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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)

POSITIVE PROFIT ALERT

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

The Board is pleased to inform the Shareholders and potential investors that it is expected that the Group will record a material gain arising from the net gain on fair value changes on investments held for trading and the fair value of compound financial instrument in respect of the Company's Convertible Notes for the six-month period ended 30 June 2009 as compared to the losses recorded by the Group for the six-month period ended 30 June 2008 and the year ended 31 December 2008. Such gain is due to the gradual recovery in the global and Hong Kong economies and the recent upturn in the financial markets.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

This announcement is made by China Strategic Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

After a preliminary review of the management accounts of the Group, the board of directors of the Company (the “**Board**”) is pleased to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that it is expected that the Group will record a material gain arising from the net gain on fair value changes on investments held for trading and the fair value of compound financial instrument in respect of the convertible redeemable notes issued by the Company in the maximum aggregate principal amount of HK\$1,320,000,000 due on 31 December 2010 (the

“**Convertible Notes**”) for the six-month period ended 30 June 2009 as compared to the losses recorded by the Group for the six-month period ended 30 June 2008 and the year ended 31 December 2008. Such gain is due to the gradual recovery in the global and Hong Kong economies and the recent upturn in the financial markets.

The Company is in the process of finalising its interim results of its continuing operations for the six-month period ended 30 June 2009. The overall financial results of the Group for the six-month period ended 30 June 2009 will be ascertained when these results are finalised. Details of the Group’s performance will be disclosed in the interim results announcement of the Group by late September 2009.

The information contained in this announcement is based on the preliminary assessment by the Company’s management according to the management accounts of the Group and is not based on any figures or information that has been audited or reviewed by the Company’s auditors.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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

By Order of the Board
China Strategic Holdings Limited
Yeung Kwok Yu
Director

Hong Kong, 8 September 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.