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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)

PROFIT WARNING

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

The Board wishes to inform the Shareholders and potential investors that the Group would continue to record a loss for its six-month period ended 30 June 2011, although it was expected that the said loss would be significantly less than that recorded for the corresponding period ended 30 June 2010.

Shareholders and potential investors are advised 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”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the Group would continue to record a loss for its six-month period ended 30 June 2011, although it was expected that the said loss would be significantly less than that recorded for the corresponding period ended 30 June 2010. The Board considers that the reduced loss is due to (i) an increase in the gain on financial assets at fair value through profit or loss for the six-month period ended 30 June 2011 as compared to the gain on financial assets at fair value through profit or loss recorded by the Group for the corresponding period ended 30 June 2010; and (ii) a significant decrease in administrative expenses for the

six-month period ended 30 June 2011 as compared to the substantial amount of administrative expenses due to the proposed acquisition project of the Company (which was terminated on 20 September 2010) recorded by the Group for the corresponding period ended 30 June 2010.

The information contained in this announcement is only 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.

The Company is in the process of finalizing the interim results of its continuing operations for the six-month period ended 30 June 2011. The overall financial results of the Group for the six-month period ended 30 June 2011 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 before the end of August 2011.

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

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

On behalf of the Board
China Strategic Holdings Limited
Ma Si Hang, Frederick
Chairman

Hong Kong, 20 July 2011

As at the date hereof, the board of directors of the Company comprises Mr. Or Ching Fai, Ms. Chiu Ching Ching, Mr. Yau Wing Yiu, Ms. Chan Ling, Eva, Mr. Hui Richard Rui and Mr. Chow Kam Wah as executive directors of the Company, Mr. Ma Si Hang, Frederick as a non-executive director of the Company and Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying as independent non-executive directors of the Company.