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CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

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

PLACING OF EXISTING SHARES AND RESUMPTION OF TRADING

Placing agent for the placing



KINGSTON SECURITIES LIMITED

PLACING

On 29 January 2007, Nation Field entered into the Placing Agreement with the Kingston Securities. Pursuant to the Placing Agreement, Nation Field agreed to place, through Kingston Securities, an aggregate of 65,000,000 existing Shares, on a fully underwritten basis, with Placee(s) who and whose ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules), at a price of HK\$0.32 per Placing Share. The 65,000,000 Placing Shares represent about 14.75% of the existing issued share capital of the Company divided into 440,797,543 Shares. The Placing was completed on 31 January 2007.

RESUMPTION OF TRADING

Upon the close of the general offer made by the Kingston Securities on behalf of Nation Field to acquire all the issued Shares other than those already owned by Nation Field and party acting in concert with it and their respective associates, the public float of Shares was less than 25% of the issued share capital of the Company (details of which are set out in the joint announcement dated 16 June 2006 issued by Nation Field and the Company). Pursuant to Rule 8.08 of the Listing Rules, trading in the Shares was suspended with effect from 9:30 a.m. on Monday, 19 June 2006 until the public float is restored as required under the Listing Rules.

Immediately after completion of the Placing, there are 111,195,428 Shares in the hands of the public, representing approximately 25.23% of the issued share capital of the Company. The Company confirms that the public float of the Shares have been restored as required under the Listing Rules immediately after completion of the Placing and application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange at 9:30 a.m. on 1 February 2007.

THE PLACING AGREEMENT

Date

29 January 2007

Parties involved

Kingston Securities and Nation Field

Placing Agent

Kingston Securities, who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Placees

The Placing Agent agreed to place the Placing Shares, on a fully underwritten basis, to not less than six individual, corporate and/or institutional investors (the "Placees"). The Placees and their ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s) (as defined in the Listing Rules) of the Company and none of the Placees has become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

Placing Price

The Placing Price of HK\$0.32 represents (i) a discount of about 13.51% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 13.75% to the average closing price per Share of about HK\$0.371 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a discount of about 15% to the average closing price per Share of HK\$0.3765 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Shares around the Last Trading Date and was negotiated on an arm's length basis between Nation Field and the Placing Agent.

The Placing Shares

65,000,000 Placing Shares represent about 14.75% of the existing issued share capital of the Company divided into 440,797,543 Shares.

Completion

The Placing was completed on 31 January 2007.

EFFECTS ON THE SHAREHOLDING STRUCTURE

	Shareholding immediately before the Placing		Shareholding immediately after the Placing	
	<i>No.</i> <i>of Shares (approximately)</i>	<i>%</i>	<i>No.</i> <i>of Shares (approximately)</i>	<i>%</i>
Nation Field and the parties acting in concert with it (including PYI Corporation Limited and Hanny Holdings Limited)	394,602,115	89.52	329,602,115	74.77
Public:				
<i>Placees (Note)</i>	<i>0</i>	<i>0</i>	<i>65,000,000</i>	<i>14.75</i>
<i>Other public Shareholders</i>	<i>46,195,428</i>	<i>10.48</i>	<i>46,195,428</i>	<i>10.48</i>
Subtotal	<u>46,195,428</u>	<u>10.48</u>	<u>111,195,428</u>	<u>25.23</u>
Total	<u>440,797,543</u>	<u>100.00</u>	<u>440,797,543</u>	<u>100.00</u>

Note: For illustration purposes only, the number of Shares set out in this row represents the total number of 65,000,000 Placing Shares placed to the Placees.

RESUMPTION OF TRADING

Upon the close of the general offer made by the Kingston Securities on behalf of Nation Field to acquired all the issued Shares other than those already owned by Nation Field and party acting in concert with it and their respective associates, the public float of Shares was less than 25% of the issued share capital of the Company (details of which are set out in the joint announcement dated 16 June 2006 issued by Nation Field and the Company). Pursuant to Rule 8.08 of the Listing Rules, trading in the Shares was suspended with effect from 9:30 a.m. on Monday, 19 June 2006 until the public float is restored as required under the Listing Rules.

Immediately after the completion of the Placing, there are 111,195,428 Shares in the hands of the public, representing approximately 25.23% of the issued share capital of the Company. The Company confirms that the public float of the Shares have been restored as required under the Listing Rules immediately after completion of the Placing and application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange at 9:30 a.m. on 1 February 2007.

TERMS AND DEFINITION

“Board”	The board of directors of the Company
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the board of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Date”	19 June 2006, being the last full trading day for the Shares before this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nation Field”	Nation Field Limited, a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are beneficially and wholly owned by Mr. Gao Yang
“Placing Agreement ”	the placing agreement between Nation Field and the Placing Agent dated 29 January 2007 in relation to the Placing
“Placing Price”	HK\$0.32 per Placing Shares
“Placing Shares”	An aggregate of 65,000,000 existing Shares beneficially owned by Nation Field and to be placed pursuant to the Placing Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Strategic Holdings Limited
Gao Yang
Chairman

Hong Kong, 31 January 2007

As at the date of this announcement, the Board comprises three executive Directors namely Mr. Gao Yang, Mr. Kwok Ka Lap, Alva and Ms. Chan Ling, Eva and three independent non-executive Directors namely Mr. Wong King Lam, Joseph, Mr. Sin Chi Fai and Ms. Ching Yuen Man, Angela.

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