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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)

PARTIAL COMPLETION OF PLACING OF THE CONVERTIBLE NOTES DUE 2010

The Board is pleased to announce that the partial completion of the placing of the Convertible Notes in the aggregate principal amount of HK\$146,850,000 took place on 5 November 2007.

Reference is made to the announcement of the Company dated 30 August 2007 (the “Announcement”) and the circular of the Company dated 14 September 2007 in respect of, inter alia, the placing of shares and convertible notes of the Company. Unless otherwise defined, terms used in this announcement shall have the same meaning as those defined in the Announcement and the Circular.

The placing of the Convertible Notes in the principal amount of HK\$1,320,000,000 was approved by the Shareholders at the EGM. On 31 October 2007, the Listing Committee of the Stock Exchange has, upon application by the Company, granted, on a condition basis, the listing of and permission to deal in a maximum of 445,000,000 Conversion Shares in an aggregate sum of HK\$146,850,000 at the initial conversion price of HK\$0.33 per Share (subject to adjustment). Accordingly, the conditions precedent in relation to the issue of the relevant Convertible Notes have been fulfilled. The Board is pleased to announce that the partial completion of the CN Placing in the aggregate principal amount of HK\$146,850,000 took place on 5 November 2007. The Placing Agent has placed the Convertible Notes in the aggregate principal amount of HK\$146,850,000 to not less than six placees. To the best knowledge, information and belief of the Directors, the placees and their ultimate beneficial owners are independent of and not connected with the Company and the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon the above-mentioned partial completion of the CN Placing are set out as below:

	Existing shareholdings		Assuming allotment and issue of 445,000,000 Shares upon conversion of the relevant Convertible Notes at the conversion price of HK\$0.33 per Share	
	No. of Shares	(approximately) %	No. of Shares	(approximately) %
1. Nation Field Limited (<i>Note 1</i>)	125,782,321	23.79	125,782,321	12.92
Public Shareholding:				
2. Public Shareholders	403,015,222	76.21	403,015,222	41.38
3. CN Placees	—	—	445,000,000	45.70
Total	<u>528,797,543</u>	<u>100.00</u>	<u>973,797,543</u>	<u>100.00</u>

Note 1: Nation Field Limited is wholly owned by Mr. Gao Yang, an executive Director of the Company.

So far as the Directors are aware, there is no change in substantial Shareholder(s) of the Company as a result of the foregoing partial completion of the CN Placing.

The Company will make further announcement(s) as and when the next tranche of the Convertible Note is issued.

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

Hong Kong, 5 November 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Gao Yang, Mr. Kwok Ka Lap, Alva, Ms. Chan Ling, Eva, Ms. Chiu Ching Ching, Mr. Lee Sun Man and Mr. Chow Kam Wah as executive directors, and Mr. Phillip Fei, Mr. Leung Hoi Ying and Ms. Ma Yin Fan as independent non-executive directors.