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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange.

The Board has been informed by the Stock Exchange that based on the information from the SFC, 13 investors held an aggregate of 89,705,500 Shares, representing approximately 20.35% of the issued share capital of the Company as at 5th February, 2007. Nation Field Limited, Well Orient Limited and Calisan Developments Limited, the substantial shareholders of the Company, held 328,167,115 Shares, representing approximately 74.45% of the issued share capital of the Company, together with the shareholding interests of said 13 investors, in aggregate held 417,872,615 Shares, representing approximately 94.80% of the issued share capital of the Company. On the basis of the above, only approximately 5.20% of the issued share capital of the Company were in the hands of other investors.

In the view of the high concentration of shareholding in a small number of shareholders, Shareholders and potential investors of the Company shall be aware that the price of the Shares could fluctuate substantially even with a small number of the Shares being traded. **Shareholders and potential investors of the Company are reminded to exercise caution when dealing the Shares.**

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Trading in Shares was suspended between 19 June, 2006 and 31 January 2007 as its public float fell below 25% after the mandatory general offer made by Nation Field Limited. After around 7 months, trading in Shares resumed on 1 February, 2007 after the restoration of public float by way of placing 65 million Shares at HK\$0.32 per Share by Nation Field Limited. Upon resumption of trading, share price of the Company soared 94.59% to close at HK\$0.72 from the pre-suspension closing price of HK\$0.37 on 16 June, 2006 with turnover recorded at 4 million Shares. As a comparison, before suspension, the average daily turnover amounted to only 0.5 million Shares during 16 May 2006 to 16 June, 2006.

The Board wishes to clarify that as the information is provided by the SFC, the Company is not in a position to verify or comment on the accuracy of such information except that the three substantial shareholders, namely Nation Field Limited, Well Orient Limited and Calisan Developments Limited. Nation Field Limited is beneficially owned by Mr. Gao Yang, the Chairman of the Company. Well Orient Limited and Calisan Developments Limited are indirect wholly-owned subsidiary of Hanny Holdings Limited and PYI Corporation Limited respectively. Nation Field Limited, Well Orient Limited and Calisan Developments Limited held in an aggregate 328,167,115 Shares, representing approximately 74.45% of the issued share capital of the Company. In any event, the Board confirms that, based on the information made available from the Company's register of members and notices received by the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it believes that to the best of its knowledge and belief, having made all reasonable enquiries, the Company is able to comply with the public float requirement under the Listing Rules.

Based on the information above, the shareholding structure of the Company as at 5 February, 2007 is as follows:–

	Number of Shares	%
Nation Field Limited, Well Orient Limited and Calisan Developments Limited	328,167,115	74.45
Other Shareholders (including 13 investors)	<u>112,630,428</u>	<u>25.55</u>
	<u><u>440,797,543</u></u>	<u><u>100.00</u></u>

Given that the concentration of public float of the Company was in the hands of a limited number of Shareholders as at 5 February, 2007, the Company hereby makes this announcement to keep the market promptly informed of this circumstance.

In the view of the high concentration of shareholding in a small number of shareholders, Shareholders and potential investors of the Company shall be aware that the price of the Shares could fluctuate substantially even with a small number of the Shares being traded. **Shareholders and potential investors of the Company are reminded to exercise caution when dealing the Shares.**

TERMS AND DEFINITION

“Board”	The board of directors of the Company
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFC”	the Securities and Futures Commission
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
China Strategic Holdings Limited
Gao Yang
Chairman

Hong Kong, 1 March, 2007

As at the date of this announcement, the Board comprises three executive Directors namely Mr. Gao Yang, Mr. Kwok Ka Lap, Alva and Ms. Chan Ling, Eva and three independent non-executive Directors namely Mr. Wong King Lam, Joseph, Mr. Sin Chi Fai and Ms. Ching Yuen Man, Angela.

Please also refer to the published version of this announcement in The Standard.