



CHINA STRATEGIC HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

THE CAPITAL REORGANISATION AND THE GROUP REORGANISATION

Financial adviser to China Strategic Holdings Limited



道亨證券有限公司

DaoHeng Securities Ltd.

A Member of the Guoco Group

The Board is pleased to announce that the Capital Reorganisation and the Group Reorganisation will become effective on 19 May 2006.

Reference is made to (i) the joint announcement dated 19 April 2005, 30 December 2005 and 2 May 2006 (the "Joint Announcement") issued by Hanny Holdings Limited, China Strategic Holdings Limited (the "Company"), Well Orient Limited, Nation Field Limited and Group Dragon Investments Limited; (ii) the circular issued by the Company dated 10 September 2005 (the "Circular"); and (iii) the announcements dated 6 October 2005 and 8 March 2006 respectively issued by the Company. Terms used herein shall have the same meanings as those defined in the Circular unless the context herein requires otherwise.

The Board is pleased to announce that all the conditions precedent to the Capital Reorganisation and the Group Reorganisation have been/will be fulfilled on or before 18 May 2006 and 19 May 2006 respectively and accordingly, the Capital Reorganisation and the Group Reorganisation will become effective on 19 May 2006. Details of the trading arrangements and free exchange of new Share certificates in respect of the Capital Reorganisation were set out in the Joint Announcement.

Executive Directors:

Dr. Chan Kwok Keung, Charles

Dr. Yap, Allan

Ms. Chau Mei Wah, Rosanna

Ms. Chan Ling, Eva

Mr. Li Bo

Mr. Chan Kwok Hung

(Alternate to Dr. Chan Kwok Keung, Charles)

Mr. Lui Siu Tsuen, Richard

(Alternate to Dr. Yap, Allan)

Independent Non-executive Directors:

Mr. David Edwin Bussmann

Mr. Wong King Lam, Joseph

Mr. Sin Chi Fai

By order of the board of

CHINA STRATEGIC HOLDINGS LIMITED

Chan Yan Yan, Jenny

Company Secretary

Hong Kong, 18 May 2006

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.