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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 DISPOSAL OF LISTED SECURITIES**

#### **THE DISPOSAL**

The Board hereby announces that on 2 July 2020, Guide Plus, an indirect wholly owned subsidiary of the Company, disposed of a total of 2,000,000 Bank of Zhengzhou H Shares on the open market through a series of transactions, at the aggregate consideration of approximately HK\$3,687,000 (exclusive of transaction costs). The average selling price (exclusive of transaction costs) of each Disposed Share was approximately HK\$1.84.

#### **LISTING RULES IMPLICATION**

As the Disposal and the Previous Disposals were conducted within a 12-month period prior to and inclusive of the date of the Disposal, each of the Disposal and the Previous Disposals 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 Disposal in aggregate with the Previous Disposals is more than 5% but less than 25%, the Disposal and the Previous Disposals, 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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## 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:

	<b>For the year ended 31 December 2019 RMB'000</b>	<b>For the year ended 31 December 2018 RMB'000</b>
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 Aggregated 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 Aggregated Disposed Shares.

## BASIS OF DETERMINATION OF THE CONSIDERATION

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

## **REASONS FOR AND BENEFITS OF THE AGGREGATED 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 Aggregated Disposed Shares were acquired by the Group during the year ended 31 December 2018. During the period of holding of the Aggregated 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 Aggregated Disposed Shares of approximately HK\$14,835,000. During the period of holding of the Aggregated Disposed Shares and up to the date of this announcement, the Company recognised dividend income attributable to the Aggregated Disposed Shares of approximately HK\$3,460,000. As a result of the Aggregated Disposals, 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 Aggregated Disposed Shares, subject to auditor's review, is approximately HK\$10,084,000. Accordingly, the overall loss for the Aggregated Disposals, 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 Aggregated Disposed Shares, together with the expected loss to be realised from the Aggregated Disposals, is approximately HK\$21,459,000. In light of the recent volatile market conditions, the Directors consider that notwithstanding the Aggregated Disposals are made at a loss, in view of the fact that the Aggregated 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 Aggregated Disposals are in the interest of the Company and the Shareholders as a whole.

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

## **FINANCIAL EFFECT OF THE AGGREGATED DISPOSALS**

As disclosed above, it is expected that the Group will record a loss of approximately HK\$10,084,000 for the year ending 31 December 2020 as a result of the Aggregated Disposals, subject to the auditor's review.

## **USE OF PROCEEDS**

The net proceeds from the Aggregated Disposals (i.e. gross proceeds from the Aggregated Disposals and deducting therefrom the transaction costs), which is approximately HK\$25,130,000, will be used as general working capital of the Group.

## LISTING RULES IMPLICATION

As the Disposal and the Previous Disposals were conducted within a 12-month period prior to and inclusive of the date of the Disposal, each of the Disposal and the Previous Disposals 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 Disposal in aggregate with the Previous Disposals is more than 5% but less than 25%, the Disposal and the Previous Disposals, 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

“Aggregated Disposed Shares”	disposals of a total of 13,736,000 Bank of Zhengzhou H Shares under the Disposal and the Previous Disposals
“Aggregated Disposals”	the Disposal and the Previous Disposals
“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
“Disposal”	disposal of the Disposed Shares
“Disposed Share(s)”	disposal of a total of 2,000,000 Bank of Zhengzhou H Share(s) on 2 July 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
“Previous Disposals”	disposals of a total of 11,736,000 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 30 June 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, 2 July 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.*