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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(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the Group's interim results for the six-month period ended 30 June 2010 is expected to record an increased loss as compared to the year ended 31 December 2009.

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(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the unaudited consolidated loss of the Group for the six-month period ended 30 June 2010 is expected to increase as compared to the loss recorded for the year ended 31 December 2009 due to (i) a decrease in the gain on fair value changes on investments held for trading for the six-month period ended 30 June 2010 as compared to the gain on such fair value changes recorded by the Group for the corresponding period ended 30 June 2009 and the year ended 31 December 2009; and (ii) the substantial increase in administrative expenses due to, among other things, the proposed acquisition project of the Company.

The Company is in the process of finalising the interim results of its continuing operations for the six-month period ended 30 June 2010. The overall financial results of the Group for the six-month period ended 30 June 2010 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-August 2010.

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.

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

Hong Kong, 20 July 2010

As at the date hereof, the Board comprises Mr. Or Ching Fai, Ms. Chiu Ching Ching, Mr. Yau Wing Yiu, Mr. Hui Richard Rui, Ms. Chan Ling, Eva, Mr. Lee Sun Man and Mr. Chow Kam Wah as executive Directors, Mr. Ma Si Hang, Frederick as a non-executive Director and Ms. Ma Yin Fan, Mr. Phillip Fei and Mr. Leung Hoi Ying as independent non-executive Directors.