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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 DISPOSALS OF LISTED SECURITIES

THE DISPOSALS

The Board is pleased to announce that between 27 May 2020 and 2 June 2020, Guide Plus, an indirect wholly owned subsidiary of the Company, disposed of a total of 5,800,000 Shengjing H Shares on the open market through a series of transactions, at the aggregate consideration of approximately HK\$39,582,000 (exclusive of transaction costs). The average selling price (exclusive of transaction costs) of each Disposed Share was approximately HK\$6.82.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals is more than 5% but less than 25%, the Disposals constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

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INFORMATION OF SHENGJING BANK

Shengjing Bank 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: 2066). Based on public information, Shengjing Bank is principally engaged in banking businesses and the related financial services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Shengjing Bank is a third party independent of the Company and its connected persons.

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

	For the year ended 31 December 2019 RMB '000	For the year ended 31 December 2018 RMB '000
Net profit before tax	6,142,702	5,539,002
Net profit after tax	5,438,061	5,126,148

Based on the 2019 annual report of Shengjing Bank, the net asset value of Shengjing Bank as at 31 December 2019 was RMB79,121,985,000.

INFORMATION OF THE COUNTERPARTY

As the Disposals were 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 Disposals were conducted through open market at the prevailing market price, the Directors consider that the Disposals are on normal commercial terms and their terms including consideration are fair and reasonable.

REASONS FOR AND BENEFITS OF THE DISPOSALS

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 Company during the year ended 31 December 2014. 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 and dividend income from the Disposed Shares of approximately HK\$9,200,000 and HK\$6,887,000, respectively. As a result of the Disposals, the expected gain 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\$4,369,000. Accordingly, the overall gain for the Disposals, being the sum of the unrealised loss recognised and the dividend income received attributable to the Disposed Shares up to 31 December 2019, and the expected gain to be realised from the Disposals, is approximately HK\$2,056,000. In light of the recent volatile market conditions, and taking into account the overall gain of the Disposals and the fact that the Disposals can provide immediate liquidity to improve the Group's cash position thereby allowing it to better structure its asset portfolio, the Directors consider the Disposals are in the interest of the Company and the Shareholders as a whole.

Since the Disposals were conducted through open market, the Directors consider that the Disposals are on normal commercial terms and are fair and reasonable.

FINANCIAL EFFECT OF THE DISPOSALS

As disclosed above, it is expected that the Group will record a gain of approximately HK\$4,369,000 for the year ending 31 December 2020 as a result of the Disposals, subject to the auditor's review.

USE OF PROCEEDS

The net proceeds from the Disposals (i.e. proceeds from the Disposals and deducting therefrom the transaction costs), which is approximately HK\$39,459,000, have been/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 Disposals is more than 5% but less than 25%, the Disposals constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	Board of Directors of the Company
“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
“Disposals”	the disposals of the Disposed Shares
“Disposed Share(s)”	the disposals of a total of 5,800,000 Shengjing H Share(s) between 27 May 2020 and 2 June 2020 by Guide Plus on the open market through a series of transactions
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shengjing Bank”	Shengjing Bank Co., Ltd. (盛京銀行股份有限公司), 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: 2066)

“Shengjing H Share(s)”	overseas-listed foreign share(s) in the share capital of Shengjing Bank with nominal value of RMB1.00 each
“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, 2 June 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.