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CHINA STRATEGIC HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

This announcement is made pursuant to Rule 13.16 of the Listing Rules to disclose the details of financial assistance to an affiliated company of the Company.

As at the date of this Announcement, Wing On, an affiliated company of the Company under the Listing Rules, owes an amount to a wholly-owned subsidiary of CEL, a non-wholly owned subsidiary of the Company which percentage ratio exceeds 8% in accordance with the Listing Rules.

This announcement is made pursuant to Rule 13.16 of the Listing Rules to disclose the details of financial assistance to an affiliated company of CEL.

The Directors announce that CEL, a non-wholly owned subsidiary of the Company, has on 4th May, 2004 entered into an agreement with Wing On, an affiliated company of the Company under the Listing Rules, pursuant to which CEL has agreed to procure the registered holder of the 2002 Note, which is a wholly-owned subsidiary of CEL, not to demand immediate repayment of the outstanding principal amount of the 2002 Note, being HK\$84.8 million (together with interest accrued thereon) as at the date of this announcement, until completion of the proposed issue of the 2004 Note to CEL or its nominee or 4th June, 2004, whichever is the earlier. The percentage ratio of the outstanding amount under the 2002 Note exceeds 8% in accordance with the Listing Rules. The 2002 Note was issued on 19th April, 2002 and matured on 19th April, 2004. As stated in the announcement of Wing On dated 17th March, 2004, CEL has conditionally subscribed for the 2004 Note, the proceeds of which are to be applied towards the repayment of the outstanding principal amount of the 2002 Note. In the meantime, interest will continue to accrue on the outstanding principal amount of the 2002 Note at the rate of 2% per annum. The 2002 Note is unsecured. The subscription of 2002 Note by CEL had been funded from internal resources.

The Company will fulfill the continuing disclosure obligation under Rule 13.22 of the Listing Rules in subsequent interim and annual reports.

As at the date of this announcement, the board of directors of the Company comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Mr. Li Wa Kin, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva as executive directors, Mr. Chan Kwok Hung and Mr. Lui Siu Tsuen, Richard as alternate directors to Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively and Mr. David Edwin Bussmann and Ms. Fung Wan Yiu, Agnes as independent non-executive directors.

DEFINITION

In this announcement, the following terms have the following meanings:—

- “CEL” means China Enterprises Limited, a company incorporated in Bermuda with limited liability, the shares of which are traded on the OTC Bulletin Board in the United States of America and is owned as to approximately 55.2% effective equity interest and approximately 88.8% effective voting interest by the Company;
- “Company” means China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
- “Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;
- “Stock Exchange” means The Stock Exchange of Hong Kong Limited;
- “Wing On” means Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
- “2002 Note” means the 2% convertible note due 2004 of an outstanding principal amount of HK\$84.8 million issued by Wing On to CEL or its nominee; and
- “2004 Note” means the convertible note to be issued by Wing On to CEL or its nominee with a principal amount of HK\$155 million, which entitles the holder thereof to convert into shares of HK\$0.01 in the share capital of Wing On at any time from the date of issue of the convertible note up to the maturity of the convertible note at an initial conversion price of HK\$0.020 per share (subject to adjustment) pursuant to a conditional agreement dated 13th January, 2004 (as amended on 17th March, 2004 and 4th May, 2004) between Wing On and CEL.

By order of the board of
China Strategic Holdings Limited
Jenny Chan
Secretary

Hong Kong, 4th May, 2004

Please also refer to the published version of this announcement in the China Daily.