



CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(Incorporated in Hong Kong with limited liability)
Stock code: 235

NATION FIELD LIMITED

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

**CLOSING OF THE MANDATORY UNCONDITIONAL CASH OFFER MADE BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF
NATION FIELD LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN CHINA STRATEGIC HOLDINGS LIMITED
OTHER THAN THOSE ALREADY OWNED BY
NATION FIELD LIMITED AND PARTIES ACTING IN CONCERT WITH IT
AND
RESIGNATION OF DIRECTORS**

Up to 4:00 p.m. on 16 June 2006, being the latest time for acceptance of the China Strategic Offer, 26 valid acceptances under the China Strategic Offer had been received in respect of 135,782,321 Shares, representing (i) approximately 30.80% of a total of 440,797,543 issued Shares as at the date of this announcement; and (ii) approximately 74.61% of the 181,977,749 Shares subject to the China Strategic Offer. The China Strategic Offer has closed upon 4:00 p.m. on 16 June 2006.

Immediately following the close of the China Strategic Offer, after taking into account the valid acceptances of 135,782,321 Shares received under the China Strategic Offer, the Offeror and the parties acting in concert with it, (including Paul Y and Hanny), owned or controlled an aggregate of 394,602,115 Shares, representing approximately 89.52% of the issued share capital of the Company as at the date of announcement (out of which 270,782,321 Shares, representing approximately 61.43% of the issued share capital of the Company, are held by the Offeror) and there are 46,195,428 Shares in the hands of the public, representing approximately 10.48% of the voting rights of the Company.

The Board wishes to announce that with effect from 16 June 2006 immediately after the closing of the China Strategic Offer, Dr. Chan Kwok Keung, Charles (and his alternate, Mr. Chan Kwok Hung), Dr. Yap, Allan (and his alternate, Mr. Lui Siu Tsuen, Richard), Ms. Chau Mei Wah, Rosanna and Mr. Li Bo resigned as executive Directors and Mr. David Edwin Bussmann resigned as an independent non-executive Director. The above resignations take effect in compliance with Rule 7 of the Takeovers Code.

Given that the public float of Shares is less than 25% of the issued share capital of the Company, the Company is required to suspend trading in the Shares until the public float is restored as required under the Listing Rules. Application has been made by the Company to the Stock Exchange for the suspension of trading in the Shares with effect from 9:30 a.m. on Monday, 19 June 2006.

Reference is made to the joint announcement dated 19 April 2005 made by the Offeror, Hanny, Well Orient, GDI and the Company, the joint announcement dated 26 May 2006 made by the Offeror and the Company and the composite offer and response document (the "Composite Document") dated 26 May 2006 in relation to, among other things, the China Strategic Offer. Terms used in this announcement shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

ACCEPTANCES UNDER THE CHINA STRATEGIC OFFER

Up to 4:00 p.m. on 16 June 2006, being the latest time for acceptance of the China Strategic Offer, 26 valid acceptances under the China Strategic Offer had been received in respect of 135,782,321 Shares, representing (i) approximately 30.80% of a total of 440,797,543 issued Shares as at the date of this announcement; and (ii) approximately 74.61% of the 181,977,749 Shares subject to the China Strategic Offer. The China Strategic Offer has closed upon 4:00 p.m. on 16 June 2006.

As stated in the Composite Document, remittances in respect of the Shares tendered under the China Strategic Offer will be posted respectively to the Qualifying Shareholders by ordinary post at their own risk within 10 days of the date of receipt by Standard Registrars Limited of all relevant documents which render the relevant acceptances under the China Strategic Offer complete and valid, and the latest date for posting of remittances for the amounts due under the China Strategic Offer in respect of valid acceptances received will be Monday, 26 June 2006.

Immediately before the offer period which commenced from 15 October 2004 (being the date of commencement of the offer period as defined in the Takeovers Code), the Offeror did not have any shareholding in the Company and Paul Y and Hanny, who are parties acting in concert with the Offeror, each was interested in 129,409,897 Shares, representing approximately 29.36% of the issued share capital of the Company. Following the completion of the Share Sale Agreement and immediately before commencement of the China Strategic Offer on 26 May 2006, the Offeror and the parties acting in concert with it (including Paul Y and Hanny), owned an aggregate of 258,819,794 Shares (out of which 135,000,000 Shares were held by the Offeror, 61,909,897 Shares were held by Paul Y and 61,909,897 Shares were held by Hanny), in aggregate representing approximately 58.7% of the issued share capital of the Company as at the date of this announcement. The China Strategic Offer was not extended to Paul Y and Hanny.

Save for the acceptances stated above and the Share Sale, the Offeror and parties acting in concert with it had not acquired or agreed to acquire any Shares during the offer period from 15 October 2004 (being the date of commencement of the offer period as defined in the Takeovers Code) to 16 June 2006.

Immediately following the close of the China Strategic Offer, after taking into account the valid acceptances of 135,782,321 Shares received under the China Strategic Offer, the Offeror and the parties acting in concert with it (including Paul Y and Hanny) owned or controlled an aggregate of 394,602,115 Shares, representing approximately 89.52% of the issued share capital of the Company as at the date of this announcement (out of which 270,782,321 Shares, representing approximately 61.43% of the issued share capital of the Company, are held by the Offeror) and there are 46,195,428 Shares in the hands of the public, representing approximately 10.48% of the voting rights of the Company.

There is no condition regarding the acceptance of the China Strategic Offer. The China Strategic Offer is not conditional on the level of acceptances. The China Strategic Offer does not involve any issue of unlisted securities.

Each of the Company, the Offeror and their respective directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that 25% of the issued share capital of the Company are in the hands of the public which is in compliance with the Listing Rules.

Given that the public float of Shares is less than 25% of the issued share capital of the Company, the Company is required to suspend trading in the Shares until the public float is restored as required under the Listing Rules. Application has been made by the Company to the Stock Exchange for the suspension of trading in the Shares with effect from 9:30 a.m. on Monday, 19 June 2006.

RESIGNATION OF DIRECTORS

The Board wishes to announce that with effect from 16 May 2006 immediately after the closing of the China Strategic Offers, Dr. Chan Kwok Keung, Charles (and his alternate, Mr. Chan Kwok Hung), Dr. Yap, Allan (and his alternate, Mr. Lui Siu Tsuen, Richard), Ms. Chau Mei Wah, Rosanna and Mr. Li Bo resigned as executive Directors and Mr. David Edwin Bussmann resigned as an independent non-executive Director. The above resignations take effect in compliance with Rule 7 of the Takeovers Code.

The Board would like to express their gratitude to Dr. Chan Kwok Keung, Charles (and his alternate, Mr. Chan Kwok Hung), Dr. Yap, Allan (and his alternate, Mr. Lui Siu Tsuen, Richard), Ms. Chau Mei Wah, Rosanna, Mr. Li Bo and Mr. David Edwin Bussmann for their services and contributions to the Company during their respective terms of office. The Board does not consider there being any matters that need to be brought to the attention of Shareholders.

Executive Directors:

Mr. Gao Yang
Mr. Kwok Ka Lap, Alva
Ms. Chan Ling, Eva

Independent Non-executive Directors:

Ms. Ching Yuen Man, Angela
Mr. Wong King Lam, Joseph
Mr. Sin Chi Fai

By order of the board
China Strategic Holdings Limited
Chan Yan Yan, Jenny
Company Secretary

By order of the board
Nation Field Limited
Gao Yang
Director

Hong Kong, 16 June 2006

Mr. Gao Yang, being the sole director of the Offeror, accepts full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Group, and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement, other than those relating to the Group, 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 statements in this announcement misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Offeror, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than that relating to the Offeror, 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 statements in this announcement misleading.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*