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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

China Strategic Holdings Limited (the “**Company**”) refers to certain articles in the press today regarding plans by the Company to joint forces with Primus Financial Holdings Limited to bid for American International Group’s Taiwan unit. Further reference is made to the announcement issued by the Company and dated on 29 July 2009 (the “**Original Announcement**”) in relation to the possible capital raising exercise of the Company and the use the proceeds thereof to acquire a controlling interest in an insurance company located in the Greater China region (the “**Possible Acquisition**”).

As stated in the Original Announcement, the Company has entered into a non-legally binding memorandum of understanding with Primus on 15 July 2009 to form an acquiring vehicle with a view to submitting a proposal for such Possible Acquisition and at this stage, no agreement relating to the Possible Acquisition has been entered into by the Company and the Possible Acquisition remains at a preliminary stage which may or may not materialise. Due to the confidential nature of the Possible Acquisition and the preliminary stage which it is at, other than the information provided in the Original Announcement, the Company is not in any position to disclose any further information relating to the Possible Acquisition. **Shareholders are reminded to exercise caution when dealing in the shares of the Company.**

The Company has not authorized any person to comment on, and it will not comment on, any market speculation or rumour relating to the Company, the possible capital raising exercise or the Possible Acquisition.

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) was suspended from 9:41 a.m. on 31 July 2009 pending release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares in the Stock Exchange with effect from 2:30pm on 31 July 2009.

The Company will make further announcements as and when necessary in order to keep the market informed.

On behalf of the board of directors of
China Strategic Holdings Limited
Yeung Kwok Yu
Director

Hong Kong 31 July 2009

As at the date of this announcement, the Board comprises Ms. Chiu Ching Ching, Mr. Yeung Kwok Yu, Mr. Hui Richard Rui, Ms. Chan Ling, Eva, Mr. Lee Sun Man and Mr. Chow Kam Wah as executive Directors of the Company, and Ms. Ma Yin Fan, Mr. Phillip Fei and Mr. Leung Hoi Ying as independent non-executive Directors of the Company.