



CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock code: 235

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Strategic Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Thursday, 6 October 2005 at 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modification, each of the following resolutions as a special resolutions of the Company:

SPECIAL RESOLUTIONS

1. “**THAT** conditional upon:—

- (A) the sanction of the Capital Reduction (as defined hereinafter) and the Reduction of Share Premium Account (as defined hereinafter) by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**Court**”) and the registration by the Registrar of Companies in Hong Kong of an office copy of the Court order and the minute containing the particulars required under section 61 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); and
- (B) the granting of the listing of, and permission to deal in, the Consolidated Shares (as defined hereinafter) by the Listing Committee of The Stock Exchange of Hong Kong Limited,

the reorganisation of the share capital of the Company in the following manner (the “**Capital Reorganisation**”) be and is hereby approved:—

- (i) the nominal value of each of the shares of HK\$0.10 each in the capital of the Company be and is hereby reduced by cancelling the paid-up capital to the extent of HK\$0.05 on each of such shares to the effect that each issued share in the capital of the Company will be treated as one fully paid-up ordinary share of HK\$0.05 each in the capital of the Company (the “**Capital Reduction**”);
- (ii) each of the authorised but unissued shares of HK\$0.10 each in the capital of the Company be and is hereby subdivided into 2 shares of HK\$0.05 each (the “**Subdivision**”);
- (iii) the entire amount standing to the credit of the share premium account of the Company as at the date on which the Capital Reorganisation becoming effective be and is hereby reduced to zero (the “**Reduction of Share Premium**”);
- (iv) the credit arising from the Capital Reduction and the Reduction of Share Premium be and is hereby transferred to the special capital reserve account of the Company and the directors of the Company be and are hereby authorised, to the extent permitted by the Court and subject to any conditions which the Court may impose, to apply an amount standing to the credit of the special reserve account towards the elimination of the accumulated deficit of the Company;

- (v) subject to and forthwith upon the Capital Reduction and the Subdivision having become effective, every 2 shares of HK\$0.05 each in the capital of the Company (whether issued or unissued) be and are hereby consolidated (the “**Share Consolidation**”) into a share of HK\$0.10 each (the “**Consolidated Shares**”); and
- (vi) any director of the Company be and is hereby authorised to do all acts and things which in his opinion are appropriate, desirable or necessary to give effect to and implement any of the foregoing.”

2. “**THAT** subject to:—

- (A) the Capital Reorganisation (as defined in resolution numbered 1 of the notice of the meeting of which this resolution forms part) having become effective;
- (B) the agreement of the creditors of the Company and its subsidiaries (the “**Group**”), if required, to the release of guarantees given by the Company and/or any of its subsidiaries (other than Group Dragon Investments Limited (“**GDI**”), a wholly-owned subsidiary of the Company as at the date hereof, and its subsidiaries (the “**GDI Group**”)) on the obligation of any members of the GDI Group following the implementation of the Group Reorganisation (as hereinafter defined); and
- (C) the obtaining of any other third-party consents or approvals, including all regulatory consents, required to give effect to the Group Reorganisation (as hereinafter defined),

the reorganisation of the Group in the following manner (the “**Group Reorganisation**”) be and is hereby approved and adopted:—

- (i) GDI will acquire all interests of the Group relating to the Distributed Business (as defined in the circular of the Company dated 10 September 2005 (the “**Circular**”)), such acquisition to 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) and the GDI Group; and (iii) the transfer of various intragroup assets and liabilities between members of the Group (excluding the GDI Group) and the GDI Group as further described and explained in the Circular and, in consideration of and in exchange for such acquisition, GDI will allot and issue such number of shares in GDI (the “**GDI Shares**”), credited as fully paid, to the Company so that the total number of GDI Shares to be in issue is equal to the number of Consolidated Shares (as defined in resolution numbered 1 of the notice of the meeting of which this resolution forms part) in issue on the Record Date (as defined in the Circular);
- (ii) immediately after transfer of the interests of the Group to GDI as set out in paragraph (i) above, the shares in GDI will be distributed to the shareholders of the Company whose names are registered at the close of business on the Record Date (as defined in the Circular, in the register of members of the Company on a one-for-one basis by a distribution from the special capital reserve account of the Company as further described and explained in the Circular; and

- (iii) the directors of the Company be and are hereby authorised generally to take any and all steps and to do and, or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect the Group Reorganisation.”

By order of the Board
China Strategic Holdings Limited
Chan Yan Yan, Jenny
Company Secretary

Hong Kong, 10 September 2005

Registered office:

8th Floor
Paul Y. Centre
51 Hung To Road
Kwun Tong
Kowloon
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting to be convened by the above notice is entitled to appoint another person(s) as his proxy(ies) to attend and vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to duly complete, sign and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority must be lodged at the Hong Kong branch share registrars of the Company, Standard Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
4. Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may vote at the meeting either personally or by proxy in respect of such share(s) as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
5. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or any adjourned meeting should he so wish and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

As at the date hereof, 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), Mr. David Edwin Bussmann, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai are directors of the Company.