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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

CLARIFICATION ANNOUNCEMENT

Reference is made to the circular issued by the Company dated 10 September 2005 in relation to, among others, the Group Reorganisation. The board of Directors would like to clarify that the amendments as set out hereinafter shall be made to pages 59 and 60 of the Circular.

Reference is made to the circular issued by the Company dated 10 September 2005 in relation to, among others, the Group Reorganisation (the “Circular”). Terms used herein shall have the same meanings as defined in the Circular unless otherwise specified.

The board of Directors would like to make the following amendments due to typing errors (which have been marked up for easy reference) to the section headed “(2) Mechanics of the Group Reorganisation” and the subsection headed “Conditions of the Group Reorganisation” set out on pages 59 and 60 respectively of the Circular:

The first paragraph under the section headed “(2) Mechanics of the Group Reorganisation” on page 59:

“The Group Reorganisation will be implemented upon the Capital Reorganisation taking effect. The Group Reorganisation will be effected by (i) GDI acquiring a number of subsidiaries and associated companies from the Company; (ii) the assignment of various intragroup loans between members of the Group (excluding the GDI Group) (the “Remaining Group”) and the GDI Group; and (iii) the transfer of various intragroup assets and liabilities, including certain properties, plant and equipment, amount receivables and payables, cash and bank balances and bank borrowings, between the Remaining Group and the GDI Group (details of which are set out in note 5 to “1.(B) Unaudited Pro Forma Assets and Liabilities Statements” contained in Appendix II). The various intragroup loans, assets and liabilities to be assigned shall be determined with reference to the relevant amounts of such balances in the management accounts of the relevant investment holding subsidiaries of the Company as at the date of completion of the Group Reorganisation.”

The penultimate paragraph under the subsection headed “Conditions of the Group Reorganisation” on page 60:

“Save for condition (iv) above, none of the above conditions is capable of being waived. The resolution to consider and approve the Group Reorganisation will be taken by poll. Hanny, Paul Y and their respective associates and parties acting in concert with them, and those parties who have material interests in the Share Sale Agreement and the making of the GDI Offer will abstain from voting on the resolution approving the Group Reorganisation.”

By order of the board of
CHINA STRATEGIC HOLDINGS LIMITED
Chan Yan Yan, Jenny
Company Secretary

Hong Kong, 12 September 2005

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

The Directors 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, 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.

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