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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred all** your shares in China Strategic Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other material facts not contained herein the omission of which would make any statement contained in this circular misleading.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

## PROPOSALS FOR RE-ELECTION OF DIRECTORS GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

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A notice convening the annual general meeting of China Strategic Holdings Limited to be held at 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 29 June 2006 at 11:00 a.m. is set out on pages 12 to 15 of this circular. Whether or not you intend to attend the meeting, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the share registrars and transfer office of the Company, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

2 May 2006

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context otherwise requires:*

“AGM”	the annual general meeting of the Company to be held at 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 29 June 2006 at 11:00 a.m. or any adjournment thereof
“Articles”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“business day”	has the meaning ascribed to it under the Listing Rules
“Code”	The Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hanny”	Hanny Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	26 April 2006 being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as modified from time to time)
“Memorandum”	the memorandum of association of the Company (as amended from time to time)
“Notice of AGM”	the notice convening the AGM as set out on pages 12 to 15 of this circular
“PYI”	PYI Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the Company
“Share Option Scheme”	the share option scheme adopted by the Company at an extraordinary general meeting of the Company held on 4 June 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being a subsidiary (within the meaning of section 2(4) of the Companies Ordinance) of the Company
“Substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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LETTER FROM THE BOARD

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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)

*Executive Directors*

Dr. Chan Kwok Keung, Charles

Dr. Yap, Allan

Ms. Chau Mei Wah, Rosanna

Ms. Chan Ling, Eva

Mr. Li Bo

*Registered Office:*

8th Floor

Paul Y. Centre

51 Hung To Road

Kwun Tong

Kowloon

Hong Kong

*Independent non-executive Directors*

Mr. David Edwin Bussmann

Mr. Wong King Lam, Joseph

Mr. Sin Chi Fai

*Alternate Directors*

Mr. Chan Kwok Hung

*(Alternate to Dr. Chan Kwok Keung, Charles)*

Mr. Lui Siu Tsuen, Richard

*(Alternate to Dr. Yap, Allan)*

2 May 2006

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to: (i) the re-election of Directors; and (ii) the granting to the Directors of general mandates for the issue of Shares and the repurchase of Shares up to 20%

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## LETTER FROM THE BOARD

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and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of the passing of such resolutions.

### RE-ELECTION OF DIRECTORS

The Board currently consists of ten Directors, namely Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva, Mr. Li Bo, Mr. Chan Kwok Hung (as alternate Director to Dr. Chan Kwok Keung, Charles), Mr. Lui Siu Tsuen, Richard (as alternate Director to Dr. Yap, Allan), Mr. David Edwin Bussmann, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai.

Pursuant to Article 116 of the Articles, at each annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election. Pursuant to the existing Article 99 of the Articles, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company (in case of filling a causal vacancy) or until next following annual general meeting of the Company (in case of an addition to their number) and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Pursuant to Article 116 of the Articles, Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan and Ms. Chan Ling, Eva shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Article 120 of the Articles provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company during the period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the registered office of the Company at 8th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on or before 18 May 2006.

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## LETTER FROM THE BOARD

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A brief biographical details of the retiring Directors are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

### **GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

At the annual general meeting of the Company held on 29 June 2005, ordinary resolutions were passed to grant general mandates authorising the Directors (i) to allot, issue and deal with Shares of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at that date (“Existing Issue Mandate”); and (ii) to repurchase securities of the Company not exceeding 10% of the issued share capital of the Company at that date (“Existing Repurchase Mandate”).

The Existing Issue Mandate and the Existing Repurchase Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate and the Existing Repurchase Mandate increase the flexibility in the Company’s affairs and are in the interests of the Shareholders, and that the same shall continue to be adopted by the Company.

New general mandates to allot, issue and deal with Shares of the Company up to 20% and to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing of the resolutions (“Share Repurchase Mandate”) as set out in Resolutions 4(A) and 4(B) respectively of the Notice of AGM will be proposed at the AGM. Resolution authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such Shares repurchased (if any) under the Share Repurchase Mandate is to be proposed as Resolution 4(C) at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue any new securities or repurchase any Shares pursuant to the relevant mandates.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 4(B) to be proposed at the AGM in relation to the proposed Share Repurchase Mandate are set out in Appendix II to this circular.

### **ANNUAL GENERAL MEETING**

A Notice of AGM is set out on pages 12 to 15 of this circular. At the AGM, in addition to the ordinary business of the meeting, ordinary resolutions in respect of the general mandates to issue Shares and repurchase Shares will be proposed at the AGM.

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## LETTER FROM THE BOARD

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A form of proxy for the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the share registrars and transfer office of the Company, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

Pursuant to Article 80 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded (i) by the Chairman of the meeting; or (ii) by at least three members present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or (iii) by any member or members present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (iv) by a member or members present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

### RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for approving the re-election of the retiring Directors and the grant of general mandates to issue Shares and repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the Shares that may be allotted pursuant to the general mandate to issue Shares are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,  
For and on behalf of the Board  
**China Strategic Holdings Limited**  
**Dr. Chan Kwok Keung, Charles**  
*Chairman*



*The biographical details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:*

**Dr. Chan Kwok Keung, Charles**, aged 51, is the Chairman and Chief Executive Officer of the Company. Dr. Chan holds an honorary degree of Doctor of Laws and a bachelor's degree in civil engineering and has over 26 years' international corporate management experience in the construction and property sectors as well as in strategic investments. He joined the Company in 2000 and is responsible for the overall management of the Company. Dr. Chan is also the chairman of ITC Corporation Limited and Hanny Holdings Limited and a non-executive director of PYI Corporation Limited, companies whose shares are listed on the Stock Exchange. Dr. Chan is elder brother of Mr. Chan Kwok Hung, an alternate director of the Company.

As at the Latest Practicable Date, Dr. Chan did not have any interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract, which is not determinable by the Company within the period without payment of compensation (other than statutory compensation), entered into between Dr. Chan and the Company or any of its subsidiaries. Dr. Chan will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. There is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(w) of the Listing Rules. Since his appointment as the Chairman and the Chief Executive Officer of the Company, Dr. Chan has not received any remuneration or director's fee for performance of his duties as the Chairman and the Chief Executive Officer of the Company.

**Dr. Yap, Allan**, aged 50, is the Vice Chairman of the Company. He obtained the honorary degree of Doctor of Laws and has over 24 years' experience in finance, investment and banking. Dr. Yap joined the Company in 2000. He is the managing director of Hanny Holdings Limited and the chairman and chief executive officer of China Enterprises Limited, a company whose shares are traded on the OTC Bulletin Board in the United States of America, and Burcon NutraScience Corporation, a company whose shares are listed on the TSX Venture Exchange in Canada and the Frankfurt Stock Exchange in Germany. He is an executive director of Wing On Travel (Holdings) Limited, a company whose shares are listed on the Stock Exchange. Dr. Yap is also an executive chairman of PSC Corporation Ltd., Intraco Limited and Tat Seng Packaging Group Ltd., all are public listed companies in Singapore and the chairman of MRI Holdings Limited, a company whose shares are listed on the Australian Stock Exchange.

As at the Latest Practicable Date, Dr. Yap, Allan did not have any interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract, which is determinable by the Company within the period without payment of compensation (other than statutory compensation), entered into between Dr. Yap and the Company or any of its subsidiaries. Dr. Yap will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

There is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(w) of the Listing Rules. Since his appointment as Vice Chairman of the Company, Dr. Yap has not received any remuneration of director's fee for performance of his duties as Vice Chairman of the Company.

**Ms. Chan Ling, Eva**, aged 40, is an executive director of the Company. Ms. Chan has over 18 years' experience in auditing, accounting and finance in both international accounting firms and listed companies. She is a member of the Institute of Chartered Accountants in Australia, a fellow member of the Association of Chartered Certified Accountants and also a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan joined the Company in 1996. She is the deputy chairman of China Enterprises Limited and a director of MRI Holdings Limited.

As at the Latest Practicable Date, Ms. Chan did not have any interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract, which is not determinable by the Company within the period without payment of compensation (other than statutory compensation), entered into between Ms. Chan and the Company or any of its subsidiaries. Ms. Chan will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. There is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(w) of the Listing Rules. Ms. Chan, she is entitled to have a director's fee of HK\$1,281,200 including salary, allowance and contribution to MPFs for performance of her duties as an executive director of the Company. The director's fee payable to Ms. Chan is determined by the Board and subject to the approval of the Shareholders.

*This is an explanatory statement as required under the Listing Rules in connection with the resolution authorising the Share Repurchase Mandate proposed to be considered, and if thought fit, passed by shareholders of the Company at the AGM. The Listing Rules provide that all repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate to the directors of the company to make such repurchases or by specific approval in relation to specific transactions. This explanatory statement also constitutes the memorandum required under Section 49 BA(3) of the Companies Ordinance.*

**Share Capital**

As at the Latest Practicable Date, the issued share capital of the Company comprised 881,595,087 Shares of HK\$0.10 each and there were no share options outstanding under the Share Option Scheme entitling holders thereof to subscribe for Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 88,159,508 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Articles or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

**Reasons for Repurchase**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders.

**Funding of Repurchase**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance.

In the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period, the working capital or gearing position of the Company might be materially different as compared with the position disclosed in the audited consolidated accounts for the year ended 31 December 2005. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**Undertaking**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the Companies Ordinance.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company or have undertaken not to do so in the event that the Share Repurchase Mandate is approved by the Shareholders.

**Effect of the Takeovers Code**

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, each of PYI and Hanny beneficially held 258,819,795 Shares and 258,819,794 Shares respectively, each representing approximately 29.36% of the existing issued share capital of the Company and in aggregate approximately 58.72% of the existing issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which are proposed to be granted pursuant to the Share Repurchase Mandate and assuming no further Shares are issued by the Company, the increase in the shareholding of each of PYI and Hanny in the Company to approximately 32.62% of the issued share capital of the Company and 64.24% of the issued share capital of the Company in aggregate.

Such increase will not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Share Repurchase Mandate to such an extent as would result in takeover obligations.

Assuming that there is no further issue of Shares between the Latest Practicable Date and date of repurchase, the exercise of Repurchase Mandate whether in whole or in part will not result in less than 25% of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed percentage.

### Share Purchase made by the Company

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

### Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>Year 2005</b>		
April	1.020	0.610
May	0.870	0.650
June	0.830	0.780
July	0.800	0.770
August	0.830	0.780
September	0.880	0.820
October	0.980	0.830
November	0.930	0.860
December	0.870	0.840
<b>Year 2006</b>		
January	1.020	0.820
February	1.080	0.920
March	1.020	0.830
April ( <i>Note</i> )	0.98	0.84

*Note:* As up to the Latest Practicable Date

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of CHINA STRATEGIC HOLDINGS LIMITED (the “Company”) will be held at 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 29 June 2006 at 11:00 a.m. for the following purposes:

#### AS ORDINARY BUSINESS

1. To receive and consider the report of the directors, audited financial statements and auditors’ report for the year ended 31 December 2005.
2. To re-elect retiring directors and to authorise the board of directors to fix the directors’ remuneration.
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

#### AS SPECIAL BUSINESS

4. To consider and, if thought fit, pass with or without modifications, each of the following resolutions as an ordinary resolution of the Company:

A. **“THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to: (i) a Rights Issue; (ii) the exercise of the subscription rights or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

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## NOTICE OF ANNUAL GENERAL MEETING

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B. **“THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, and that the exercise by the directors of all the powers of the Company to repurchase such shares, subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is here by generally and unconditionally approved;
- (b) in addition, the approval in paragraph (a) shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors of the Company;
- (c) the aggregate nominal amount of shares repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) shall be limited accordingly; and
- (d) for the purposes of this resolution:

**“Relevant Period”** means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. **“THAT** conditional upon the passing of resolutions no. 4A and 4B as set out in the notice convening the meeting of which these resolutions form part, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with the said resolution no. 4B shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be



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## NOTICE OF ANNUAL GENERAL MEETING

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allotted by the directors of the Company pursuant to and in accordance with resolution no. 4A as set out in the notice convening the meeting of which this resolution forms part.”

By Order of the Board  
**Chan Yan Yan, Jenny**  
*Company Secretary*

Hong Kong, 2 May 2006

*Notes:*

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf. The proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy must be deposited at the share registrars and transfer office of the Company, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
3. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. As at the date of this notice, the Board of Directors comprises Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan, Ms. Chau Mei Wah, Rosanna, Ms. Chan Ling, Eva and Mr. Li Bo 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, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai as independent non-executive directors.