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華人策略控股有限公司

Chinese Strategic Holdings Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8089)**

## **VOLUNTARY ANNOUNCEMENT FRAMEWORK AGREEMENT IN RELATION TO POSSIBLE DISPOSAL OF SUBSIDIARIES**

This is a voluntary announcement made by Chinese Strategic Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce on 21 February 2020:

- (1) Best Marvel Investment Limited (the “**Vendor I**”), an indirect wholly-owned subsidiary of the Company, and the Company (the “**Guarantor**”) entered into a non-legally binding framework agreement (the “**Framework Agreement I**”) with the purchaser (the “**Purchaser**”) in relation to the possible disposal of the entire issued share capital of Sun Famous Investment Limited (“**Sun Famous**”).
- (2) Unique Jade International Limited (the “**Vendor II**”), an indirect wholly-owned subsidiary of the Company, and the Guarantor entered into a non-legally binding framework agreement (the “**Framework Agreement II**”) with the Purchaser in relation to the possible disposal of the entire issued share capital of Hong Kong Newrich Limited (“**Newrich**”).

### **THE FRAMEWORK AGREEMENT I**

Date: 21 February 2020

Parties: (1) the Vendor I;

(2) the Purchaser; and

(3) the Guarantor, the ultimate beneficial owner of the entire issued share capital of the Vendor I and agrees to act as the guarantor of the disposal on terms and conditions as set out in the Framework Agreement I.

The Vendor I, the Purchaser and the Guarantor are collectively be referred to as the “**Parties I**”.

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

### **Assets intended to be disposed of**

As at the date of this announcement, the Vendor I beneficially owns the entire issued share capital of Sun Famous (the "**Sale Share I**"). Pursuant to the Framework Agreement I, (i) the Vendor I intends to sell and assign and the Purchaser intends to purchase and take up an assignment of the Sale Share I free from any encumbrances and third party rights, and (ii) the Company intends to sell and assign and the Purchaser intends to purchase and take up an assignment of all rights and interests in loans made by the Company to Sun Famous up to and inclusive of 6 May 2020 free from any encumbrances and third party rights (the "**Sale Loan I**") (the "**Disposal I**").

As at the date of this announcement, Sun Famous is the legal and beneficial owner of a residential flat and a car parking space which are located on Tai Hang Road, Hong Kong.

### **Conditions precedent I**

The Parties I intend to transform the Framework Agreement I into a legally binding agreement for the Disposal I conditional upon:

- (a) the Company fulfilling its disclosure obligations under the Listing Rules requirements of a very substantial disposal; and
- (b) all other legal and procedural requirements being fulfilled by the Company and/or the Vendor I (if any).

### **Terms of the Disposal I and use of proceeds**

The terms of the Disposal I are set out in the draft provisional sale and purchase agreement (the "**Provisional SPA I**") enclosed to the Framework Agreement I.

The Parties I intend to execute the draft Provisional SPA I upon the abovementioned conditions precedents being fulfilled.

## **The consideration for the possible Disposal I and payment terms**

The aggregate consideration for the Disposal I shall be HK\$50,000,000 which shall be paid by the Purchaser to the Vendor I in cash in the following manner:

- (a) an initial deposit in the sum of HK\$2,500,000 (the “**Initial Deposit I**”) shall be paid upon signing of the Provisional SPA I;
- (b) a first further deposit in the sum of HK\$2,500,000 (the “**First Further Deposit I**”) shall be paid within 14 days from the date of signing the Provisional SPA I;
- (c) a second further deposit in the sum of HK\$5,000,000 (the “**Second Further Deposit I**”) shall be paid within 42 days from the date of the signing of the Provision SPA I; and
- (d) the balance of the consideration in sum of HK\$40,000,000 (the “**Balance I**”) shall be paid before 2:00 p.m. on completion of the sale and purchase of the Sale Share I and the assignment of the Sale Loan I (the “**Completion I**”), which shall take place on or before 6 May 2020 (or such later date as the Vendor I and the Purchaser may agree in writing) (the “**Completion Date I**”).

The Vendor I, the Company and the Purchaser agree that the Initial Deposit I, the First Further Deposit I and the Second Further Deposit I shall be held by the Vendor I’s solicitors as stakeholders until Completion I.

The Company plans to use the net proceeds arising from the Disposal I as general working capital of the Group for repayment of the outstanding liabilities of the Group and to resolve a legal action against the Company and Sun Famous taken by Nanyang Commercial Bank Limited.

## **THE FRAMEWORK AGREEMENT II**

Date: 21 February 2020

Parties: (1) the Vendor II;

(2) the Purchaser; and

(3) the Guarantor, the ultimate beneficial owner of the entire issued share capital of the Vendor II and agrees to act as the guarantor of the disposal on terms and conditions as set out in the Framework Agreement II.

The Vendor II, the Purchaser and the Guarantor are collectively be referred to as the “**Parties II**”.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser are independent third parties of the Company and its connected persons.

### **Assets intended to be disposed of**

As at the date of this announcement, the Vendor II beneficially owns the entire issued share capital of Newrich (the “**Sale Share II**”). Pursuant to the Framework Agreement II, (i) the Vendor II intends to sell and assign and the Purchaser intends to purchase and take up an assignment of the Sale Share II free from any encumbrances and third party rights, and (ii) the Company intends to sell and assign and the Purchaser intends to purchase and take up an assignment of all rights and interests in loans made by the Company to Newrich up to and inclusive of 6 May 2020 free from any encumbrances and third party rights (the “**Sale Loan II**”) (the “**Disposal II**”).

As at the date of this announcement, Newrich is the legal and beneficial owner of a residential flat and a car parking space which are located on Tai Hang Road, Hong Kong.

### **Conditions precedent II**

The Parties II intend to transform the Framework Agreement II into a legally binding agreement for the Disposal II conditional upon:

- (a) the Company fulfilling its disclosure obligations under the Listing Rules requirements of a very substantial disposal; and
- (b) all other legal and procedural requirements being fulfilled by the Company and/or the Vendor II (if any).

### **Terms of the Disposal II and use of proceeds**

The terms of the Disposal II are set out in the draft provisional sale and purchase agreement (the “**Provisional SPA II**”) enclosed to the Framework Agreement II.

The Parties II intend to execute the draft Provisional SPA II upon the abovementioned conditions precedents being fulfilled.

## **The consideration for the possible Disposal II and payment terms**

The aggregate consideration for the Disposal II shall be HK\$44,800,000 which shall be paid by the Purchaser to the Vendor II in cash in the following manner:

- (a) an initial deposit in the sum of HK\$1,990,000 (the “**Initial Deposit II**”) shall be paid upon signing of the Provisional SPA II;
- (b) a first further deposit in the sum of HK\$2,490,000 (the “**First Further Deposit II**”) shall be paid within 14 days from the date of signing the Provisional SPA II;
- (c) a second further deposit in the sum of HK\$4,480,000 (the “**Second Further Deposit II**”) shall be paid within 42 days from the date of the signing of the Provision SPA II; and
- (d) the balance of the consideration in sum of HK\$35,840,000 (the “**Balance II**”) shall be paid before 2:00 p.m. on completion of the sale and purchase of the Sale Share II and the assignment of the Sale Loan II (the “**Completion II**”), which shall take place on or before 6 May 2020 (or such later date as the Vendor II and the Purchaser may agree in writing) (the “**Completion Date II**”).

The Vendor II and the Purchaser agree that the Initial Deposit II, the First Further Deposit II and the Second Further Deposit II shall be held by the Vendor II’s solicitors as stakeholders until Completion II.

The Company plans to use the net proceeds arising from the Disposal II as general working capital of the Group and for repayment of the outstanding liabilities of the Group.

## **Reasons for the possible Disposal I and Disposal II**

The Group is principally engaged in businesses of properties investments, securities trading, loan financing and trading business.

Sun Famous and Newrich are the holding company of two residential flats and two car parking spaces which are located on Tai Hang Road, Hong Kong. The Disposal I and the Disposal II provide an opportunity for the Group to realise its investments of properties in Sun Famous and in Newrich. In view of the uncertainty created by recent political and social events and the outbreak of the novel coronavirus, economic downturn is expected along with the significant reduction in economic activities. The Company is of the view that the property market might take a turn for the worse. In addition, the Company considers that the possible Disposal I and Disposal II, if materialises, represent a good opportunity to realise the investments to (i) reduce the liabilities of the Group; (ii) improve its financial position; and (iii) resolve a legal action against the Company and Sun Famous taken by Nanyang Commercial Bank Limited.

Based on the above, the Directors consider that the terms of the Framework Agreement I and Framework Agreement II are fair and reasonable, and the possible Disposal I and Disposal II are in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

If the possible Disposal I and Disposal II materialise, they might constitute a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules. Further announcement(s) will be made by the Company regarding the Disposal I and Disposal II as and when appropriate in compliance with the GEM Listing Rules.

**Given that the possible Disposal I and Disposal II may or may not materialise, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Chinese Strategic Holdings Limited**  
**Lam Kwok Hing Wilfred**  
*Chairman*

Hong Kong, 21 February 2020

*As at the date hereof, the executive Directors are Ms. Chan Shui Sheung Ivy and Mr. Mok Tsan San; the non-executive Director is Mr. Lam Kwok Hing Wilfred, J.P., (Chairman); and the independent non-executive Directors are Ms. Yuen Wai Man, Mr. Chow Fu Kit Edward and Mr. Lam Raymond Shiu Cheung.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days and on the Company website at [www.chinesestrategic.com](http://www.chinesestrategic.com) from the date of its publication.*