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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)

ANNOUNCEMENT

(A) MONTHLY ANNOUNCEMENT ON CONVERSION OF CONVERTIBLE NOTES

(B) COMPLETION OF PLACING OF CONVERTIBLE NOTES AND SECOND SHARE PLACING

This announcement is made pursuant to the paragraph of “Dilution Effect on Shareholders” in the Circular in relation to, among other things, placing of the Convertible Notes.

The Board is pleased to announce that completion of the CN Placing in an aggregate principal amount of HK\$1,173,150,000 and the Second Share Placing took place on 7 January 2008.

Reference is made to the circular of China Strategic Holdings Limited (the “Company”) dated 14 September 2007 (the “Circular”). Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Circular.

MONTHLY ANNOUNCEMENT ON CONVERSION OF CONVERTIBLE NOTES

Pursuant to the paragraph of “Dilution Effect on Shareholders” in the Circular in relation to, among other things, placing of the Convertible Notes, details regarding the status of conversion of the Convertible Notes and Shares issued in the month of December 2007 are as follows:

- (a) no conversion of the Convertible Notes was made by the holders of the Convertible Notes during the period from 1 December 2007 to 31 December 2007 (the “**Relevant Period**”);

- (b) the principal amount of the Convertible Notes outstanding as at 31 December 2007 was HK\$146,850,000;
- (c) there was no new share issued pursuant to other transactions during the Relevant Period; and
- (d) the total issued share capital of the Company as at the commencement and the last day of December 2007 was 528,797,543 Shares in the amount of HK\$52,879,754.30.

COMPLETION OF THE PLACING OF THE SECOND SHARE PLACING AND THE CONVERTIBLE NOTES

The Second Share Placing was approved by the Shareholders at the EGM. On 31 December 2007, the Listing Committee of the Stock Exchange has, upon application by the Company, granted, on a conditional basis, the listing of and permission to deal in 1,500,000,000 new Shares at the Placing Price of HK\$0.33 per Second Placing Share. Accordingly, the conditions precedent in relation to the issue of the Second Placing Shares have been fulfilled. The Board is also pleased to announce that the completion of the Second Share Placing took place on 7 January 2008. The Placing Agent has placed a total of 1,500,000,000 Second Placing Shares to not less than six independent Share Placees. To the best knowledge, information and belief of the Directors, the Shares Placees and their ultimate beneficial owners are independent of and not connected with the Company and the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

The placing of the Convertible Notes in the principal amount of HK\$1,320,000,000 was approved by the Shareholders at the EGM. On 31 December 2007, the Listing Committee of the Stock Exchange has, upon application by the Company, granted, on a conditional basis, the listing of and permission to deal in a maximum of 3,555,000,000 Conversion Shares in an aggregate sum of HK\$1,173,150,000 at the initial conversion price of HK\$0.33 per Share (subject to adjustment). Accordingly, the conditions precedent in relation to the issue of the relevant Convertible Notes have been fulfilled. The Board is pleased to announce that the completion of the CN Placing in the aggregate principal amount of HK\$1,173,150,000 took place on 7 January 2008. The Placing Agent has placed the Convertible Notes in the aggregate principal amount of HK\$1,173,150,000 to not less than six independent CN Placees. To the best knowledge, information and belief of the Directors, the CN Placees and their ultimate beneficial owners are independent of and not connected with the Company and the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

Pursuant to the list of information of placees provided by the Placing Agent, there are three new substantial shareholders emerged as a result of completion of the Second Share Placing and the CN Placing. The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon the completion of the Second Share Placing and the CN Placing are set out below:

| | Existing Shareholdings | | Completion of the Second Share Placing | | Assuming allotment and issue of 445,000,000 Shares under the first tranche of the CN Placing upon conversion of the relevant Convertible Notes at the conversion price of HK\$0.33 per Share | | Assuming allotment and issue of 3,555,000,000 Shares under the second tranche of the CN Placing upon conversion of the relevant Convertible Notes at the conversion price of HK\$0.33 per Share | |
|--|------------------------|-------------------|--|-------------------|--|-------------------|---|-------------------|
| | No. of Shares | % (approximately) | No. of Shares | % (approximately) | No. of Shares | % (approximately) | No. of Shares | % (approximately) |
| 1. Nation Field Limited (Note 1) | 125,782,321 | 23.79 | 125,782,321 | 6.19 | 125,782,321 | 5.08 | 125,782,321 | 2.09 |
| Fan Guoping (Note 2) | | | 380,910,000 | 18.78 | 380,910,000 | 15.40 | 909,090,000 (comprising 380,910,000 Shares and 528,180,000 underlying Shares) | 15.08 |
| Yeung Bo Lin (Note 3) | | | 606,060,000 | 29.87 | 606,060,000 | 24.50 | 606,060,000 | 10.05 |
| Dong Xiujian (Note 4) | | | | | | | 909,090,000 | 15.08 |
| Public Shareholding: | | | | | | | | |
| 2. Public Shareholders | 403,015,222 | 76.21 | 403,015,222 | 19.87 | 403,015,222 | 16.29 | 403,015,222 | 6.68 |
| 3. Share Placees of Second Share Placing | — | — | 513,030,000 | 25.29 | 513,030,000 | 20.74 | 513,030,000 | 8.51 |
| 4. CN Placees | — | — | — | — | 445,000,000 | 17.99 | 2,562,730,000 | 42.51 |
| Total Public shareholding | 403,015,222 | 76.21 | 916,045,222 | 45.16 | 1,361,045,222 | 55.02 | 3,478,775,222 | 57.70 |
| Total | <u>528,797,543</u> | <u>100.00</u> | <u>2,028,797,543</u> | <u>100.00</u> | <u>2,473,797,543</u> | <u>100.00</u> | <u>6,028,797,543</u> | <u>100.00</u> |

Note 1: Nation Field Limited is wholly owned by Mr. Gao Yang, a former executive Director of the Company.

Note 2: Fan Guoping is a placee under the Second Share Placing and the CN Placing. Fan Guoping confirmed that he and his concert parties do not hold 30% or more of the voting right of the Company after completion of the Second Share Placing.

Note 3: Yeung Bolin is a placee under the Second Share Placing. Yeung Bolin confirmed that she and her concert parties do not hold 30% or more of the voting right of the Company after completion of the Second Share Placing.

Fan Guoping and Yeung Bolin confirmed that they are independent of and not acting in concert with each other.

Note 4: Dong Xiujuan is a placee under the CN Placing.

By order of the board
China Strategic Holdings Limited
Chow Kam Wah
Director

Hong Kong, 8 January 2008

As at the date of this announcement, the board of directors of the Company comprises Ms. Chiu Ching Ching, Mr. Wong Ah Chik, Mr. Kwok Ka Lap, Alva, Ms. Chan Ling, Eva, Mr. Lee Sun Man and Mr. Chow Kam Wah as executive directors, and Ms. Ma Yin Fan, Mr. Phillip Fei and Mr. Leung Hoi Ying as independent non-executive directors.