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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that the Group expects to record a profit for the year ended 31 December 2017 as compared with the loss recorded by the Group for the year ended 31 December 2016. 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 2017 which have not been reviewed or audited by the Company's auditor.

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 2017 which is expected to be announced before the end of March 2018.

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 (the "**Listing Rules**") 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) (the "**SFO**").

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 profit for the year ended 31 December 2017 as compared with the loss recorded by the Group for the year ended 31 December 2016. The Board expects that the

profitable results are mainly attributable to the net gain on financial assets at fair value through profit or loss recorded for the year ended 31 December 2017 of approximately HK\$61.4 million (which comprised of net unrealised gain and net realised loss of approximately HK\$166.4 million and HK\$105.0 million respectively) as compared with the net loss on financial assets at fair value through profit or loss recorded by the Group for the year ended 31 December 2016 of approximately HK\$635.8 million (which comprised of net unrealised loss and net realised loss of approximately HK\$152.1 million and HK\$483.7 million respectively), coupled with the increases in profit expected to be generated by the Group's money lending, trading as well as securities brokerage businesses when compared to their respective results for the year ended 31 December 2016.

The Company considers that such expected gain from its investment in securities business was due primarily to the general upturn in financial market in Hong Kong during the year ended 31 December 2017, whereas the expected increases in profit generated by the Group's other businesses were mainly due to the higher average amount of loans advanced to customers, higher volume of metal minerals, metal and coke products transacted as well as higher volume of securities brokerage activities conducted during the year ended 31 December 2017.

The Company is in the process of finalising the annual results of the Group for the year ended 31 December 2017. 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 2017 which have not been reviewed or audited by the Company's auditor.

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 2017 which is expected to be announced before the end of March 2018.

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

Hong Kong, 26 January 2018

As at the date of this announcement, the Board comprises four Executive Directors, namely Dr. Or Ching Fai (Chairman), 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.