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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 BONDS

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The Board is pleased to announce that on 14 June 2019, Guide Plus, an indirect wholly owned subsidiary of the Company, disposed of Bonds with a total principal amount of US\$3,000,000 in the secondary market for a total consideration of approximately US\$3,091,000 (equivalent to HK\$23,400,000 and approximately HK\$24,110,000 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 and the Bonds are issued by the same Issuer, each of the Disposal and 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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BOND DISPOSAL

Date:	14 June 2019
Seller:	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Issuer:	HSBC Holdings plc, a company incorporated in England with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 5). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, HSBC Holdings plc is a third party independent of the Company and its connected persons
Principal amount:	US\$3,000,000 (equivalent to HK\$23,400,000)
Consideration:	approximately US\$3,091,000 (equivalent to approximately HK\$24,110,000), the whole sum of which will be settled by cash on 18 June 2019
Maturity date:	25 May 2026
Coupon rate:	3.9% per annum payable semi-annually. The interest income of the Group attributable to the subject Bonds underlying the Disposal for the financial year ended 31 December 2017 and 2018 amounted to approximately US\$109,000 and US\$117,000, respectively (equivalent to approximately HK\$850,000 and HK\$913,000 respectively)

INFORMATION OF THE COUNTERPARTY

As the Disposal was made on the market through broker, the identity of the purchaser was 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 Bonds disposed of by Guide Plus.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Bonds were disposed of at the prevailing market price. On this basis, the Directors consider the consideration to be fair and reasonable.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in the business of investments in securities, trading, money lending as well as securities brokerage. In light of the gain recognised and recent market conditions, the Directors consider that the Disposal (as well as for the Previous Disposals (as hereinafter defined))

will provide the Group with a good opportunity to realise its investment in the Bonds to strengthen the cash position of the Group and to reduce the Group's exposure to financial market fluctuations.

Since the Disposal was conducted through open market, the Directors consider that the Disposal is on normal commercial terms and is fair and reasonable and in the interest of the Company and Shareholders as a whole.

PREVIOUS DISPOSALS

The Company has through Guide Plus made multiple disposals of the Bonds in the secondary market in the past 12 months (the “**Previous Disposals**”) with an aggregate principal amount of US\$7,000,000 (equivalent to HK\$54,600,000) excluding the Disposal. The Previous Disposals in aggregate did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the relevant time.

FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a gain of approximately US\$66,000 (equivalent to approximately HK\$515,000) as a result of the Disposal, subject to auditors' review. The gain represents the difference between the net proceeds from the Disposal and the average acquisition cost of the relevant Bonds.

USE OF PROCEEDS

It is expected that the net proceeds from the Disposal (i.e. proceeds from the Disposal and deducting therefrom transaction costs) which is about US\$3,085,000 (equivalent to approximately HK\$24,063,000) will be used for 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 and the Bonds are issued by the same Issuer, each of the Disposal and 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 Disposal, 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

“Board”	Board of Directors of the Company
“Bonds”	interest bearing instruments of indebtedness issued by the Issuer with a coupon rate of 3.9% per annum payable semi-annually and a maturity date of 25 May 2026
“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 Bonds with a total principal amount of US\$3,000,000 (equivalent to HK\$23,400,000) by Guide Plus in the secondary market for a total consideration of approximately US\$3,091,000 (equivalent to approximately HK\$24,110,000) on 14 June 2019
“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”	HSBC Holdings plc, a company incorporated in England with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 5)
“Listing Rules”	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 dollars, 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, 14 June 2019

As 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.