

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

DISCLOSEABLE TRANSACTION FURTHER DISPOSAL OF LISTED SECURITIES

THE FURTHER DISPOSAL

Reference is made to the announcement of the Company dated 2 July 2020 in relation to the Previous Disposals.

The Board hereby announces that, subsequent to the Previous Disposals, Guide Plus, an indirect wholly owned subsidiary of the Company, further disposed of a total of 26,185,000 Bank of Zhengzhou H Shares on the open market through a series of transactions during the period from 3 July 2020 to 3 August 2020, at the aggregate consideration of approximately HK\$50,179,000 (exclusive of transaction costs). The average selling price (exclusive of transaction costs) of each Disposed Share was approximately HK\$1.92.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Further Disposal (both on its own and on an aggregated basis with the Previous Disposals) is more than 5% but less than 25%, the Further Disposal 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.

THE FURTHER DISPOSAL

Reference is made to the announcement of the Company dated 2 July 2020 in relation to the Previous Disposals.

The Board hereby announces that, subsequent to the Previous Disposals, Guide Plus, an indirect wholly owned subsidiary of the Company, further disposed of a total of 26,185,000 Bank of Zhengzhou H Shares on the open market through a series of transactions during the period from 3 July 2020 to 3 August 2020, at the aggregate consideration of approximately HK\$50,179,000 (exclusive of transaction costs). The average selling price (exclusive of transaction costs) of each Disposed Share was approximately HK\$1.92.

INFORMATION OF BANK OF ZHENGZHOU

Bank of Zhengzhou is a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6196). Based on public information, Bank of Zhengzhou is principally engaged in corporate banking, retail banking and treasury businesses. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Bank of Zhengzhou is a third party independent of the Company and its connected persons.

Set out below is a summary of certain audited financial information of Bank of Zhengzhou for the two years ended 31 December 2019 as extracted from the 2019 annual report of Bank of Zhengzhou:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2018 RMB'000
Net profit before tax	4,006,026	3,809,906
Net profit after tax	3,373,220	3,101,456

Based on the 2019 annual report of Bank of Zhengzhou, the net asset value of Bank of Zhengzhou as at 31 December 2019 was RMB39,891,622,000.

INFORMATION OF THE COUNTERPARTY

As the Further Disposal was made on the market through broker, the identity of the purchasers were 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 Disposed Shares.

BASIS OF DETERMINATION OF THE CONSIDERATION

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

REASONS FOR AND BENEFITS OF THE FURTHER DISPOSAL

The Company is an investment holding company and through its subsidiaries, is principally engaged in the business of investments in securities, trading of commodities and electronic components, money lending as well as securities brokerage.

The Disposed Shares were acquired by the Group during the year ended 31 December 2018. During the period of holding of the Disposed Shares and up to 31 December 2019 (i.e. the date the Company's latest audited consolidated financial statements were made up), the Company recognised unrealised loss attributable to the fair value changes of the Disposed Shares of approximately HK\$28,280,000. During the period of holding of the Disposed Shares and up to the date of this announcement, the Company recognised dividend income attributable to the Disposed Shares of approximately HK\$6,596,000. As a result of the Further Disposal, the expected loss to be realised for the year ending 31 December 2020, being the difference between the net aggregate consideration (after deducting therefrom the transaction costs) and the carrying value of the Disposed Shares, subject to auditor's review, is approximately HK\$17,134,000. Accordingly, the overall loss for the Further Disposal, being the sum of the unrealised loss recognised up to 31 December 2019 and the dividend income received up to the date of this announcement attributable to the Disposed Shares, together with the expected loss to be realised from the Further Disposal, is approximately HK\$38,818,000. In light of the recent volatile market conditions, the Directors consider that notwithstanding the Further Disposal is made at a loss, in view of the fact that the Further 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 Further Disposal is in the interest of the Company and the Shareholders as a whole.

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

FINANCIAL EFFECT OF THE FURTHER DISPOSAL

As disclosed above, it is expected that the Group will record a loss of approximately HK\$17,134,000 for the year ending 31 December 2020 as a result of the Further Disposal, subject to the auditor's review.

USE OF PROCEEDS

The net proceeds from the Further Disposal (i.e. gross proceeds from the Further Disposal and deducting therefrom the transaction costs), which is approximately HK\$49,995,000, will be used as general working capital of the Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Further Disposal (both on its own and on an aggregated basis with the Previous Disposals) is more than 5% but less than 25%, the Further Disposal 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

“Bank of Zhengzhou”	Bank of Zhengzhou Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6196)
“Bank of Zhengzhou H Share(s)”	overseas-listed foreign share(s) in the share capital of Bank of Zhengzhou with nominal value of RMB1.00 each
“Board”	Board of Directors of the Company
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary 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
“Disposed Share(s)”	disposal of a total of 26,185,000 Bank of Zhengzhou H Share(s) by Guide Plus on the open market through a series of transactions during the period from 3 July 2020 to 3 August 2020
“Further Disposal”	disposal of the Disposed Shares
“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 PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Previous Disposals”	disposals of a total of 13,736,000 Bank of Zhengzhou H Shares by Guide Plus on the open market through a series of transactions during the period from 28 May 2020 to 2 July 2020 as disclosed in the Company’s announcement dated 2 July 2020
“RMB”	Renminbi, the lawful currency of the PRC
“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, 3 August 2020

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.