

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.*



## **China Strategic Holdings Limited**

**中策集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 235)**

### **ANNOUNCEMENT**

### **IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

On 8 May 2014 (after trading hours), the Vendor and the Purchaser entered into the S&P Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share and the Sale Loan for an aggregate consideration of HK\$5 million, which was fully settled by the Purchaser in cash.

As each of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

On 8 May 2014 (after trading hours), the Vendor and the Purchaser entered into the S&P Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share and the Sale Loan for an aggregate consideration of HK\$5 million, which was fully settled by the Purchaser in cash.

## **THE S&P AGREEMENT**

### **Date**

8 May 2014

### **Parties**

Vendor: Ace York Holdings Limited, a wholly-owned subsidiary of the Company

Purchaser: 萬蘊琪 (Wan Yunqi\*)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

### **Sale Share**

One (1) ordinary share beneficially owned by the Vendor, representing 100% of the existing issued share capital of the Target Company.

### **Sale Loan**

The Sale Loan represents the amount outstanding and owing by the Target Company to the Vendor as at the date of the Completion, and the date of this announcement, which amounted to approximately HK\$310.5 million.

### **Consideration**

Pursuant to the S&P Agreement, the Consideration shall be HK\$5 million in cash, which was paid on the date of Completion.

### **Basis of the Consideration**

The Consideration was agreed between the Vendor and the Purchaser after the arm's length negotiations and on normal commercial terms with reference to, among other things:-

- (1) the reasons for the Disposal as mentioned in the section headed "Reasons for and Benefits of the Disposal" below;
- (2) the unaudited consolidated net liabilities of the Target Group as at 31 March 2014 is approximately HK\$102.4 million, without taking into account the amounts due to its holding company;

\* *For identification purpose only*

- (3) The unaudited consolidated net assets of the Target Group as at 31 March 2014 is approximately HK\$7.5 million after adjusting for the re-valuation of the factory premises but without taking into account the amount due to its holding company; and
- (4) the amount of the Sale Loan as at the date of the Completion, and the date of this announcement, which was approximately HK\$310.5 million.

The Directors consider that the terms of the S&P Agreement, including among other things, the Consideration, are fair and reasonable and the entering into of the S&P Agreement is in the interests of the Company and the Shareholders as a whole.

### **Completion**

Pursuant to the S&P Agreement, the Completion has taken place at the signing of the S&P Agreement simultaneously.

### **INFORMATION OF THE TARGET GROUP**

The Target Company is incorporated in the British Virgin Islands with limited liability and is an investment holding company. The Target Group is principally engaged in the manufacturing and trading of battery products and related accessories.

Before the Completion, the Target Company was wholly owned by the Vendor.

### **PRINCIPAL BUSINESS OF THE GROUP**

The Group is principally engaged in (i) the manufacturing and trading of battery products and related accessories, (ii) the trading of metals, (iii) the sales of electronic products, (iv) the money lending business and (v) investments in securities.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

In view of the losses suffered by the Target Group in previous financial years, the Directors decide to discontinue operation of the business of manufacturing and trading of battery products and related accessories through the Disposal. The Directors have also considered the financial position of the Target Group and are of the view that the Disposal will provide a good opportunity for the Group to realize the Target Group and improve the financial performance of the Group as a whole and will enable the Group to focus on its other principal businesses.

Accordingly, the Directors consider that the terms of the S&P Agreement, including among other things, the Consideration, are fair and reasonable and the entering into of the S&P Agreement is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon the Completion, each member of the Target Group will cease to be a subsidiary of the Company, and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company.

It is estimated that the Group will record an unaudited consolidated gain of approximately HK\$107.4 million from the Disposal. The amount of unaudited consolidated gain on the Disposal as disclosed above is only based on the financial figures as shown in the unaudited management accounts of the Target Group and the final figures are subject to review and audit by auditors of the Company.

The net proceeds from the Disposal will be utilized as the general working capital of the Company.

## **GENERAL**

As each of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal
“Consideration”	the consideration of the Disposal
“connected person(s)”	has the meaning given to it under the Listing Rules
“Directors”	directors of the Company

“Disposal”	the disposal of the Sale Share, representing the entire issued share capital of the Target Company and the Sale Loan pursuant to terms of the S&P Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	萬蘊琪 (Wan Yunqi*)
“S&P Agreement”	the sale and purchase agreement dated 8 May 2014 entered into between the Vendor and the Purchaser in relation to the Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Loan”	shareholder’s loan owed by the Target Company to the Vendor as at the date of Completion, and the date of this announcement, which amounted to approximately HK\$310.5 million
“Sale Share”	One (1) ordinary share of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Shares”	ordinary shares of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Professional Goal Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries

\* *For identification purpose only*

“Vendor”

Ace York Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“%”

per cent.

By Order of the Board  
**CHINA STRATEGIC HOLDINGS LIMITED**  
**Or Ching Fai**  
*Chairman*

Hong Kong, 8 May 2014

*As at the date hereof, the Board comprises Mr. Or Ching Fai, Ms. Chiu Ching Ching, Mr. Hui Richard Rui, Ms. Chan Ling, Eva and Mr. Chow Kam Wah as executive directors of the Company and Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*