



CHINA STRATEGIC HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

ANNOUNCEMENT OF RESTATED RESULTS OF CHINA ENTERPRISES LIMITED FOR THE YEAR ENDED DECEMBER 31, 2003

China Enterprises, a non-wholly owned subsidiary of the Company, has announced its restated audited consolidated results for the year ended December 31, 2003. The restated 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 restated financial information of China Enterprises, which has announced such information to the public in US on December 12, 2005.

The Directors announce the restated audited consolidated results of China Enterprises for the year ended December 31, 2003 which has been announced by China Enterprises on December 12, 2005 in US. The restated audited financial statements for the year ended December 31, 2003 are prepared in accordance with auditing standards and accounting principles generally accepted in US.

RESULTS

The restated audited consolidated results and the audited consolidated results of China Enterprises and its subsidiaries for the years ended December 31, 2003 and 2002 respectively are as follows:

	Year ended December 31,	
	2003 <i>Rmb'000</i> (restated)	2002 <i>Rmb'000</i>
Revenues	2,808,369	2,610,076
Cost of revenues	<u>(2,502,413)</u>	<u>(2,250,785)</u>
Gross profit	305,956	359,291
Operating expenses	<u>(205,210)</u>	<u>(187,195)</u>
Operating income	100,746	172,096
Non-operating expenses	<u>(100,595)</u>	<u>(148,241)</u>

	Year ended	
	December 31,	
	2003	2002
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(restated)	
Profit from continuing operations before income taxes and minority interests	151	23,855
Provision for income taxes	(10,592)	(17,697)
Minority interests	(46,340)	(69,101)
Loss from continuing operations	(56,781)	(62,943)
Loss from discontinued operations	(7,760)	(199,838)
Net loss	<u>(64,541)</u>	<u>(262,781)</u>

BALANCE SHEET HIGHLIGHTS

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

	At December 31,	
	2003	2002
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(restated)	
Current assets	118,386	1,872,101
Non-current assets	391,280	1,008,579
Total assets	509,666	2,880,680
Current liabilities	(36,841)	(1,830,763)
Non-current liabilities	—	(88,879)
Net assets	<u>472,825</u>	<u>961,038</u>
Contributed equity	770	770
Reserves and accumulated deficit	472,055	960,268
	<u>472,825</u>	<u>961,038</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 12, 2005