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華人策略控股有限公司

Chinese Strategic Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO THE OPERATION OF THE HOTEL-CASINO COMPLEX

References are made to the announcements of the Company dated 20 April 2015 and 25 June 2015 in relation to, among other things, the Operating Agreement. The Company wishes to provide update to Shareholders in relation to the Operating Agreement.

THE TRI-PARTY MOU

On 2 July 2015, TEC, an indirect wholly-owned subsidiary of the Company, TCGCC and HKE entered into a legally binding Tri-Party MOU, which sets forth the principal terms and conditions in relation to, amongst others, the Parties' intention to proceed with the transition in the operation of the Hotel-Casino Complex.

Pursuant to the Tri-Party MOU, general agreements in relation to the Transition, the ultimate transfer of ownership and operational control of the Hotel-Casino Complex from HKE to TEC were set out under which the Parties agree to, including but not limited to the following:

- A. Upon settlement of HKE's federal criminal case (the "**Case**"), TEC shall submit the required casino gaming license application fee. Within seven days, TCGCC will (i) confirm acceptance of TEC's casino gaming license application (the "**Application**"); (ii) expeditiously review the Application for completeness; and (iii) expedite a suitability review upon Application being deemed substantially appropriate.

To the understanding of the Company, on 25 June 2015, the Non Prosecution Agreement was reached in the Case and HKE undertakes to make the relevant payments thereunder. Separately, the fee of US\$200,000 for the Application was paid by TEC and was received by TCGCC on 1 July 2015.

- B. The Parties envision that after the Application is deemed substantially complete the suitability investigations of TEC will be completed within 90 days. TEC shall submit any and all documentation or information that is requested by TCGCC in their effort to expeditiously complete the suitability investigation. In parallel, TCGCC will expedite review of the Operating Agreement between HKE and TEC.

- C. The Parties envision that TCGCC will issue an Interim Casino Authorisation to TEC upon preliminary finding of suitability. The Parties envision a determination being made rather quickly concerning whether or not TCGCC can preliminarily find TEC suitable for the purpose of its issuing an Interim Casino Authorisation, a time period of between 15-40 days after the Application is deemed substantially complete. TCGCC may grant Interim Casino Authorisation where it finds by clear and convincing evidence that (i) the casino hotel is an approved hotel in accordance with the Act; (ii) the applicant satisfies qualification criteria applicable to key casino employees, except for residency; and (iii) interim operation will best serve the interests of the public. Interim Casino Authorisation shall expire 90 days after issuance and may be extended by the agreement of TEC and TCGCC for additional 90 day periods.
- D. TCGCC agrees that TEC shall not be held responsible for any violations of the Act or its regulations which were committed by HKE.
- E. The Parties agree and acknowledge that HKE has engaged Spectrum in an amended non-negotiable six month management agreement in its effort to assess and correct alleged noncompliance issues as well as enhance the Hotel-Casino Complex's internal control policies and procedures to that of industry standard. HKE commits to collaborate with Spectrum and execute the items listed on the Checklist.
- F. The Parties agree that the Checklist prepared by Spectrum outlines many important items necessary to bring the Hotel-Casino Complex into full compliance under the Act. The action items outlined in the Checklist shall be completed by 31 December 2015.
- G. TEC understands that prior to issuance of Interim Casino Authorisation to TEC, TEC is required to demonstrate the engagement of a capable casino management team. Therefore, TEC has engaged Spectrum with a Letter of Intent outlining the strategic management agreement for the upgrade and development of the Hotel-Casino Complex which shall be executed before 1 August 2015. It is understood by the Parties that the management company or management team that is to run the casino under the Interim Casino Authorisation, and thereafter, regarding certain aspects in relation to the operation of the Hotel-Casino Complex must have, amongst others, the written approval of the executive director of TCGCC.

Completion Date

Pursuant to the Tri-Party MOU, the completion date shall be the date upon which all of the following shall have occurred: (i) Spectrum created the Checklist to bring the Hotel-Casino Complex into compliance with the Act and into the gaming industry standard; (ii) if TEC submits to TCGCC TEC's mortgage or judgement against HKE's leasehold interest in the Hotel-Casino Complex, then it shall be addressed by TCGCC; (iii) TEC and TCGCC's executive director enter into the Section 16 Agreement; (iv) TEC is issued the Interim Casino Authorisation and TEC agrees to temporarily operate the Hotel-Casino Complex under the Interim Casino Authorisation; and (v) TEC submits to TCGCC a revised Operating Agreement for review, input and amendment, and ultimately, approval (the "**Completion Date**").

Termination

Pursuant to the Tri-Party MOU, in the event the Completion Date has not occurred on or before 31 October 2015, the Tri-Party MOU shall be automatically terminated and of no further force or effect. The Tri-Party MOU is meant to comply with the Act and its regulations and shall be interpreted consistent with the Act and its regulations. TEC acknowledges it shall be responsible for the prompt prepayment of all investigation fees required by TCGCC for the suitability review, the payment of which is a pre-condition for the implementation of the Tri-Party MOU.

The Tri-Party MOU is a binding legal agreement. The Tri-Party MOU shall be governed by and construed in accordance with the laws of CNMI and, to the extent necessary, the federal laws of the United States of America.

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

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

Subject to issue of the Interim Casino Authorisation, the Company will use its best endeavors to procure that the operation of relevant gambling facilities and businesses, undertaken by the Company, will (i) comply with the applicable laws in the areas where such activities operate; and/or (ii) not contravene the Gambling Ordinance. If necessary, the Company will consult and seek advice from professional advisers in the relevant jurisdictions on such compliance.

DEFINITIONS

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

“Act”	the Revised Tinian Casino Gaming Control Act of 1989
“Board”	the board of Directors
“Casino”	the casino part of the Hotel-Casino Complex
“Checklist”	the checklist prepared by Spectrum which shall outline many important items necessary to bring the Hotel-Casino Complex into full compliance under the Act
“CNMI”	the Commonwealth of the Northern Mariana Islands

“Company”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Gambling Ordinance”	the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and its subsidiaries
“Guidelines”	the guidelines issued by the Stock Exchange in relation to “Gambling Activities undertaken by listing applicants and/or listed issuers” dated 11 March 2003
“HKE”	Hong Kong Entertainment (Overseas) Investments Limited, a company of limited liability incorporated in the CNMI
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel-Casino Complex”	the Tinian Dynasty Hotel & Casino on Tinian, CNMI
“Interim Casino Authorisation”	a process that permits a person who enters into a contract to obtain property relating to a casino operation to close on the contract and operate the casino until plenary licensure or qualification
“Letter of Intent”	the letter of intent dated 26 June 2015 executed between TEC and Spectrum outlining the strategic management agreement for the upgrade and development of the Hotel-Casino Complex
“Non Prosecution Agreement”	the non prosecution agreement entered into between the United States of America and HKE <i>dba</i> the Hotel-Casino Complex
“Operating Agreement(s)”	the Hotel-Casino Complex Operating Agreement dated 24 March 2015 entered into between HKE and TEC and any revision thereto
“Parties”	collectively, TEC, TCGCC and HKE
“Section 16 Agreement”	the initial agreement that is to be entered into between the applicant of a casino gaming license and the executive director of TCGCC which is necessary before a casino gaming license can be issued, as referred to in Section 16 of the Act
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company as at the date of this announcement

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Spectrum”	Spectrum Gaming Group, a multinational gaming research and professional services firm
“TCGCC”	Tinian Casino Gaming Control Commission
“TEC”	Tinian Entertainment Co., Ltd., a company incorporated in CNMI with limited liability, and is indirectly wholly-owned by the Company
“Transition”	the transition in the operation of the Hotel-Casino Complex and perfect the ultimate transfer of ownership and operational control of the Hotel-Casino Complex from HKE to TEC
“Tri-Party MOU”	the memorandum of understanding dated 2 July 2015 entered into among TEC, TCGCC and HKE in relation to, among other things, the Transition
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America

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

Hong Kong, 2 July 2015

As at the date hereof, the Company’s executive Directors are Mr. Lam Kwok Hing Wilfred, J.P., (Chairman), Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; and the independent non-executive Directors are Ms. Yuen Wai Man, Mr. Wang Chin Mong and Mr. Chow Fu Kit Edward.

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

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