

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)

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that the Group expects to record a loss attributable to owners of the Company for the year ended 31 December 2021 of not more than HK\$3,660 million as compared with the profit of approximately HK\$2,283 million recorded for the year ended 31 December 2020. The Board expects that the loss results are mainly attributed to the estimated net loss on financial assets at FVTPL in the region of approximately HK\$3,675 million recorded for the year ended 31 December 2021.

Further details of the Group's financial results and performance will be disclosed in the annual results announcement of the Company for the year ended 31 December 2021 which is expected to be announced before the end of March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Strategic Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on a preliminary review by the Company's management on the unaudited management accounts of the Group, the Board of Directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the Group expects to record a loss attributable to owners of the Company for the year ended 31 December 2021 of not more than HK\$3,660 million as compared with the profit of approximately HK\$2,283 million recorded for the year ended 31 December 2020. The Board expects that the loss results are mainly attributed to the estimated net loss on financial assets at fair value through profit or loss ("**FVTPL**") recorded for the year ended 31 December 2021 in the region of approximately HK\$3,675 million (comprising net unrealised loss and net realised loss of approximately HK\$5 million and HK\$3,670 million respectively), as compared with the net gain on financial assets at FVTPL recorded for the year ended 31 December 2020 of approximately HK\$2,906 million (comprising net unrealised gain and net realised loss of approximately HK\$2,980 million and HK\$74 million respectively).

The primary contributing factor of the net loss on financial assets at FVTPL recorded for the year ended 31 December 2021 is from the disposal of ordinary shares of China Evergrande New Energy Vehicle Group Limited (the "**Evergrande Vehicle Share(s)**"). The disposals of a total of 133,600,000 Evergrande Vehicle Shares during the year ended 31 December 2021 led to the realisation of a loss of approximately HK\$3,685 million (exclusive of transaction costs), if compared to their carrying value standing in the books of the Group as at 1 January 2021, and the realisation of a profit of approximately HK\$131 million (exclusive of transaction costs), if compared to their historical costs to the Group.

The Board was granted a mandate by Shareholders at the extraordinary general meeting of the Company on 18 November 2021 in respect of the possible disposal of up to 63,600,000 Evergrande Vehicle Shares ("**Disposal Mandate**"), details of which were disclosed in the circular of the Company dated 29 October 2021. Since the grant of the Disposal Mandate, a series of disposals in the open market totalling 63,600,000 Evergrande Vehicle Shares had taken place pursuant to the exercise of the Disposal Mandate, which amounted to an aggregate consideration of approximately HK\$191 million (exclusive of transaction costs) and representing an average selling price of each Evergrande Vehicle Share of approximately HK\$3.00. Together with the previous disposal of 70,000,000 Evergrande Vehicle Shares as announced by the Company on 29 September 2021, the Company had disposed of all its holding of 133,600,000 Evergrande Vehicle Shares and no longer holds any Evergrande Vehicle Shares.

The Company is in the process of finalising the annual results of the Group for the year ended 31 December 2021. The information contained in this announcement is only based on a preliminary assessment by the Board according to the unaudited management accounts of the Group for the year ended 31 December 2021 which have not been reviewed or audited by the Company's auditor. The estimated loss for the year ended 31 December 2021 may be adjusted subject to the amount of expected credit losses to be provided for the Group's loan and interest receivables and debt instruments at fair value through other comprehensive income which are in the course of being finalised.

Further details of the disposal of Evergrande Vehicle Shares and the Group's financial results and performance will be disclosed in the annual results announcement of the Company for the year ended 31 December 2021 which is expected to be announced before the end of March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Strategic Holdings Limited
Dr. Or Ching Fai
Chairman

Hong Kong, 11 January 2022

As 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), Mr. Chow Kam Wah and Mr. Chow Man Wai, Tony; and four Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander; Mr. Leung Hoi Ying and Mr. Lam Kin Fung, Jeffrey.