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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)

MONTHLY ANNOUNCEMENT ON CONVERSION OF CONVERTIBLE NOTES

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.

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.

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 details regarding the status of conversion of the Convertible Notes and Shares issued in the month of October 2008 are as follows:

- (a) no conversion of the Convertible Notes was made by the holders of the Convertible Notes during the period from 1 October 2008 to 31 October 2008 (the “**Relevant Period**”);
- (b) the principal amount of the Convertible Notes outstanding as at 31 October 2008 was HK\$1,320,000,000;
- (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 October 2008 was 2,028,797,543 Shares in the amount of HK\$202,879,754.30.

The Company also announces that notice of redemptions have been served by the Company on 30 October 2008 and the Convertible Notes in the principal amount of HK\$311,100,900 are expected to be redeemed by the Company on 10 November 2008.

By Order of the Board
China Strategic Holdings Limited
Chow Kam Wah
Director

Hong Kong, 5 November 2008

As at the date of this announcement, the Board comprises Ms. Chiu Ching Ching, Mr. Wong Ah Chik, Mr. Yeung Kwok Yu, Ms. Chan Ling, Eva, Mr. Hui Richard Rui, 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.