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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)

RE-ELECTION OF DIRECTORS



CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 235)

Executive Directors:

Mr. Gao Yang

Mr. Kwok Ka Lap, Alva

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*)

Registered Office:

8/F, Paul Y Centre

51 Hung To Road

Kwun Tong, Kowloon

Hong Kong

Independent Non-executive Directors:

Ms. Ching Yuen Man, Angela

Mr. David Edwin Bussmann

Mr. Wong King Lam, Joseph

Mr. Sin Chi Fai

13 June 2006

To Shareholders

Dear Sir/Madam,

RE-ELECTION OF DIRECTORS

The purpose of this circular is to provide you with information relating to the proposed ordinary resolution in respect of the re-election of certain directors of the Company (the “**Directors**”) to be put forward for consideration at the Company’s forthcoming annual general meeting of 29 June 2006 (the “**AGM**”), notice of which was given on 2 May 2006.

According to Article 116 of the Articles of Association of the Company (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 Directors shall be eligible for re-election.

Pursuant to Article 99 of the Articles, the board of directors of the Company (the “**Board**”) shall have power from time to time and at any time to appoint any person as a Director either to fill a casual 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 casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the Board) 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.

The particulars and other relevant information of the Directors proposed to be re-elected are set out as follows.

Executive Directors

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 (“**ITC Corporation**”) and Hanny Holdings Limited (“**Hanny**”), and a non-executive director of PYI Corporation Limited, companies whose shares are listed on the Hong Kong Stock Exchange Limited (the “**Stock Exchange**”). Dr. Chan is the elder brother of Mr. Chan Kwok Hung, an alternative director of the Company. Dr. Chan was a director of Dong Fang Gas Holdings Limited (now known as Pacific Century Premium Developments Limited) and Wing On Travel (Holdings) Limited and has resigned from office with effect from 10 May 2004 and 30 December 2004, respectively. Save as disclosed, Dr. Chan does not hold any directorship in other public listed companies in Hong Kong or any other position with the Company and other members of the group in the three years prior to the date of this circular.

As at the date of this circular, Dr. Chan has no interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (CAP 571) (“**SFO**”).

No service contract has been entered into between the Company or any of its subsidiaries and Dr. Chan which is not determinable by the Company without payment of compensation (other than statutory compensation). 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. Chan is not entitled to any form of remuneration under any service contract with the Company or any of its subsidiaries.

The Listing Committee of the Stock Exchange (the "**Listing Committee**") made a public statement against Dr. Chan on 17 December 1998 in respect the sale (the "**Sale**") of shares in Nam Pei Hong (Holding) Limited ("**Nam Pei Hong**") by G-Prop (Holdings) Limited (then known as International Take Cheung Holdings Limited) and Paul Y - ITC Construction Holdings Limited ("**PYI**") to Victory Hunter Holdings Limited, a company then controlled by Mr. Yau Wai Ming ("**Mr. Yau**"), in July 1997. The Listing Committee was of the view that Dr. Chan, being a then member of the management of Nam Pei Hong, should have informed the Stock Exchange earlier of the meetings between Mr. Yau and representatives of PYI prior to the Sale and of the Sale pursuant to the Listing Agreement. In addition, the Listing Committee has found that Nam Pei Hong was in breach of its obligations under the Listing Agreement and the then management of Nam Pei Hong, which included Dr. Chan, was to be blamed for such breach.

On 15 November 2005, the Securities and Futures Commissions (the "**SFC**") criticised the board of directors of ITC Corporation for breaching Rule 21.3 of the Takeovers Code in respect of the dealing in the securities of Hanny by ITC Corporation during an offer period without the consent of Executive Director of the Corporation Finance Division of the SFC. Dr. Chan was a then member of the board of directors of ITC Corporation.

Save as disclosed above, Dr. Chan is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Dr. Yap, Allan, aged 50, is the vice chairman of the Company. He obtained an 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 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 of which are public listed companies in Singapore and the chairman of MRI Holdings Limited, a company whose shares are listed on the Australian Stock Exchange. Dr. Yap was a director of Dong Fang Gas Holdings Limited (now known as Pacific Century Premium Developments Limited) and has resigned from office with effect from 10 May 2004.

As at the date of this circular, Dr. Yap has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this circular.

No service contract has been entered into between the Company or any of its subsidiaries and Dr. Yap which is not determinable by the Company without payment of compensation (other than statutory compensation). Since his appointment as Vice Chairman of the Company, Dr. Yap has not received any remuneration or director's fee for performance of his duties as Vice Chairman of the Company. Dr. Yap is not entitled to any form of remuneration under any service contract with the Company or any of its subsidiaries.

Save as disclosed above, Dr. Yap is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Note : With reference to the composite document published by the Company on 26 May 2006 (the “**Composite Document**”) in respect of the China Strategic Offer (as defined in the Composite Document), it is stated therein that the China Strategic Offer (as defined in the Composite Document) is expected to be closed on 16 June 2006. Should the closing date of the China Strategic Offer (as defined in the Composite Document) take place on 16 June 2006 as scheduled or on any date before the AGM, Dr. Chan Kwok Keung, Charles (“**Dr. Chan**”) and Dr. Yap, Allan (“**Dr. Yap**”) will resign from the Board before the AGM and will accordingly not offer themselves for re-election at the AGM. However, should the China Strategic Offer's closing date be extended beyond the date of the AGM, Dr. Chan and Dr. Yap will retire on at the AGM and offer themselves for re-election at the AGM.

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.

Ms. Chan has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this circular.

No service contract has been entered into between the Company or any of its subsidiaries and Ms. Chan which is not determinable without payment of compensation (other than statutory compensation). Ms. Chan is currently entitled to a director's fee of HK\$1,281,200 inclusive of salary, allowance and MPF contributions for performance of her duties as an executive director of the Company. Ms. Chan is also entitled to a discretionary bonus. Save as disclosed above, Ms. Chan is not entitled to other forms of remuneration. The director's fee payable to Ms. Chan is determined by the Board and subject to the approval of the Shareholders. The amount of director's fees payable to Ms. Chan is determined with reference to her contribution to the Company in the past and her working experience.

Save as disclosed above, Ms. Chan is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

In compliance with Article 116 of the Articles, Ms. Chan Ling, Eva will retire at the AGM and will offer herself for re-election at the AGM. Ms. Chan will be entitled to a director's fee to be determined by the Board and subject to approval by the Shareholders at the AGM.

Mr. Gao Yang, aged 39, who is currently residing in Shanghai, the PRC, has been engaged in trading business between the PRC and the Republic of Austria, which mainly focused on acting as trading agents for Euro-American machine manufacturing and engineering companies in the PRC since 1990s. As at 19 April 2005 and until late 2005, Mr. Gao was also a director of a company with registered capital of RMB100,000,000 and with an unaudited net asset value of approximately RMB700,000,000 in 2003. Mr. Gao did not have any shareholding in such company. Such company was engaged in property development (including the development of commercial residential buildings and complex in Beijing, the PRC), investment in high technology (including hydro-electric technology) and industrial enterprises (including investment in a joint venture with a renowned Korean car manufacturer) as well as investment management in the PRC. Mr. Gao remains a director of the aforesaid joint venture with the renowned Korean car manufacturer.

Mr. Gao did not hold any directorship in other public listed company in Hong Kong or any other position with the Company and other members of the Group in the three years prior to the date of this circular.

Save for being an executive Director, a deemed party acting in concert with PYI and Hanny, and the beneficial owner of the entire issued share capital of Nation Field Limited ("Nation", a company incorporated in the British Virgin Islands with limited liability), Mr. Gao does not have any relationship with other directors, senior management, substantial or controlling shareholders of the Company.

Furthermore, save for the acquisition of 135,000,000 Shares under the sale and purchase agreement dated 10 March 2005 entered into between, inter alia, Nation, PYI, and Hanny for the acquisition by Nation of an aggregate of approximately 30.6% of the issued share capital of the Company as at the date of the agreement, Mr. Gao has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this circular.

No service contract has been entered into between the Company and Mr. Gao. Mr. Gao will not receive any remuneration, bonus payments or other benefits from the Company at the moment.

Save as disclosed in the Composite Document, Mr. Gao is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Gao was appointed as a director on 26 May 2006. In compliance with Article 99 of the Articles, Mr. Gao will hold office only until the AGM and will offer himself for re-election at the AGM.

Mr. Kwok Ka Lap, Alva, aged 57, was a marketing manager in a company engaging in the design of business administration system. Mr. Kwok has been in the insurance and investments business for over 24 years, principally in the senior managerial position.

Save for being an independent non-executive director of (i) Wing On Travel (Holdings) Limited; (ii) Hanny; and (iii) Cheung Tai Hong Holdings Limited, Mr. Kwok did not hold any directorship in other public listed companies in Hong Kong or any other position with the Company and other members of the Group in the past three years.

Save for being an executive Director and an independent non-executive director of Hanny, Mr. Kwok does not have any relationship with other directors, senior management, substantial or controlling shareholders of the Company.

Furthermore, Mr. Kwok has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this circular.

No service contract has been entered into between the Company and Mr. Kwok. Mr. Kwok will be entitled to the remuneration of HK\$100,000 per annum, without bonus payments and other benefits. The amount of remuneration payable to Mr. Kwok is determined with reference to his contribution to the Company and his working experience.

Save as disclosed in the Composite Document, Mr. Kwok is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Kwok was appointed as a director on 26 May 2006. In compliance with Article 99 of the Articles, Mr. Kwok will hold office only until the AGM and will offer himself for re-election at the AGM.

Independent Non-executive Director

Ms. Ching Yuen Man, Angela, aged 39, is a solicitor in Hong Kong. Ms. Ching completed her high school education in England and obtained her LLB degree at the University of Hong Kong in 1989. She is now a Partner of Messrs. Alvan Liu & Partners (“ALP”). ALP practice focuses in areas of corporate finance, commercial and corporate litigation, commercial and company law. Ms. Ching a legal practitioner for over 13 years of experience, advises a number of UK and Hong Kong listed companies and their subsidiaries. Ms. Ching did not hold any directorship in other public listed company in Hong Kong or any other position with the Company and other members of the Group in the past three years.

Save for being an independent non-executive Director, Ms. Ching does not have any relationship with other directors, senior management, substantial or controlling shareholders of the Company.

Furthermore, Ms. Ching has no interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this circular. No service contract has been entered into between the Company and Ms. Ching. Ms. Ching will be entitled to the remuneration of HK\$100,000 per annum, without bonus payments and other benefits. The amount of remuneration payable to Ms. Ching is determined with reference to her contribution to the Company and her working experience.

Save as disclosed in the Composite Document, Ms. Ching is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Ms. Ching was appointed as a director on 26 May 2006. In compliance with Article 99 of the Articles, Ms. Ching will hold office only until the AGM and will offer herself for re-election at the AGM.

Yours faithfully,
For and on behalf of the Board
Chan Ling, Eva
Executive Director