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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 ACQUISITION OF CALC BONDS

ACQUISITION OF CALC BOND

On 8 March 2017, the Acquirer, being an indirect wholly owned subsidiary of the Company, completed the acquisition of the CALC Bonds in total principal amount of US\$19,000,000 for a total consideration of US\$19,019,000 (equivalent to approximately HK\$148,200,000 and approximately HK\$148,348,200 respectively).

LISTING RULES IMPLICATION

The Acquisition constitutes a discloseable transaction for the Company as the highest applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%. The Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 March 2017, the Acquirer, being an indirect wholly owned subsidiary of the Company, acquired the CALC Bonds in total principal amount of US\$19,000,000 for a total consideration of US\$19,019,000 (equivalent to approximately HK\$148,200,000 and approximately HK\$148,348,200 respectively). Details about the Acquisition are summarised below.

BONDS ACQUISITION

Date:	8 March 2017
Acquirer:	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Issuer:	CALC Bond 3 Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of CALC. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, CALC Bond 3 Limited and CALC are third parties independent of the Company and its connected persons
Guarantor:	China Aircraft Leasing Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 1848)
Principal amount:	US\$19,000,000 (equivalent to approximately HK\$148,200,000)
Consideration:	US\$19,019,000 (equivalent to approximately HK\$148,348,200), the whole sum of which was paid by cash on 8 March 2017
Maturity date:	8 March 2022
Coupon rate:	4.7% per annum payable semi-annually

INFORMATION OF CALC BONDS

The CALC Bonds are issued by the Issuer forming part of the series of US\$300,000,000 4.70% guaranteed bonds due 2022. The Company understands from public information that CALC has also, at or around the same time, issued another series of bonds — US\$200,000,000 5.50% guaranteed bonds due 2024. These bonds form the subject of the announcement issued by CALC dated 28 February 2017. Based on public information, CALC, together with its subsidiaries, are principally engaged in aircraft leasing and related business.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the business of investments in securities, trading and money lending as well as securities brokerage.

The CALC Bonds were acquired at the prevailing market price which was 100.1% of their principal amount, and on this basis, the Directors consider that the consideration is fair and reasonable.

The Acquisition was funded by internal resources of the Group and bank borrowings. The Directors consider that the coupon rate of the CALC Bonds is attractive and that the investment return to the Group would be further enhanced by the financial leverage provided by the bank for the Acquisition. The Directors also consider that the Acquisition is on normal commercial terms and would provide the Group with a stable return.

Taking into consideration of the aforesaid, the Directors consider that the Acquisition is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

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DEFINITIONS

“Acquirer”	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Acquisition”	the acquisition of the CALC Bonds in total principal amount of US\$19,000,000 by the Acquirer for a total consideration of US\$19,019,000 completed on 8 March 2017
“Board”	the Board of Directors

“CALC” or “Guarantor”	China Aircraft Leasing Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 1848)
“CALC Bonds”	interest bearing instruments issued by the Issuer in aggregate principal amount of US\$300,000,000 with a coupon rate of 4.7% per annum payable semi-annually due 8 March 2022, the repayment of which is guaranteed by CALC
“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)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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”	CALC Bond 3 Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of CALC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	shareholder(s) 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.

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

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

Hong Kong, 8 March 2017

As at the date of this announcement, the Board comprises four Executive Directors, namely Dr. Or Ching Fai (Chairman and Chief Executive Officer), Mr. Sue Ka Lok, 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.