



CHINA STRATEGIC HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock code: 235

CAPITAL REORGANISATION AND GROUP REORGANISATION

RESULTS OF EXTRAORDINARY GENERAL MEETING

At the EGM held on 6 October 2005, the special resolutions relating to (i) the Capital Reorganisation; and (ii) the Group Reorganisation were duly passed.

Reference is made to (i) the joint announcement dated 19 April 2005 issued by Hanny Holdings Limited, China Strategic Holdings Limited, Well Orient Limited, Nation Field Limited and Group Dragon Investments Limited; and (ii) the circular issued by the Company dated 10 September 2005 (the "Circular"). Terms used herein shall have the same meanings as those defined in the Circular unless the context herein requires otherwise.

RESULTS OF THE EGM

The Board is pleased to announce that at the EGM held on 6 October 2005, special resolutions relating to (i) the Capital Reorganisation ("Resolution 1") (which was voted by show of hands); and (ii) the Group Reorganisation ("Resolution 2") (which was voted by way of poll) were duly approved by the Shareholders and the Independent Shareholders respectively.

As at the date of the EGM, the Company had 881,595,087 Shares in issue. No Shareholders were required to abstain from voting on Resolution 1. The total number of Shares entitling the Shareholders to vote on Resolution 1 was 881,595,087 Shares. Paul Y, Hanny, their respective associates and parties acting in concert with any of them as well as any parties who have material interests in making of the GDI Offer and the Share Sale Agreement (who in aggregate hold 517,639,589 Shares, representing approximately 58.7% of the issued share capital of the Company as at the date of the EGM) were required to abstain from and have abstained from voting on Resolution 2 at the EGM. The total number of Shares entitling the Independent Shareholders to vote on the Resolution 2 above was 363,955,498 Shares. The Independent Shareholders holding in aggregate 62,395,910 Shares, representing approximately 7.1% of the existing issued share capital of the Company, were present and voted, in person or by proxy, for or against Resolution 2 at the EGM. The poll result of Resolution 2 is summarised as follows:

	Number of Shares (%)	
	For	Against
Resolution 2	62,345,260 (99.9%)	50,650 (0.1%)

The share registrar of the Company, Standard Registrars Limited, was appointed as the scrutineer for the purpose of the vote-taking of the poll at the EGM.

OTHER CONDITIONS

Save for obtaining the approval of the Capital Reorganisation by the Shareholders and the Group Reorganisation by the Independent Shareholders, the following conditions of the Capital Reorganisation and the Group Reorganisation are yet to be fulfilled:

The Capital Reorganisation:

- (i) the sanction of the Capital Reduction by the Court and the registration by the Registrar of Companies in Hong Kong of an office copy of the Court order and the minute containing the particulars required under section 61 of the Companies Ordinance; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares (including the Consolidated Shares which may be issued pursuant to the exercise of options which may be granted under the share option scheme of the Company adopted on 4 June 2002).

The Group Reorganisation:

- (i) the Capital Reorganisation having become effective;
- (ii) the agreement of the Group's creditors, if required, to the release of guarantees given by the Company and/or any of its subsidiaries (other than members of the GDI Group) on the obligations of any members of the GDI Group following the implementation of the Group Reorganisation; and
- (iii) the obtaining of any other third-party consents or approvals, including all regulatory consents, required to give effect to the Group Reorganisation.

An application will be made to the Court in respect of the Capital Reorganisation as soon as practicable and the actual date of the hearing of the petition (and before that, the date of the hearing for the summons for directions) by the Court will depend upon the availability of the Court which, in turn, depends upon the projected length and scope of the relevant hearing. Further announcement(s) will be made informing Shareholders of any change to the Record Date, as necessary or appropriate, the progress and results of the application to the Court, the expected effective date of the Capital Reorganisation, the trading arrangements and free exchange of new Share certificates.

GENERAL

Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted by or on behalf of the Offeror within 21 days of the date of announcement of the offer (or, in the case of a securities exchange offer, 35 days). Accordingly, the offer document in relation to the China Strategic Offer should be posted within 21 days of the date of the Announcement whereas the offer document in relation to the GDI Offer should be posted within 35 days of the date of the Announcement. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of an offer is subject to the prior fulfillment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. Application has been made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the offer document to within 7 days of fulfillment of the conditions precedent to the Share Sale Agreement and such consent has been granted by the Executive. Application has been made by Well Orient for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the offer document to within 7 days of fulfillment of the conditions precedent to the Group Reorganisation and approval by the Independent Hanny Shareholders of making of the GDI Offer and such consent has been granted by the Executive.

A composite offer and response document of the Company setting out, inter alia, details of the China Strategic Offer (accompanied by the acceptance and transfer form) and incorporating the letter of recommendation from the Independent Board Committee and the letter of advice from Hercules on the China Strategic Offer will be sent to the Shareholders within seven days of fulfillment of the conditions precedent of Share Sale Agreement.

Another composite offer and response document of GDI setting out, inter alia, details of the GDI Offer (accompanied by the acceptance and transfer form), information on Hanny and incorporating the letter of recommendation from the independent board committee of GDI and the letter of advice from Hercules on the GDI Offer will be sent to the shareholders of GDI within seven days of fulfillment of the conditions precedent to the Group Reorganisation and approval by the Independent Hanny Shareholders of making of the GDI Offer.

Executive Directors:

Dr. Chan Kwok Keung, Charles
Dr. Yap, Allan
Ms. Chau Mei Wah, Rosanna
Ms. Chan Ling, Eva
Mr. Li Bo
Mr. Chan Kwok Hung
(Alternate to Dr. Chan Kwok Keung, Charles)
Mr. Lui Siu Tsuen, Richard
(Alternate to Dr. Yap, Allan)

Independent Non-executive Directors:

Mr. David Edwin Bussmann
Mr. Wong King Lam, Joseph
Mr. Sin Chi Fai

**By order of the board of
CHINA STRATEGIC HOLDINGS LIMITED
Chan Yan Yan, Jenny
Company Secretary**

Hong Kong, 6 October 2005

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.