



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)

**DESPATCH OF THE COMPOSITE DOCUMENT
RELATING TO A 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
APPOINTMENT OF NEW DIRECTORS**

The Composite Document containing, among others, details of the China Strategic Offer, the letter from the Board, the letter from Kingston Securities, the letter from the Independent Board Committee setting out its recommendations to the Qualifying Shareholders in respect of the China Strategic Offer and the letter from Hercules setting out its advice to the Independent Board Committee in respect of the China Strategic Offer, together with the Form of Acceptance in respect of the China Strategic Offer, has been despatched to the Shareholders on 26 May 2006.

The Qualifying Shareholders are encouraged to read the Composite Document carefully, including the recommendations of the Independent Board Committee to the Qualifying Shareholders and the advice from Hercules to the Independent Board Committee, before deciding whether or not to accept the China Strategic Offer.

Unless the China Strategic Offer has previously been revised or extended with the consent of the Executive, the latest time and date for acceptance of the China Strategic Offer will be 4:00 p.m. on Friday, 16 June 2006.

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

DESPATCH OF THE COMPOSITE DOCUMENT

The director of the Offeror announces that the Composite Document, containing terms and details of the China Strategic Offer, together with the Form of Acceptance have been despatched to the Shareholders on 26 May 2006.

The latest time for acceptance of the China Strategic Offer is 4:00 p.m. on Friday, 16 June 2006. The China Strategic Offer, which is unconditional, will close on Friday, 16 June 2006 unless the Offeror revises or extends the China Strategic Offer in accordance with the Takeovers Code. An announcement on the results of the China Strategic Offer will be posted on the website of the Stock Exchange at www.hkex.com.hk by 7:00 p.m. on Friday, 16 June 2006. Such announcement will be published in the newspapers on Monday, 19 June 2006. The Qualifying Shareholders are encouraged to read the Composite Document carefully, including the recommendations of the Independent Board Committee to the Qualifying Shareholders and the advice from Hercules to the Independent Board Committee, before deciding whether or not to accept the China Strategic Offer.

EXPECTED TIMETABLE OF THE CHINA STRATEGIC OFFER

Unless the China Strategic Offer has previously been revised or extended with the consent of the Executive, the latest time and date for acceptance of the China Strategic Offer will be 4:00 p.m. on Friday, 16 June 2006. The following is the expected timetable of the China Strategic Offer:

2006

Commencement of the China Strategic Offer	Friday, 26 May
Latest time and date for acceptance of the China Strategic Offer, if not revised or extended (<i>Notes 1 and 2</i>)	4:00 p.m. on Friday, 16 June
Closing date of the China Strategic Offer if not revised or extended (<i>Note 1</i>)	Friday, 16 June
Announcement of the results of the China Strategic Offer to be posted on the Stock Exchange's website	by 7:00 p.m. on Friday, 16 June
Announcement of the results of the China Strategic Offer to be published in newspapers (<i>Note 3</i>)	Monday, 19 June
Latest date for posting of remittances for the amounts due under the China Strategic Offer in respect of valid acceptances received (<i>Note 4</i>)	Monday, 26 June

Notes:

- The China Strategic Offer, which is unconditional, will be closed on 16 June 2006 unless the Offeror revises or extends the China Strategic Offer in accordance with the Takeovers Code. An announcement will be issued through the Stock Exchange's website by 7:00 p.m. on 16 June 2006 stating whether the China Strategic Offer has been revised or extended or has expired. In the event that the Offeror decides that the China Strategic Offer will remain open until further notice, at least 14 days' notice in writing will be given, before the China Strategic Offer is closed, to those Qualifying Shareholders who have not accepted the China Strategic Offer. For further details, please refer to the paragraph headed "Acceptance period, revisions and extensions" in Appendix I to the Composite Document.
- Acceptance of the China Strategic Offer shall be irrevocable and not capable of being withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code.
- An announcement on the results of the China Strategic Offer will be published on 19 June 2006 and in the event of an extension of the China Strategic Offer, on the next Business Day after the closing date of the extended China Strategic Offer.
- Remittances in respect of the cash consideration payable for the Shares tendered under the China Strategic Offer will be posted as soon as practicable, but in any event within 10 days after the receipt by Standard Registrars of all relevant documents from the accepting Shareholders which render acceptance under the China Strategic Offer complete and valid.

APPOINTMENT OF NEW DIRECTORS

The Board is also pleased to announce that the appointment of Mr. Gao Yang and Mr. Kwok Ka Lap, Alva as executive Directors and Ms. Ching Yuen Man, Angela as independent non-executive Director has become effective from the date of this announcement.

Executive Directors

Mr. Gao Yang, aged 39, who is currently residing in Shanghai, the PRC, has been engaged in trading business between the PRC and the Republic of Austria, which mainly focused on acting as trading agents for Euro-American machine manufacturing and engineering companies in the PRC since 1990s. As at the date of the Joint Announcement and until late 2005, Mr. Gao was also a director of a company with registered capital of RMB100,000,000 and with an unaudited net asset value of approximately RMB700,000,000 in 2003. Mr. Gao did not have any shareholding in this company. Such company was engaged in property development (including the development of commercial residential buildings and complex in Beijing, the PRC), investment in high technology (including hydro-electric technology) and industrial enterprises (including investment in a joint venture with a renowned Korean car manufacturer) as well as investment management in the PRC. Mr. Gao remains a director of the aforesaid joint venture with the renowned Korean car manufacturer.

Mr. Gao Yang did not hold any directorship in other public listed company in Hong Kong or any other position with the Company and other members of the Group in the three years prior to the date of this announcement.

Save for being an executive Director, a deemed party acting in concert with Paul Y and Hanny, and the beneficial owner of the entire issued share capital of the Offeror, Mr. Gao Yang does not have any relationship with other directors,

senior management, substantial or controlling shareholders of the Company. Furthermore, save for the acquisition of 135,000,000 Shares under the Share Sale Agreement, Mr. Gao Yang has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this announcement. No service contract has been entered into between the Company and Mr. Gao Yang. Mr. Gao Yang will not receive any remuneration, bonus payments or other benefits from the Company at the moment. Save as disclosed in the Composite Document, Mr. Gao Yang is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Kwok Ka Lap, Alva, aged 57, was a marketing manager in a company engaging in the design of business administration system. Mr. Kwok has been in the insurance and investments business for over 24 years, principally in the senior managerial position.

Save for being an independent non-executive director of (i) Wing On Travel (Holdings) Limited; (ii) Hanny; and (iii) Cheung Tai Hong Holdings Limited, Mr. Kwok Ka Lap, Alva, did not hold any directorship in other public listed companies in Hong Kong or any other position with the Company and other members of the Group in the past three years.

Save for being an executive Director and an independent non-executive director of Hanny, Mr. Kwok Ka Lap, Alva, does not have any relationship with other directors, senior management, substantial or controlling shareholders of the Company. Furthermore, Mr. Kwok Ka Lap, Alva, has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this announcement. No service contract has been entered into between the Company and Mr. Kwok Ka Lap, Alva. Mr. Kwok Ka Lap, Alva will be entitled to the remuneration of HK\$100,000 per annum, without bonus payments and other benefits. Save as disclosed in the Composite Document, Mr. Kwok Ka Lap, Alva, is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Independent Non-executive Director

Ms. Ching Yuen Man, Angela, aged 39, is a solicitor in Hong Kong. Ms. Ching Yuen Man, Angela completed her high school education in England and obtained her LLB degree at the University of Hong Kong in 1989. She is now a Partner of Messrs. Alvan Liu & Partners ("ALP"). ALP practice focuses in areas of corporate finance, commercial and corporate litigation, commercial and company law. Ms. Ching Yuen Man, Angela, a legal practitioner for over 13 years of experience, advises a number of UK and Hong Kong listed companies and their subsidiaries.

Ms. Ching Yuen Man, Angela did not hold any directorship in other public listed company in Hong Kong or any other position with the Company and other members of the Group in the past three years.

Save for being an independent non-executive Director, Ms. Ching Yuen Man, Angela does not have any relationship with other directors, senior management, substantial or controlling shareholders of the Company. Furthermore, Ms. Ching Yuen Man, Angela has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this announcement. No service contract has been entered into between the Company and Ms. Ching Yuen Man, Angela. Ms. Ching Yuen Man, Angela will be entitled to the remuneration of HK\$100,000 per annum, without bonus payments and other benefits. Save as disclosed in the Composite Document, Ms. Ching Yuen Man, Angela is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

All of Mr. Gao Yang, Mr. Kwok Ka Lap, Alva and Ms. Ching Yuen Man, Angela shall retire and subject to re-election at the forthcoming annual general meeting of the Company.

MINIMUM PRESCRIBED PERCENTAGE OF THE ISSUED SHARES HELD BY THE PUBLIC

The Stock Exchange has stated that if, at the close of the China Strategic Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

Executive Directors:

Mr. Gao Yang
Mr. Kwok Ka Lap, Alva
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:

Ms. Ching Yuen Man, Angela
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, 26 May 2006

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 and belief, opinions expressed in this announcement other than those 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 statement in this announcement misleading.

The sole director of Nation Field Limited 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 statement in this announcement misleading.

By order of the board of
NATION FIELD LIMITED
Gao Yang
Director

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