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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 it is expected that the Company will record a material loss on fair value changes on investments held for trading for the six-month period ended 30 June 2008 as compared to a profit arising from such fair value changes recorded by the Group for the corresponding period ended 30 June 2007 as a result of the recent downturn in the financial market.

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”, 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 preliminary review by the Company’s management based on 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 the potential investors that it is expected that the Group will record a material loss on fair value changes on investments held for trading for the six-month period ended 30 June 2008 as compared to a profit arising from such fair value changes recorded by the Group for the corresponding period ended 30 June 2007 as a result of the recent downturn in the financial market.

In the meantime, the Company is in the process of finalizing the interim results of its continuing operations for the six-month period ended 30 June 2008 as well as the accounting treatment in calculating the fair value of the conversion option derivative under the convertible notes issued by the Company for review by its auditor. The overall financial results of the Group for the six-month period ended 30 June 2008 will only be ascertained when all these results and treatments are finalized. Details of the Group's performance will be disclosed in the interim results announcement of the Group by September 2008.

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 nor information that has been audited or reviewed by the Company's auditors.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 August 2008

As at the date of this announcement, the Board comprises Ms. Chiu Ching Ching, Mr. Wong Ah Chik, Mr. Zhang Hong Ren, Ms. Chan Ling, Eva, 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.