction.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Wednesday, 26 November 2014 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

Completion and lodgement of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on the first presentation. All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on the Settlement Date, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at the risk of such applicants on or around Monday, 15 December 2014.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any Rights Shares provisionally allotted but not accepted, and aggregated fractional entitlements.

Qualifying Shareholders who wish to apply for any Rights Shares in addition to their provisional allotment must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, by not later than 4:00 p.m. on Thursday, 4 December 2014. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Strategic Holdings Limited — EAF**" and crossed "**Account Payee Only**". The Registrar will notify the Qualifying Shareholders of any allotment of excess Rights Shares made to them, which allotments will be at the discretion of the Directors on a fair and equitable basis. The Directors will allocate the excess Rights Shares (if any) at their discretion with reference to the level of acceptance of the Rights Shares and the number of excess Rights Shares available on a fair and equitable basis on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their nil-paid Rights Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and

LETTER FROM THE BOARD

- (ii) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied for by them.

In applying the principles in (i) and (ii) above, reference will only be made to the number of excess Rights Shares being applied for. No reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by the Qualifying Shareholders. The Directors are of the view that such allocation of excess Rights Shares is fair and equitable as all Qualifying Shareholders are also entitled to apply for the excess Rights Shares. In addition, any Rights Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the beneficial owners individually.

The latest time for acceptance of the Rights Shares and the application for excess Rights Shares as well as respective payment thereof is expected to be at 4:00 p.m. on Thursday, 4 December 2014, or such later date or time as may be agreed between the Company and the Underwriter.

If no excess Rights Shares are allotted to an applicant for excess Rights Shares or the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on the Settlement Date, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to the registered addresses at the risk of such applicants on or around Monday, 15 December 2014.

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 by the applicant that the cheque or cashier's order will be honoured on first presentation. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

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 at the risk of the persons entitled thereto to their registered addresses by the Registrar.

Distribution of the Rights Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Right Issue Documents come should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. No person receiving the Rights Issue Documents in any territory outside Hong Kong may treat it as an offer or invitation to take up Rights Shares or apply for excess Rights Shares, except 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. It is the responsibility of any person (including but not limited to agent,

LETTER FROM THE BOARD

custodian, nominee and trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Shareholders should consult their professional advisers if in doubt.

In addition, each subscriber of Rights Shares will be deemed to have given each of the following representations and warranties to the Company and to any person acting on their behalf:

- He/she/it was a Qualifying Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the rights, directly or indirectly, from such a person; and
- He/she/it may lawfully be offered, take up, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located.

Rights Shares will be eligible for admission into CCASS

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 as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC as deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operation Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional advisors for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp Duty and other fees and charges

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

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be posted to the Qualifying Shareholders, and in the case of joint Qualifying Shareholders, to the first-named Qualifying Shareholders, by ordinary post, at their

LETTER FROM THE BOARD

own risks, on or around Monday, 15 December 2014. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or around Monday, 15 December 2014 by ordinary post to the Qualifying Shareholders, and in the case of the joint Qualifying Shareholders, to the first-named Qualifying Shareholders, at their own risk.

Taxation

Qualifying Shareholders should consult their professional advisers regarding the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, the Directors or any parties involved in the Rights Issue accepts responsibility for any tax effect or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

THE UNDERWRITING AGREEMENT

Date	:	22 October 2014 (after trading hours)
Underwriter	:	Enerchine Securities Limited
Total number of Underwritten Rights Shares	:	2,219,491,963 Rights Shares
Commission	:	2.5%

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe or procure subscribers to subscribe for all Underwritten Rights Shares which are not subscribed for, subject to terms and conditions set out in the Underwriting Agreement in particular the fulfilment of the conditions contained therein. The Company has undertaken that it will not issue or agree to issue new Shares or other convertible securities between the date of the Underwriting Agreement and Record Date.

The Board considers the terms of the Underwriting Agreement including the commission rate were determined after arm's length negotiations between the Company and the Underwriter and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriter under the Underwriting Agreement are conditional on:—

- (i) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Rights Issue Documents each duly certified in compliance with section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and all other documents required to be attached thereto) and the Listing Rules;

LETTER FROM THE BOARD

- (ii) the posting on the Posting Date of copies of the Rights Issue Documents to the Qualifying Shareholders;
- (iii) compliance by the Company with all its obligations under (i) and (ii) above;
- (iv) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and the Listing Committee of the Stock Exchange not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
- (v) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the Announcement);
- (vi) no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason; and
- (vii) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

None of the conditions are capable of being waived. In the event that conditions have not been satisfied on or before the Posting Date (or the relevant dates set out therein) or in the event that the conditions (iv) and (vi) have not been satisfied on or before 4:00 p.m. on the Settlement Date (or such later date as the Underwriter and the Company may agree), all liabilities of the parties thereto shall cease and determine and none of the parties shall have any claim against the other (save in respect of any antecedent breaches and claims).

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:—

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including any disruption to trading generally or trading in any securities of the Company on any stock exchange, or a change in the system under which the value of the Hong Kong

LETTER FROM THE BOARD

currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or

- (iii) any act of God, fire, flood, explosion, epidemic, earthquake, nuclear or natural disaster, war, act of terrorism, riot, public disorder, civil commotion, strike or lock-out; or
- (iv) any suspension or a material limitation in trading in securities generally on the Stock Exchange, or a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong;

and in the absolute opinion of the Underwriter, such change could have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission could have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue, inaccurate or misleading, or would be untrue, inaccurate or misleading if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;

the Underwriter shall be entitled (but not bound) by notice in writing to the Company prior to the Settlement Date to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims). If the Underwriter exercises such right, the Rights Issue will not proceed.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to, among other things, the fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” above. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed and the Shareholders and the public are reminded to exercise caution when dealing in the Shares.

Any dealing in the Shares from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares or Rights Shares in their nil-paid form is recommended to consult his/her own professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming no change in the shareholding structure of the Company between the Latest Practicable Date and completion of the Rights Issue.

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Underwriter	0	0	0	0	2,219,491,963	33.33
- fellow subsidiary	2,500,000	0.06	3,750,000	0.06	2,500,000	0.06
Other Shareholders	<u>4,436,483,927</u>	<u>99.94</u>	<u>6,654,725,890</u>	<u>99.94</u>	<u>4,436,483,927</u>	<u>66.61</u>
Total	<u><u>4,438,983,927</u></u>	<u><u>100</u></u>	<u><u>6,658,475,890</u></u>	<u><u>100</u></u>	<u><u>6,658,475,890</u></u>	<u><u>100</u></u>

Pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that each of the subscribers or sub-underwriter(s) of the Underwritten Rights Shares procured by it (i) shall be an Independent Third Party and not acting in concert (within the meaning of the Takeovers Code) with the Company, the directors, or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure the subscribers to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the Rights Issue.

LETTER FROM THE BOARD

The Underwriter has undertaken that it will not and will procure the ultimate subscribers or purchasers procured by it or the sub-underwriters will not (together with parties acting in concert with them) hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Directors consider that it would be in the best interest of the Company and the Shareholders as a whole to raise long-term equity capital through a rights issue. The Rights Issue will also offer existing Shareholders the opportunity to participate in the future development of the Company on equal terms.

The net proceeds from the Rights Issue are estimated to be approximately HK\$172 million (i.e. HK\$0.077 per Rights Share). In the event that the Rights Issue becomes unconditional, the Company intends to utilise the net proceeds of the Rights Issue 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 metals and electronic products trading business; and (iii) the remaining balance for opportunistic investments and general corporate purpose. In relation to opportunistic investments, the Company from time to time looks at and considers desirable investment opportunities and will make such investment if it is in the interest of the Company to do so. While there may be general discussions in relation to potential investment opportunities, these may or may not develop further into detailed negotiation of terms of potential investments resulting in the entering into of definitive agreements. As at the Latest Practicable Date, the Company is not in detailed negotiation in respect of terms of opportunistic investments. The Company will make an announcement as and when required in accordance with the Listing Rules and applicable laws.

The Group is in the course of setting up a new consumer finance division focusing on the personal loan market under its money lending operation, it is intended that the part of net proceeds to be allocated to the Group's money lending business will be first applied to the development of this new consumer finance division if its business progresses well.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since 31 December 2013, the Group has engaged in (1) trading of metal and electronic products (2) money lending business and (3) investments in securities. The unaudited segment results of these businesses for the six months period ended 30 June 2014 were HK\$2.06 million, HK\$7.7 million and HK\$32.5 million respectively.

Since 31 December 2013, the slowdown of China's economy may have had a negative impact on the Group's businesses, especially its battery operations which was an under-performing business of the Group (subsequent to which the Company has disposed of the entire issued share capital of Professional Goals Holdings Limited, a wholly-owned subsidiary indirectly held by the Company due to its under-performing business in battery operations, on 8 May 2014). Despite recent signs of a more

LETTER FROM THE BOARD

stabilized global economy, the global investment market in 2014 may still become volatile due to the possibility that the Federal Reserve in the United States of America may continue with the withdrawal of the quantitative easing policy. Thus, the Group is cautious of the performance of its securities investment.

The Group will closely monitor fluctuations in the market price of metal and electronic products and adopt appropriate measures in response to market conditions in the trading of such products. In addition, the Group will continue to seek new investment opportunities and review the existing business mix with a view to strengthening the shareholders' value in the long run.

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

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2011, 2012 and 2013 are set out on pages 21 to 71, 22 to 67 and 20 to 71 of the annual reports of the Group for the years ended 31 December 2011, 2012 and 2013 dated 26 March 2012, 28 March 2013 and 28 March 2014, respectively. They can be accessed on the website of the Company (<http://www.irasia.com/listco/hk/chinastrategic/annual/index.htm>) and the website of the Stock Exchange (at <http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0410/LTN20120410422.pdf>, <http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0425/LTN20130425985.pdf>, <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0414/LTN20140414217.pdf> respectively).

The published unaudited condensed consolidated financial statements of the Group with the relevant notes to the accounts for the six months ended 30 June 2014 are set out on pages 1 to 23 of the interim report of the Group for the six months ended 30 June 2014. They can be accessed on the website of the Company (<http://www.irasia.com/listco/hk/chinastrategic/interim/index.htm>) and the website of the Stock Exchange (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0901/LTN20140901712.pdf>).

2. 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 Rights Issue 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.

3. INDEBTEDNESS

At the close of business on 31 October 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had a discounted bill of approximately HK\$36 million.

Save as disclosed above, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 October 2014, the Group did not have any debt securities (issued and outstanding, and authorised or otherwise created but unissued), term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 30 June 2014.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited net assets of the Group attributable to owners of the Company as at 30 June 2014, as extracted from the published interim report of the Company for the six months ended 30 June 2014, and is adjusted for the effect of the Rights Issue.

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 had the Rights Issue been completed as at 30 June 2014 or at any future date after completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue <i>HK\$'000</i>
Based on 2,219,491,963 Rights Shares to be issued	<u>728,937</u>	<u>172,000</u>	<u>900,937</u>
			<i>HK\$</i>
Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2014 <i>(Note 3)</i>			<u>0.20</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2014 attributable to the owners of the Company per Share immediately after the completion of the Rights Issue (assuming 2,219,491,963 Rights Shares are issued) <i>(Note 4)</i>			<u>0.15</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014 is extracted from the published unaudited interim report of the Company for the six months ended 30 June 2014.
2. The estimated net proceeds from the Rights Issue of approximately HK\$172,000,000 is calculated based on 2,219,491,963 Rights Shares on the basis of one Rights Share for every two Shares held on the Record Date at the Subscription Price of HK\$0.08 per Rights Share, after deduction of the estimated related expenses including financial advisory fee and other professional fees, which are directly attributable to the Rights issue of approximately HK\$5,560,000. The number of Rights Shares to be issued based on 3,699,183,927 Shares of the Company in issue as at 30 June 2014 and an aggregate of 739,800,000 placing shares on 5 September 2014.
3. The number of shares used for the calculation of the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014 and prior to completion of Rights Issue of 2,219,491,963 Rights Shares is based on 3,699,183,927 Shares of the Company as at 30 June 2014.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue of approximately HK\$900,937,000, divided by 5,918,675,890 Shares which represents:
 - (i) 3,699,183,927 Shares, which is the Shares of the Company as at 30 June 2014.
 - (ii) 2,219,491,963 Rights Shares to be issued pursuant to the Rights Issue.
5. No adjustment has been made to reflect the effect on the unaudited consolidated net tangible assets of the Group resulting from the issuance of an aggregate of 739,800,000 placing shares on 5 September 2014 and any trading results or other transactions of the Group entered into subsequent to 30 June 2014.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

The following is the text of a report dated 20 November 2014 received from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus, in respect of the unaudited pro forma financial information of the Group.

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 net tangible assets as at 30 June 2014 and related notes as set out on pages 23 to 24 of Appendix II to the prospectus issued by the Company dated 20 November 2014 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page 23 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue on the basis of one Rights Share for every two Shares held on the Record Date (the "Rights Issue") on the Group's financial position as at 30 June 2014 as if the Rights Issue had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited financial information for the six months ended 30 June 2014, on which a review report has been published.

1. 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").

2. Reporting Accountant's 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 OF THE GROUP

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant 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 an investment circular 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 30 June 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 accountant’s judgment, having regard to the reporting accountant’s 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

20 November 2014

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 Company. 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 as at the Latest Practicable Date and immediately following completion of the Rights Issue assuming no change in shareholding between the Latest Practicable Date and the completion of the Rights Issue is as follows:-

Shares issued and to be issued:

4,438,983,927	Shares in issue as at the Latest Practicable Date
2,219,491,963	Rights Shares to be issued and allotted as fully paid pursuant to the Rights Issue
6,658,475,890	Total Shares in issue immediately following the completion of the Rights Issue

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be issued and allotted will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully paid form.

3. DISCLOSURE OF INTERESTS

(I) Directors' Interests

(a) *Interests and/or short positions of the Directors and chief executives*

As at the Latest Practicable Date, none of our Directors nor chief executives of our Company had reported an interest and/or short position in the Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(b) *As at the Latest Practicable Date:*

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited accounts 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; and
- (ii) none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

(II) **Shareholder's Interests***Interests and/or short positions of the Substantial Shareholders*

As at the Latest Practicable Date, so far as the Directors or chief executives of the Company are aware, no person (not being a Director or a chief executive of our Company) had reported, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, the following persons 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 our Group:

Substantial Shareholders of other members of the Group

Name of entities or person holding 10% or more interest in a member of the Group	Nature of interest	Interest in relevant company	Name of the subsidiary
Main Choice Investments Limited	Beneficial	51%	First Pacific Finance Limited
CW Financing Limited	Beneficial	49%	First Pacific Finance Limited

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 of the Company 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any existing or proposed service contracts with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors are of the opinion that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have been engaged in any pending or threatened litigation or claims which are or may be of material importance to the Group.

7. SHARE OPTION SCHEME

Share Option Scheme

The Company adopted the Share Option Scheme on 10 June 2011. The consideration for the grant of Share Options is HK\$1.00. As at the Latest Practicable Date, no Share Options have been granted to the Shareholders.

8. BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors together with their functions and relevant management expertise are set out below.

Executive Directors

Mr. OR Ching Fai, aged 64, was appointed as executive director and Chief Executive Officer of the Company in November 2009. Mr. Or was re-designated as Chairman of the Company on 2nd March, 2012. He is the chairman of the nomination committee of the Board and a director of various subsidiaries of the Company. Mr. 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. Mr. Or is a Justice of the Peace. 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. Mr. Or was the Chief Executive and Vice-Chairman of Hang Seng Bank Limited. He was also the Chairman of Hang Seng Insurance Company Limited and Hang Seng Bank (China) Limited. Mr. 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. Mr. Or is currently a Vice Patron of the Board of the Community Chest of Hong Kong. Mr. 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. Mr. Or has been 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, a Member of the Aviation Development Advisory Committee. He is 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. Mr. Or was a director of Cathay Pacific Airways Limited and Hutchison Whampoa Limited. Mr. Or is currently Chairman and an independent non-executive director of Esprit Holdings Limited, a Vice-Chairman and an independent non-executive director of G-Resources Group Limited and an independent non-executive director of Chow Tai Fook Jewellery Group Limited, Television Broadcasts Limited and Industrial and Commercial Bank of China Limited, all the shares of which are listed on The Stock Exchange of Hong Kong Limited. Save as aforesaid, Mr. Or did not hold any directorship in other listed public companies in the past three years. Mr. Or does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and 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.

Mr. HUI Richard Rui, aged 46, was appointed as an executive director of the Company in September 2008. He is 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 is currently an executive director of G-Resources Group Limited and CST Mining Group Limited, whereby the shares of both companies are listed on The Stock Exchange of Hong Kong Limited. Save as aforesaid, Mr. Hui did not hold any directorship in other listed public companies in the past three years. Mr. Hui does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and 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.

Mr. CHOW Kam Wah, aged 52, was appointed as an executive director of the Company in July 2007. He is a director of various subsidiaries of the Company. He holds a master's degree in Accountancy obtained from The Hong Kong Polytechnic University. He is a member of the CPA Australia. Mr. Chow does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and 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.

Independent Non-executive Directors

Ms. MA Yin Fan, aged 50, was appointed as an independent non-executive director in September 2007. She obtained a bachelor's degree with honours in Accountancy at Middlesex University in the United Kingdom. She was also awarded the Master of Business Administration and Master Degree in Professional Accounting at Heriot-Watt University in the United Kingdom and Hong Kong Polytechnic University respectively. She is a CPA (Practising) in Hong Kong. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is the Fellow member of Hong Kong Institute of Certified Public Accountants, 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 member of the Institute of Chartered Accountant in the England and Wales. Ms. Ma is the chairman of audit committee, a member of remuneration committee and nomination committee of the Board. Ms. Ma is currently an independent non-executive director of G-Resources Group Limited and CST Mining Group Limited, all the shares of which are listed on The Stock Exchange of Hong Kong Limited. Save as aforesaid, Ms. Ma did not hold any directorship in other listed public companies in the past three years. Ms. Ma does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and 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.

Mr. CHOW Yu Chun, Alexander, aged 67, was appointed as an independent non-executive Director of the Company in March 2011. Mr. Chow is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He is a member of audit committee and chairman of remuneration committee of the Board. Mr Chow was a non-executive director of New World China Land Limited and is currently an independent non-executive director of Playmates Toys Limited and Top Form International Limited, all the shares of which are listed on The Stock Exchange of Hong Kong Limited. Save as aforesaid, Mr. Chow did not hold any directorships in other listed public companies in the past three years. Mr. Chow does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and 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.

Mr. LEUNG Hoi Ying, aged 63, was appointed as an independent non-executive director in September 2007. He graduated from Guangdong Foreign Trade School in the People's Republic of China. Mr. Leung is the member of audit committee, remuneration committee and nomination committee of the Board. Mr. Leung is currently an independent non-executive director of G-Resources Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited. Save as aforesaid, Mr. Leung did not hold any directorship in other listed public companies in the past three years. Mr. Leung does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and 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.

Positions and addresses of the Directors

Name	Position	Address
Or, Ching Fai	Executive Director (Chairman and Chief Executive Officer)	Flat 25A, Block 10, Provident Centre, Wharf Road, North Point, Hong Kong
Hui, Richard Rui	Executive Director	Flat C, 32/F., Block 3, The Grand Panorama, 10 Robinson Road, Mid-Levels, Hong Kong
Chow, Kam Wah	Executive Director	Flat 2708, 27/F., Fu Chung House, Mei Chung Court, 25 Mei Tin Road, Sha Tin, Hong Kong
Ma, Yin Fan	Independent Non-Executive Director	Flat C, 4/F., Fu Wai Court, Fortress Garden, 32 Fortress Hill Road, North Point, Hong Kong
Chow, Yu Chun Alexander	Independent Non-Executive Director	17/F, Block 37, Baguio Villa, 550 Victoria Road, Hong Kong
Leung, Hoi Ying	Independent Non-Executive Director	Flat 4309, 9/F., Block 43, Baguio Villa, 550 Victoria Road, Hong Kong

9. CORPORATE INFORMATION

Registered office and Principal place of business	Rooms 3206-3210, 32/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Company secretary	Chow Kim Hang
Authorised representatives	Chow Kim Hang 3rd Floor, Chinese Club Building, 21-22 Connaught Road Central, Hong Kong
	Chow Kam Wah Flat 2708, 27/F., Fu Chung House, Mei Chung Court, 25 Mei Tin Road, Sha Tin, Hong Kong

Principal bankers	Bank of China (Hong Kong) Limited 10/F, Bank of China Tower 1 Garden Road Central, Hong Kong
	Hang Seng Bank Limited Level 6, Hang Seng Headquarters 83 Des Voeux Road Central, Hong Kong

10. PARTIES INVOLVED IN THE RIGHTS ISSUE

Underwriter	Enerchine Securities Limited 25/F, China United Centre 28 Marble Road North Point, Hong Kong
Financial Advisor to the Company	Enerchine Corporate Finance Limited 25/F., China United Centre 28 Marble Road North Point, Hong Kong
Legal Advisers to the Company	Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road Central, Hong Kong
Reporting accountants	Deloitte Touche Tohmatsu 25/F., One Pacific Place 88 Queensway Hong Kong
Share registrar and transfer office	Tricor Standard Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

11. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) the Underwriting Agreement;

- (b) the placing agreement dated 19 August 2014 entered into between the Company and Emperor Securities Limited, as the placing agent, to place 739,800,000 new shares of the Company at a placing price of HK\$0.160 per share;
- (c) 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) in relation to the disposal by Ace York Holdings Limited to 萬蘊琪 (Wan Yunqi) of the entire issued share capital of Professional Goal Holdings Limited and shareholders' loan at total consideration of HK\$5,000,000 which was fully settled in cash;
- (d) 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 (which transaction was subsequently terminated on 29 November 2013); and
- (e) 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.

12. EXPERT AND CONSENT

The following are the qualifications of the expert who has given an opinion or advice which are contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of its letter as set out in this Prospectus and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either direct or indirect, in any assets which had been since 31 December 2013 (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 were proposed to be acquired or disposed of by or leased to any member of the Group.

13. MISCELLANEOUS

- (a) The registered office and principal place of business of the Company is situated at Rooms 3206-3210, 32/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

- (b) The company secretary of the Company is Mr. Chow Kim Hang, who was appointed in September 2007. Mr. Chow is a solicitor of Messrs Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practising solicitor in Hong Kong and a member of The Law Society of Hong Kong.
- (c) The share registrar and transfer office of the Company is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.

14. EXPENSES

The expenses in connection with the Rights Issue are estimated to amount to approximately HK\$5.56 million and will be payable by the Company.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at Rooms 3206-3210, 32/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for a period of 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) this Prospectus;
- (c) the letter of consent referred to in the paragraph headed "Expert and consent" above;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (e) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix II to this Prospectus; and
- (f) the annual reports of the Company for each of the two financial years ended 31 December 2012 and 31 December 2013.