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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 DISPOSAL OF CEG SENIOR NOTES**

#### **DISPOSAL OF CEG SENIOR NOTES**

The Board announces that on 24 August 2021, Guide Plus, an indirect wholly-owned subsidiary of the Company, disposed of 8.75% CEG Senior Notes and 9.5% CEG Senior Notes with respective nominal value of US\$2,000,000 and US\$5,000,000 (equivalent to HK\$15,600,000 and HK\$39,000,000 respectively) in the secondary market for a respective consideration of approximately US\$763,000 and US\$1,875,000 (equivalent to approximately HK\$5,951,000 and HK\$14,625,000 respectively).

#### **LISTING RULES IMPLICATION**

As the Disposal and the Previous Disposals were conducted within a 12-month period prior to and inclusive of the date of the Disposal, each of the Disposal and the Previous Disposals were aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal in aggregate with the Previous Disposals is more than 5% but less than 25%, the Disposal and the Previous Disposals, in aggregate, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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## AGGREGATED DISPOSALS OF CEG SENIOR NOTES

Period:	From 25 August 2020 to 24 August 2021
Seller:	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
Issuer:	China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, China Evergrande Group is a third party independent of the Company and its connected persons
Aggregate nominal value of the CEG Senior Notes disposed of under the Previous Disposals and the Disposal:	8.25% CEG Senior Notes: US\$7,600,000 (equivalent to HK\$59,280,000) 8.75% CEG Senior Notes: US\$2,000,000 (equivalent to HK\$15,600,000) 9.5% CEG Senior Notes: US\$5,000,000 (equivalent to HK\$39,000,000)
Aggregate consideration received under the Previous Disposals and the Disposal:	8.25% CEG Senior Notes: approximately US\$7,274,000 (equivalent to approximately HK\$56,737,000) 8.75% CEG Senior Notes: approximately US\$763,000 (equivalent to approximately HK\$5,951,000) 9.5% CEG Senior Notes: US\$1,875,000 (equivalent to HK\$14,625,000)
	The entire consideration for the Previous Disposals and the Disposal have been/will be settled by cash

Maturity date of the CEG Senior Notes: 23 March 2022 (for 8.25% CEG Senior Notes), 28 June 2025 (for 8.75% CEG Senior Notes) and 29 March 2024 (for 9.5% CEG Senior Notes) respectively

Coupon rate and interest income: 8.25% per annum (for 8.25% CEG Senior Notes), 8.75% per annum (for 8.75% CEG Senior Notes) and 9.5% per annum (for 9.5% CEG Senior Notes) respectively

The interest income of the Group attributable to CEG Senior Notes disposed of by Guide Plus under the Previous Disposals and the Disposal for the financial years ended 31 December 2019 and 2020 amounted to US\$1,277,000 (equivalent to approximately HK\$9,961,000) and approximately US\$1,068,000 (equivalent to approximately HK\$8,330,000) respectively

## **INFORMATION OF THE COUNTERPARTY**

As the Aggregated Disposals were made on the market through broker, the identity of the purchasers were unknown to the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no connected person of the Company has acquired the CEG Senior Notes disposed of by Guide Plus.

## **BASIS OF DETERMINATION OF THE CONSIDERATION**

Since the Aggregated Disposals were conducted through open market at the prevailing market prices, the Directors consider that the Aggregated Disposals were on normal commercial terms and their terms including considerations were fair and reasonable.

## **REASONS FOR AND BENEFITS OF THE AGGREGATED DISPOSALS**

The Company is an investment holding company, and the Group is principally engaged in the business of investments in securities, trading of merchandise, money lending as well as securities brokerage. In light of the recent volatile market conditions and the significant price fluctuations of the CEG Senior Notes, the Directors consider that notwithstanding the Aggregated Disposals are made at an overall loss, in view of the interest income earned by the Group in the previous years and up to the date of each of the Previous Disposals and the Disposal, and the fact that the Aggregated Disposals can provide immediate liquidity to improve the Group's cash positions thereby allowing it to better structure its asset portfolio, the Directors consider the Aggregated Disposals are in the interest of the Company and the Shareholders as a whole.

Since the Aggregated Disposals were conducted through open market, the Directors consider that the Aggregated Disposals were on normal commercial terms and were fair and reasonable.

## **FINANCIAL EFFECT OF THE AGGREGATED DISPOSALS**

It is expected that the Group will record an overall loss of approximately US\$4,714,000 (equivalent to approximately HK\$36,769,000) as a result of the Aggregated Disposals, subject to auditors' review. The overall loss represents the difference between the net proceeds from the Aggregated Disposals and the acquisition costs of the CEG Senior Notes.

## **USE OF PROCEEDS**

The net proceeds from the Aggregated Disposals (i.e. proceeds from the Aggregated Disposals and deducting therefrom transaction costs), which amounting to approximately US\$9,894,000 (equivalent to approximately HK\$77,173,000), have been/will be used as general working capital of the Group.

## **LISTING RULES IMPLICATION**

As the Disposal and the Previous Disposals were conducted within a 12-month period prior to and inclusive of the date of the Disposal, each of the Disposal and the Previous Disposals were aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal in aggregate with the Previous Disposals is more than 5% but less than 25%, the Disposal and the Previous Disposals, in aggregate, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

“8.25% CEG Senior Notes”	interest-bearing instruments of indebtedness issued by the Issuer with a coupon rate of 8.25% per annum and a maturity date of 23 March 2022
“8.75% CEG Senior Notes”	interest-bearing instruments of indebtedness issued by the Issuer with a coupon rate of 8.75% per annum and a maturity date of 28 June 2025
“9.5% CEG Senior Notes”	interest-bearing instruments of indebtedness issued by the Issuer with a coupon rate of 9.5% per annum and a maturity date of 29 March 2024
“Aggregated Disposals”	the Disposal and the Previous Disposals

“Board”	Board of Directors of the Company
“CEG Senior Notes”	the 8.25% CEG Senior Notes, the 8.75% CEG Senior Notes and the 9.5% CEG Senior Notes
“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
“Disposal”	the disposal of the 8.75% CEG Senior Notes and 9.5% CEG Senior Notes in the respective nominal value of US\$2,000,000 (equivalent to HK\$15,600,000) and US\$5,000,000 (equivalent to HK\$39,000,000) by Guide Plus in the secondary market on 24 August 2021
“Group”	the Company and its subsidiaries
“Guide Plus”	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer” or “CEG”	China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Previous Disposals”	the previous disposals of the 8.25% CEG Senior Notes in the aggregate nominal value of US\$7,600,000 (equivalent to HK\$59,280,000) by Guide Plus in the secondary market during the period from 25 August 2020 to 2 September 2020

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 24 August 2021

*For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.8.*

*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), Mr. Chow Kam Wah and Mr. Chow Man Wai, Tony; and four Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander, Mr. Leung Hoi Ying, and Mr. Lam Kin Fung, Jeffrey.*