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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 19 August 2020, 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\$300,000,000 for a term of 3 months.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facility 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 reporting and announcement requirements under the Listing Rules.

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THE LOAN AGREEMENT

A summary of certain principal terms of the Loan Agreement are set out below.

Date:	19 August 2020
Lender:	U Credit (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Borrower:	Super Brilliant Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is ultimately and beneficially owned by the Guarantor
Principal amount:	HK\$300,000,000
Interest rate:	10% per annum with interest payable in monthly intervals
Availability period:	available for drawdown on any Business Day within 30 Business Days of the date of the Loan Agreement
Maturity date:	3 months from the date of the Loan Agreement, to be extendable for another three (3) months or subsequent three (3) month period(s) or such other later date at the request of the Borrower and 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:	<ul style="list-style-type: none">(i) Second Legal Charge executed by the Mortgagor and the Borrower over a residential property located in Hong Kong(ii) Charge executed by the Borrower over shares in a company listed on the Main Board of the Stock Exchange and/or other assets (including but not limited to debt securities, bonds and notes) acceptable to the Lender
Guarantee:	a guarantee executed by the Guarantor in favour of the Lender

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

INFORMATION AND RELATIONSHIP WITH THE BORROWER, GUARANTOR AND THE MORTGAGOR

The Borrower

The Borrower is a company incorporated in the British Virgin Islands with limited liability and is ultimately and beneficially owned by the Guarantor. The principal business activity of the Borrower is investment holding.

The Guarantor

The Guarantor is (i) the sole director and the ultimate beneficial owner of the Borrower; and (ii) a director and a shareholder of the Mortgagor.

The Mortgagor

The Mortgagor is a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by the Guarantor and his spouse, Ms. Zhang Xingmei. The principal business activity of the Mortgagor is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower, the Mortgagor and its ultimate beneficial owners, and the Guarantor are third parties independent of the Company and its connected persons 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.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facility 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 reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	Board of Directors of the Company
“Borrower”	Super Brilliant Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is ultimately and beneficially owned by the Guarantor
“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
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Dai Yongge, who is (i) the sole director and the ultimate beneficial owner of the Borrower; and (ii) a director and a shareholder of the Mortgagor
“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”	U Credit (HK) 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 19 August 2020 entered into between the Lender and the Borrower in relation to the provision of the Loan Facility
“Loan Facility”	loan facility in the principal amount of HK\$300,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Mortgagor”	Flourish Time Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by the Guarantor and his spouse, Ms. Zhang Xingmei
“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, 19 August 2020

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.