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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

PROVISION OF LOAN FACILITY TO AN INDEPENDENT THIRD PARTY

The Board is pleased to announce that on 10 September 2018 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide to the Borrower a loan facility of HK\$17,000,000 for a term of 3 months.

As the applicable ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facility (alone and excluding the Existing Loan Facility) granted to the Borrower under the Loan Agreement is below 5%, the Loan Facility granted under the Loan Agreement is not subject to disclosure requirement for the Company under Chapter 14 of the Listing Rules. However, as the Borrower is the same as that under the Existing Loan Agreement, the grant of the Loan Facilities have been aggregated under Rule 14.22 of the Listing Rules for the purpose of compliance with the Listing Rules. Given the applicable percentage ratios in respect of the Loan Facilities granted to the Borrower under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the grant of the Loan Facilities 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.

On 10 September 2018 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide to the Borrower a loan facility of HK\$17,000,000 for a term of 3 months.

THE LOAN AGREEMENT

Principal terms of the Loan Agreement are set out as below:

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| Date: | 10 September 2018 (after trading hours) |
| Lender: | CS Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company |
| Borrower: | a company incorporated in Hong Kong with limited liability and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, it and its ultimate beneficial owner is a third party independent of the Company and its connected persons as at the date of this announcement |
| Principal amount: | HK\$17,000,000 |
| Interest rate: | 15% per annum with interest payable in monthly intervals |
| Drawdown period: | available for drawdown on any Business Day within 15 Business Days after the date of the Loan Agreement |
| Repayment date: | 3 months from the date of the Loan Agreement and extendable for another 3 months at the Borrower's request as may be agreed by the Lender, or to such other date at the request of the Borrower and agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and the Borrower in writing |
| Early repayment: | the Borrower may give prior written notice that specifies the date of prepayment to the Lender and make an early repayment of the outstanding balance of the Loan Facility together with all interest accrued and all other sums payable |
| Security: | (i) shares in the companies listed on the Main Board of the Stock Exchange and/or other assets (including but not limited to debt securities, bonds and notes) acceptable to the Lender (ii) mortgage over a residential property located in Hong Kong |

Guarantor: an individual who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is the ultimate beneficial owner of the Borrower and is a third party independent of the Company and its connected persons as at the date of this announcement

The Loan Facility will be funded by internal resources of the Group.

INFORMATION AND RELATIONSHIP WITH THE BORROWER

The Borrower is a company incorporated in Hong Kong with limited liability and is engaged in the business of investment holding. The Borrower is a customer of the money lending business of the Group with good credit history. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Borrower and its ultimate beneficial owner is a third party independent of the Company and its connected persons as at the date of this announcement.

REASON FOR AND BENEFITS OF THE PROVISION OF THE LOAN FACILITY

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. The Lender is a licensed money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending. The provision of the Loan Facility is a transaction carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice, the security provided and the amount of the Loan Facility. The Directors consider that the terms of the Loan Agreement are fair and reasonable and the provision of the Loan Facility is in the interest of the Company and the Shareholders as a whole.

EXISTING LOAN FACILITY

The Existing Loan Facility has been advanced by the Lender to the Borrower under the Existing Loan Agreement. As at the date of this announcement, the Borrower is indebted to the Lender in aggregate of HK\$70,000,000 under the Existing Loan Agreement.

The granting of the Existing Loan Facility did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the relevant time.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Facility (alone and excluding the Existing Loan Facility) granted to the Borrower under the

Loan Agreement is below 5%, the Loan Facility granted under the Loan Agreement is not subject to the disclosable requirement for the Company under Chapter 14 of the Listing Rules. However, as the Borrower is the same as that under the Existing Loan Agreement, the grant of the Loan Facilities have been aggregated under Rule 14.22 of the Listing Rules for the purpose of compliance with the Listing Rules. Given the applicable percentage ratios in respect of the Loan Facilities granted to the Borrower under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the grant of the Loan Facilities 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

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|---------------------------|---|
| “Board” | Board of Directors of the Company |
| “Borrower” | a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, it and its ultimate beneficial owner is a third party independent of the Company and its connected persons as at the date of this announcement |
| “Business Day(s)” | a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong |
| “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 |
| “Existing Loan Agreement” | the loan agreement entered into between the Lender and the Borrower on 8 May 2018 in respect of the Existing Loan Facility |
| “Existing Loan Facility” | loan facility in the principal amount of HK\$70,000,000 granted by the Lender to the Borrower under the Existing Loan Agreement |
| “Group” | the Company and its subsidiaries |

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| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Lender” | CS Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan Agreement” | loan agreement dated 10 September 2018 entered into between the Lender and the Borrower in relation to the provision of the Loan Facility |
| “Loan Facilities” | the Loan Facility and the Existing Loan Facility |
| “Loan Facility” | loan facility in the principal amount of HK\$17,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

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

Hong Kong, 10 September 2018

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.