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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 CEG SENIOR NOTES

CEG SENIOR NOTES ACQUISITION

On 29 March 2017, the Acquirer, being an indirect wholly owned subsidiary of the Company, completed the Acquisition of the 9.50% CEG Senior Notes in total principal amount of US\$50,000,000 for a total consideration of US\$50,000,000 (equivalent to approximately HK\$390,000,000).

LISTING RULES IMPLICATION

One or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition alone is more than 5% but less than 25%. The Acquisition therefore constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules. As the Acquisition and the Previous Acquisition were conducted within a 12-month period prior to and inclusive of the date of the Acquisition and the CEG Senior Notes are issued by the same Issuer, each of the Acquisition and Previous Acquisition was aggregated pursuant to Rule 14.22 of the Listing Rules. For this purpose, none of the applicable percentage ratios in respect of the Acquisition in aggregate with the Previous Acquisition exceeds 25%.

In addition, as the advance to CEG under the Acquisition alone (and also together with the Previous Acquisition) exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, such advance is also subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

INTRODUCTION

On 29 March 2017, the Acquirer, being an indirect wholly owned subsidiary of the Company, completed the Acquisition of the 9.50% CEG Senior Notes in total principal amount of US\$50,000,000 for a total consideration of US\$50,000,000 (equivalent to approximately HK\$390,000,000).

Details about the Acquisition are summarised below.

SENIOR NOTES ACQUISITION

Date of Acquisition:	29 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:	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
Principal amount:	US\$50,000,000 (equivalent to approximately HK\$390,000,000)
Consideration:	US\$50,000,000 (equivalent to approximately HK\$390,000,000), the whole sum of which was settled by cash on 29 March 2017
Maturity date:	29 March 2024, unless earlier redeemed pursuant to the terms and conditions of the 9.50% CEG Senior Notes
Coupon rate:	9.50% per annum payable semi-annually

INFORMATION OF CEG

The issuance of the 9.50% CEG Senior Notes by the Issuer forms the series of US\$1 billion 9.50% senior notes due 2024. These senior notes form the subject of announcements issued by CEG dated 24 March 2017.

Based on public information, CEG, together with its subsidiaries, is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the People's Republic of China.

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 9.50% CEG Senior Notes were acquired at the initial offer price which was 100% of the principal amount. On this basis, the Directors consider that the consideration for the Acquisition is fair and reasonable.

The Acquisition was funded by internal resources of the Group and is regarded by the Directors as a long term investment of the Group. The Directors consider that the coupon rate of the 9.50% CEG Senior Notes is attractive and would provide the Group with a stable return. The Directors also consider that the Acquisition was on normal commercial terms.

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

PREVIOUS ACQUISITION

The Company, through the Acquirer, has previously acquired the 8.25% CEG Senior Notes in total principal amount of US\$7,600,000 for a total consideration of US\$7,607,600 (equivalent to approximately HK\$59,280,000 and approximately HK\$59,339,280 respectively) on 23 March 2017, with maturity date on 23 March 2022 and a coupon rate of 8.25% per annum payable semi-annually. The Previous Acquisition did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the relevant time.

LISTING RULES IMPLICATION

One or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition alone is more than 5% but less than 25%. The Acquisition therefore constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules. As the Acquisition and the Previous Acquisition were conducted within a 12-month period prior to and inclusive of the date of the Acquisition and the CEG Senior Notes were issued by the same Issuer,

each of the Acquisition and Previous Acquisition was aggregated pursuant to Rule 14.22 of the Listing Rules. For this purpose, none of the applicable percentage ratios in respect of the Acquisition in aggregate with the Previous Acquisition exceeds 25%.

In addition, as the advance to CEG under the Acquisition alone (and also together with the Previous Acquisition) exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, such advance is also subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

DEFINITIONS

“8.25% CEG Senior Notes”	interest bearing instruments of guaranteed indebtedness issued by the Issuer in aggregate principal amount of US\$1,000 million with a coupon rate of 8.25% per annum payable semi-annually due 23 March 2022 unless earlier redeemed pursuant to the terms and conditions of the 8.25% CEG Senior Notes
“9.50% CEG Senior Notes”	interest bearing instruments of guaranteed indebtedness issued by the Issuer in aggregate principal amount of US\$1 billion with a coupon rate of 9.50% per annum payable semi-annually due 29 March 2024 unless earlier redeemed pursuant to the terms and conditions of the 9.50% CEG Senior Notes
“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 9.50% CEG Senior Notes in total principal amount of US\$50,000,000 for a total consideration of US\$50,000,000 by the Acquirer on 29 March 2017
“Board”	the Board of Directors
“CEG Senior Notes”	the 8.25% CEG Senior Notes and the 9.50% 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)”	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” 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”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Acquisition”	the acquisition of the 8.25% CEG Senior Notes in total principal amount of US\$7,600,000 for a total consideration of US\$7,607,600 by the Acquirer on 23 March 2017
“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, 29 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.