



CHINA STRATEGIC HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 235)

ANNOUNCEMENT OF RESULTS OF CHINA ENTERPRISES LIMITED FOR THE YEAR ENDED DECEMBER 31, 2004

China Enterprises, a non-wholly owned subsidiary of the Company, has announced its audited consolidated results for the year ended December 31, 2004. The audited financial statements of China Enterprises are set out below.

This announcement is made by the Company pursuant to the requirement of Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to provide shareholders of the Company with the financial statement information of China Enterprises, which has announced such information to public in US on December 13, 2005.

The Directors announces the audited consolidated results of China Enterprises for the year ended December 31, 2004 which has been announced by China Enterprises on December 13, 2005, in US. The audited financial statements for the year ended December 31, 2004 are prepared in accordance with auditing standards and accounting principles generally accepted in US.

RESULTS

The audited consolidated results and the restated audited consolidated results of China Enterprises and its subsidiaries for the years ended December 31, 2004 and 2003 respectively are as follows:

	Year ended December 31,	
	2004 <i>Rmb'000</i>	2003 <i>Rmb'000</i> (restated)
Revenues	–	2,808,369
Cost of revenues	–	(2,502,413)
Gross profit	–	305,956
Operating expenses	(13,344)	(205,210)
Operating (loss)/income	(13,344)	100,746
Non-operating incomes/(expenses)	195,286	(100,595)
Profit from continuing operations before income taxes and minority interests	181,942	151
Provision for income taxes	–	(10,592)
Minority interests	–	(46,340)
Profit/(loss) from continuing operations	181,942	(56,781)
Loss from discontinued operations	–	(7,760)
Net profit/(loss)	181,942	(64,541)

BALANCE SHEET HIGHLIGHTS

The consolidated balance sheet of China Enterprises and its subsidiaries shows the followings:

	At December 31,	
	2004	2003
	<i>Rmb'000</i>	<i>Rmb'000</i> (restated)
Current assets	190,418	118,386
Non-current assets	600,908	391,280
Total assets	791,326	509,666
Current liabilities	(73,345)	(36,841)
Non-current liabilities	(50,000)	–
Net assets	<u>667,981</u>	<u>472,825</u>
Contributed equity	770	770
Reserves and accumulated deficit	<u>667,211</u>	<u>472,055</u>
	<u>667,981</u>	<u>472,825</u>

As at the date of this announcement, the Board comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva and Mr. Li Bo as executive directors, Mr. Chan Kwok Hung and Mr. Lui Siu Tsuen, Richard as alternate directors to Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively and Mr. David Edwin Bussmann, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai as independent non-executive directors.

DEFINITIONS

“Board”	means the board of Directors
“China Enterprises”	means China Enterprises Limited, a company incorporated in Bermuda with limited liability, the shares of which are traded on the OTC Bulletin Board in US and is owned as to approximately 55.2% effective equity interest and approximately 88.8% effective voting interest by the Company

“Company” means China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability which shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited

“Directors” means the directors of the Company

“Rmb” means Renminbi, the lawful currency of the People’s Republic of China

“US” means The United States of America

By Order of the Board
Chan Ling, Eva
Executive Director

Hong Kong, December 13, 2005