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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 ACQUISITION OF BONDS

ACQUISITION OF BONDS

The Board is pleased to announce that on 20 January 2017, the Acquirer, an indirect wholly owned subsidiary of the Company, acquired Bonds with a total nominal value of US\$2,000,000 in the secondary market for a total consideration of US\$2,000,640 (equivalent to HK\$15,600,000 and approximately HK\$15,605,000 respectively).

LISTING RULES IMPLICATION

As the Acquisition and the Previous Acquisitions were conducted within a 12-month period prior to and inclusive of the date of the Acquisition and the Bonds are issued by the same Issuer, each of the Acquisition and Previous Acquisitions 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 Acquisition in aggregate with the Previous Acquisitions is more than 5% but less than 25%, the Acquisition and the Previous Acquisitions, 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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BONDS ACQUISITION

Date:	20 January 2017
Acquirer:	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
Nominal value:	US\$2,000,000 (equivalent to HK\$15,600,000)
Consideration:	US\$2,000,640 (equivalent to approximately HK\$15,605,000), the whole sum of which will be paid by cash on 25 January 2017
Maturity date:	25 May 2026
Coupon rate:	3.9% per annum payable semi-annually

The Acquisition was funded by internal resources of the Group and bank borrowings.

INFORMATION OF THE COUNTERPARTY

As the Bonds were purchased on the market through broker, the identity of the seller was unknown to the Company.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Bonds were acquired at the prevailing market price. Based on this, the Directors consider the consideration is fair and reasonable.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the business of investments in securities, trading and money lending as well as securities brokerage. The Directors consider the coupon rate of the Bonds is attractive and are of view that the investment return to the Group would be further enhanced by the financial leverage provided by the bank for the Acquisition (as well as for the Previous Acquisitions (as hereinafter defined)). Accordingly, the Directors consider that the Acquisition would provide the Group with a favourable return.

The Directors consider that the Acquisition is on normal commercial terms and is fair and reasonable and in the interest of the Company and Shareholders as a whole.

PREVIOUS ACQUISITIONS

The Company has through the Acquirer made subscription and multiple acquisitions of the Bonds through initial offering and in the secondary market in the past 12 months (the “**Previous Acquisitions**”). The Bonds acquired by the Acquirer in the Previous Acquisitions have an aggregate nominal value of US\$18,000,000. The Previous Acquisitions in aggregate did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the relevant time.

LISTING RULES IMPLICATION

As the Acquisition and the Previous Acquisitions were conducted within a 12-month period prior to and inclusive of the date of the Acquisition and the Bonds are issued by the same Issuer, each of the Acquisition and Previous Acquisitions 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 Acquisition in aggregate with the Previous Acquisitions is more than 5% but less than 25%, the Acquisition and the Previous Acquisitions, 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

“Acquirer”	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Acquisition”	the acquisition of Bonds with a total nominal value of US\$2,000,000 by the Acquirer in the secondary market for a total consideration of US\$2,000,640 on 20 January 2017
“Board”	the Board of Directors
“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)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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”	the 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, 20 January 2017

As at the date of this announcement, the Board comprises four Executive Directors, namely Dr. Or Ching Fai (Chairman and Chief Executive Officer), Mr. Sue Ka Lok, 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.