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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 FRAMEWORK AGREEMENT RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Purchaser, a wholly owned subsidiary of the Company, entered into the Framework Agreement with the Vendor at around 2:00 p.m. on 11 January 2008 in respect of the acquisition of the Targets. The Framework Agreement has also set out arrangements regarding the co-operation between the Vendor and the Purchaser in the PRC.

The Company confirms that, save as disclosed in this announcement and the information as disclosed in the announcement of the Company dated 28 December 2007, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules and neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Trading in the Shares was suspended at the request of the Company with effect from 2:34 p.m. on 11 January 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 14 January 2008 following the publication of this announcement.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of China Strategic Holdings Limited (the “Company”) is pleased to announce that Uni-Dragon International Limited, a wholly owned subsidiary of the Company (the “Purchaser”), entered into the framework agreement (the “Framework Agreement”) with 中國中鐵股份有限公司資源開發分公司 (Resource Development Branch Office of China Railway Group Limited\*) (the “Vendor”) at around 2:00 p.m. on 11 January 2008. The H shares of China Railway Group Limited are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company (the “Directors”), the Vendor and its controlling shareholders are third parties independent of the Company and connected persons of the Company.

## **FRAMEWORK AGREEMENT**

The Directors confirm that the principal terms of the Framework Agreement are set out below.

Pursuant to the Framework Agreement, the Vendor shall sell part or entire share capital of 蘇尼特左旗小白陽礦業有限公司 (Sunitezuo Xiao Bei Yang Mining Company Limited\*) (“Xiao Bei Yang Company”) and not less than 20% of share capital of interest in 蘇尼特左旗芒來礦業有限公司 (Sunitezuo Mang Lai Mining Company Ltd.\*) (“Mang Lai Company”) together with the share capital of mining and railway companies invested by the Vendor in Mongolia (collectively referred to as “the Targets”). The Purchaser shall pay not less than 50% of the consideration for acquisition of the Targets by cash and the remaining balance of such consideration shall be satisfied by the allotment and issue of shares of the Company (the “Shares”) which number shall be calculated based on the average closing price of the shares of the Company for a period of 12 months or such other methods as may be agreed between the Vendor and the Purchaser. As at the date hereof, no consideration for the acquisition of the Targets has been fixed.

Pursuant to the Framework Agreement, the Vendor and the Purchaser have agreed on the following arrangements :

1. the Vendor will conditionally purchase the mining companies owned by the Purchaser or its related companies and such mining companies will jointly be operated and managed by the Vendor and the Purchaser after acquisition.
2. the Purchaser will procure the interest of any mining companies acquired by it be included or injected into the Company.

According to the Framework Agreement, the Vendor will provide to the Purchaser the basic information and feasibility study information regarding the Targets. In addition, the Vendor shall be responsible for the obtaining of the licence for exploration and mining for the Xiao Bei Yang Company, Mang Lai Company and other relevant mining companies.

Pursuant to the Framework Agreement, subject to the passing of resolution by the Board in respect of the acquisition of the Targets, the Vendor and the Purchaser will enter into formal sale and purchase agreement to finalise the terms of such acquisition.

## **INFORMATION RELATING TO XIAO BEI YANG COMPANY AND MANG LAI COMPANY**

According to the information provided by the Vendor, Xiao Bei Yang Company has coal mine reserve of approximately 1,044,000,000 tonnes and Mang Lei Company has coal mine reserve of approximately 993,000,000 tonnes.

## **GENERAL**

As disclosed in the Company's announcement and circular dated 30 August 2007 and 14 September 2007 relating to the placing of shares and convertible notes of the Company, the Group would explore potential business and investment opportunities. In view of the increase in demand for natural resources and energy in the world and the increase in the prices of natural resources over the past years, the Directors are optimistic about the future prospect of the demand for natural resources and the energy industry taking into account the sustainable economic growth of the PRC. By entering into the Framework Agreement, the Company will have another opportunity to enter into the natural resources industry.

Given that the volume of the coal mine reserve of Xiao Bei Yang Company and Mang Lai Company are significant and the amount involved under the acquisition of Targets may be substantial, the Board considers that the entering into of the Framework Agreement is price sensitive nature.

In the event that the value of assets under the acquisition is ascertained, the acquisition of the Targets may constitute a notifiable transaction for the Company, the Company will comply with the relevant requirements under the Listing Rules.

The Company confirms that, save as disclosed in this announcement and the information as disclosed in the announcement of the Company dated 28 December 2007, there are no negotiations or agreements relating to intended acquisitions or

realizations which are discloseable under Rule 13.23 of the Listing Rules and neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

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By order of the Board  
**China Strategic Holdings Limited**  
**Wong Ah Chik**  
*Director*

Hong Kong, 11 January 2008

*As at the date of this announcement, the Board 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.*

*\* For identification purpose only*