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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 AGREEMENTS IN RELATION TO INTENDED DISPOSAL OF SUBSIDIARIES

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

Reference is made to the announcement of the Company dated 21 February 2020 in relation to the framework agreements for the conditional disposal of subsidiaries. On 21 February 2020, the Company entered into framework agreements for the conditional disposal of subsidiaries. However, as the Company and the purchaser could not satisfy the conditions precedent for the sale and purchase agreements before the then completion date, the disposal can not proceed and the Company can negotiate to extend the completion date with the purchaser or seek for other potential purchaser(s).

The board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce that on 26 February 2021:

- (1) Best Marvel Investment Limited (the “**Vendor I**”), an indirect wholly-owned subsidiary of the Company, and the Company (the “**Guarantor**”) entered into a conditional framework agreement (the “**Framework Agreement I**”) with the purchaser (the “**Purchaser**”) in relation to the intended 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 conditional framework agreement (the “**Framework Agreement II**”) with the Purchaser in relation to the intended disposal of the entire issued share capital of Hong Kong Newrich Limited (“**Newrich**”).

THE FRAMEWORK AGREEMENT I

Date: 26 February 2021

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 referred to as the “**Parties I**”.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and its beneficial owner 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 26 May 2021 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 obligations under the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited and the 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).

The conditions (a) and (b) are collectively referred to as the “**Conditions Precedent I**”).

Terms of the Disposal I and use of proceeds

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

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

The Purchaser agrees to deposit cashier order of HK\$250,000.00 in favour of the Company (the “**Sum I**”) to Vendor I’s solicitors, who shall act as stakeholder of the Sum I. The Sum I shall be taken as the initial earnest deposit for the Disposal I upon execution of the SPA I.

For the avoidance of doubt, the Parties I agree to return the Sum I by the Vendor I’s solicitors if the Conditions Precedent I are not fulfilled on or before 26 May 2021 (or such later date as the Vendor I and the Purchaser may agree in writing) (the “**Completion Date I**”).

The consideration for the intended Disposal I and payment terms

The aggregate consideration for the Disposal I shall be HK\$60,000,000 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 SPA I;
- (b) a further deposit in the sum of HK\$2,500,000 (the “**Further Deposit I**”) shall be paid within 14 days from the date of signing the SPA I;
- (c) the balance of the consideration in sum of HK\$55,000,000 (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 the Completion Date I (or such later date as the Vendor I and the Purchaser may agree in writing).

The Vendor I, the Company and the Purchaser agree that the Initial Deposit I and the 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.

THE FRAMEWORK AGREEMENT II

Date: 26 February 2021

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 and its beneficial owner 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 26 May 2021 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 obligations under the GEM 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).

The conditions (a) and (b) are collectively referred to as the “**Conditions Precedent II**”).

Terms of the Disposal II and use of proceeds

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

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

The Purchaser agrees to deposit cashier order of HK\$250,000.00 in favour of the Company (the “**Sum II**”) to Vendor II’s solicitors, who shall act as stakeholder of the Sum II. The Sum II shall be taken as the initial earnest deposit for the Disposal II upon execution of the SPA II.

For the avoidance of doubt, the Parties II agree to return the Sum II by the Vendor II’s solicitors if the Conditions Precedent II are not fulfilled on or before 26 May 2021 (or such later date as the Vendor II and the Purchaser may agree in writing) (the “**Completion Date II**”).

The consideration for the intended Disposal II and payment terms

The aggregate consideration for the Disposal II shall be HK\$47,000,000 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\$2,000,000 (the “**Initial Deposit II**”) shall be paid upon signing of the SPA II;
- (b) a further deposit in the sum of HK\$2,000,000 (the “**Further Deposit II**”) shall be paid within 14 days from the date of signing the SPA II;

- (c) the balance of the consideration in sum of HK\$43,000,000 (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 the Completion Date II (or such later date as the Vendor II and the Purchaser may agree in writing).

The Vendor II and the Purchaser agree that the Initial Deposit II and the 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 intended 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 intended Disposal I and Disposal II, if materialises, represent a good opportunity to realise the investments to (i) reduce the liabilities of the Group and (ii) improve its financial position.

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 intended Disposal I and Disposal II are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

If the intended 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 intended 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, 26 February 2021

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 for at least 7 days and on the Company website at www.chinesestrategic.com from the date of its publication.