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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 SENIOR NOTES

DISPOSAL OF SENIOR NOTES

The Board is pleased to announce that on 20 April 2020, Guide Plus, an indirect wholly owned subsidiary of the Company, disposed of Senior Notes A and Senior Notes B with respective nominal value of US\$1,200,000 and US\$1,000,000 (equivalent to HK\$9,360,000 and HK\$7,800,000 respectively) in the secondary market for a consideration of approximately US\$1,190,000 and US\$988,000 (equivalent to approximately HK\$9,282,000 and approximately HK\$7,706,000 respectively).

LISTING RULES IMPLICATION

As the Disposal and the Previous Disposal were conducted within a 12-month period prior to and inclusive of the date of the Disposal and the Senior Notes are issued by the same Issuer, each of the Disposal and the Previous Disposal 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 Disposal 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.

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SENIOR NOTES DISPOSAL

Date:	20 April 2020
Seller:	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Issuer:	Fantasia Holdings Group Co., Limited, a 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: 1777). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Fantasia Holdings Group Co., Limited is a third party independent of the Company and its connected persons
Nominal Value of Senior Notes disposed of:	Senior Notes A: US\$1,200,000 (equivalent to HK\$9,360,000) Senior Notes B: US\$1,000,000 (equivalent to HK\$7,800,000)
Consideration:	Approximately US\$1,190,000 (equivalent to approximately HK\$9,282,000) and US\$988,000 (equivalent to approximately HK\$7,706,000) respectively for the disposal of Senior Notes A and Senior Notes B The entire consideration for the Disposal is expected to be settled by cash on 22 April 2020
Maturity date:	17 April 2022 (Senior Notes A) and 18 October 2022 (Senior Notes B) respectively

Coupon rate: 11.75% per annum (for Senior Notes A) and 12.25% per annum (for Senior Notes B) respectively

The interest income of the Group attributable to Senior Notes A and Senior Notes B for the financial year ended 31 December 2019 amounted to approximately US\$99,000 (equivalent to approximately HK\$772,000) and approximately US\$55,000 (equivalent to approximately HK\$429,000) respectively

No interest income was accrued under Senior Notes A and Senior Notes B during the financial year ended 31 December 2018 as the Group acquired Senior Notes A and Senior Notes B during the financial year ended 31 December 2019

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 Senior Notes disposed of by Guide Plus.

BASIS OF DETERMINATION OF THE CONSIDERATION

Since the Disposal was conducted through open market at the prevailing market price, the Directors consider that the Disposal is on normal commercial terms and its terms including consideration are fair and reasonable.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company, and the Group is principally engaged in the business of investments in securities, trading of commodities and electronic components, money lending as well as securities brokerage. In light of the recent volatile market conditions, the Directors consider that notwithstanding the Disposal is made at a loss, in light of the interest income earned by the Group in the previous year and up to the date of the Disposal, and the fact that the Disposal can provide immediate liquidity to improve the Group's cash position, thereby allowing it to better structure its asset portfolio, the Directors consider the Disposal is in the interest of the Company and the Shareholders as a whole.

Since the Disposal was conducted through open market, the Directors consider that the Disposal is on normal commercial terms and is fair and reasonable.

FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a loss of approximately US\$2,000 (equivalent to approximately HK\$15,600) as a result of the Disposal, subject to auditor's review. The loss represents the difference between the net proceeds from the Disposal and the acquisition cost of the respective Senior Notes.

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 US\$2,174,000 (equivalent to approximately HK\$16,957,000), will be used as general working capital of the Group.

LISTING RULES IMPLICATION

As the Disposal and the Previous Disposal were conducted within a 12-month period prior to and inclusive of the date of the Disposal and the Senior Notes are issued by the same Issuer, each of the Disposal and the Previous Disposal 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 Disposal 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
“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 Senior Notes A and Senior Notes B in the respective nominal value of US\$1,200,000 and US\$1,000,000 respectively by Guide Plus in the secondary market on 20 April 2020

“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”	Fantasia Holdings Group Co., Limited, a 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: 1777)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Previous Disposal”	the disposal of the Senior Notes A in the nominal value of US\$2,200,000 (equivalent to HK\$17,160,000) by Guide Plus in the secondary market on 16 April 2020
“Senior Notes”	Collectively, Senior Notes A and Senior Notes B
“Senior Notes A”	Interest-bearing instruments of indebtedness issued by the Issuer with a coupon rate of 11.75% per annum and a maturity date of 17 April 2022
“Senior Notes B”	Interest-bearing instruments of indebtedness issued by the Issuer with a coupon rate of 12.25% per annum and a maturity date of 18 October 2022
“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.

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

Hong Kong, 20 April 2020

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), 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.