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## **CHINA STRATEGIC HOLDINGS LIMITED**

**中策集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 235)**

### **DISCLOSEABLE TRANSACTION**

#### **PROVISION OF LOAN FACILITY TO AN INDEPENDENT THIRD PARTY**

The Board is pleased to announce that on 23 October 2019 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide to the Borrower a loan facility of HK\$35,000,000 for a term of 12 months.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facility (excluding the Existing Loan Facilities) granted to the Borrower under the Loan Agreement is more than 5% but less than 25%, the Loan Facility granted under the Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Existing Loan Facilities were below 5% at the relevant time, the Existing Loan Facilities granted under the Existing Loan Agreements did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and was therefore not subject to any disclosure requirements under the Listing Rules.

In addition, as the Borrower is the same as that under the Existing Loan Agreements, the grant of the Loan Facilities are required to be aggregated under Rule 14.22 of the Listing Rules. Given one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facilities granted to the Borrower is more than 5% but less than 25%, the grant of the Loan Facilities in aggregate also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

On 23 October 2019 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide to the Borrower a loan facility of HK\$35,000,000 for a term of 12 months.

**THE LOAN AGREEMENT**

Principal terms of the Loan Agreement are set out as below:

- Date: 23 October 2019 (after trading hours)
  
- Lender: CS Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
  
- Borrower: a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, it and its ultimate beneficial owner are third parties independent of the Company and its connected persons as at the date of this announcement
  
- Principal amount: HK\$35,000,000
  
- Interest rate: 12% per annum with interest payable in monthly intervals
  
- Administration fee: 0.5% on the amount of the Loan Facility
  
- Availability period: available for drawdown on any Business Day within 30 Business Days of the date of the Loan Agreement
  
- Maturity date: 12 months from the date of the Loan Agreement or such other later date to be agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and the Borrower in writing
  
- Early repayment: the Borrower may give prior written notice that specifies the date of prepayment to the Lender and make an early repayment of all or part of the outstanding balance of the Loan Facility together with all interest accrued and unpaid thereon
  
- Security: legal charge/mortgage over certain commercial and industrial properties located in Hong Kong

Guarantors: three individuals who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons as at the date of this announcement

The Loan Facility will be funded by internal resources of the Group.

## **INFORMATION AND RELATIONSHIP WITH THE BORROWER**

The Borrower is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of provision of contractor services in respect of civil and infrastructure construction projects. The Borrower is a customer of the money lending business of the Group with good credit history. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

## **REASON FOR AND BENEFITS OF THE PROVISION OF THE LOAN FACILITY**

The Company is an investment holding company. The Group is principally engaged in the business of investments in securities, trading of commodities and electronic components, money lending as well as securities brokerage. The Lender is a licensed money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending. The provision of the Loan Facility is a transaction carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice, the security provided and the amount of the Loan Facility. The Directors consider that the terms of the Loan Agreement are fair and reasonable and the provision of the Loan Facility is in the interest of the Company and the Shareholders as a whole.

## **EXISTING LOAN FACILITIES**

The Existing Loan Facilities have been advanced by the Lender to the Borrower under the Existing Loan Agreements. As at the date of this announcement, the Borrower is indebted to the Lender a principal amount of HK\$50,000,000 with accrued interest thereon amounted to approximately HK\$167,000 under the Existing Loan Agreements.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Existing Loan Facilities were below 5% at the relevant time, the Existing Loan Facilities granted under the Existing Loan Agreements did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and was therefore not subject to any disclosure requirements under the Listing Rules.

**IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facility (excluding the Existing Loan Facilities) granted to the Borrower under the Loan Agreement is more than 5% but less than 25%, the Loan Facility granted under the Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Existing Loan Facilities were below 5% at the relevant time, the Existing Loan Facilities granted under the Existing Loan Agreements did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and was therefore not subject to any disclosure requirements under the Listing Rules.

In addition, as the Borrower is the same as that under the Existing Loan Agreements, the grant of the Loan Facilities are required to be aggregated under Rule 14.22 of the Listing Rules. Given one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facilities granted to the Borrower is more than 5% but less than 25%, the grant of the Loan Facilities in aggregate also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**DEFINITIONS**

“Board”	Board of Directors of the Company
“Borrower”	a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, it and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement
“Business Day(s)”	a day (excluding Saturday) on which banks are open for general business in Hong Kong
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Existing Loan Agreements”	two loan agreements both dated 15 August 2018 (as supplemented by two supplemental loan agreements both dated 14 August 2019) entered into between the Lender and the Borrower in respect of the Existing Loan Facilities
“Existing Loan Facilities”	including (i) a term loan facility in the principal amount of HK\$30,000,000; and (ii) a revolving loan facility in the principal amount of HK\$20,000,000 granted by the Lender to the Borrower under the Existing Loan Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	CS Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	loan agreement dated 23 October 2019 entered into between the Lender and the Borrower in relation to the provision of the Loan Facility
“Loan Facilities”	the Loan Facility and the Existing Loan Facilities
“Loan Facility”	loan facility in the principal amount of HK\$35,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Shareholders”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By Order of the Board  
**China Strategic Holdings Limited**  
**Dr. Or Ching Fai**  
*Chairman*

Hong Kong, 23 October 2019

*At the date of this announcement, the Board comprises one Non-executive Director, namely Dr. Or Ching Fai (Chairman); three Executive Directors, namely Mr. Sue Ka Lok (Chief Executive Officer), Ms. Lee Chun Yeung, Catherine and Mr. Chow Kam Wah; and three Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying.*