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If you are in any doubt about 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 the transfer was effected for transmission to the purchaser or the transferee.

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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)

EXTENSION OF THE PERIOD OF VALIDITY OF THE SPECIFIC MANDATE

AND

NOTICE OF EGM

All capitalised terms used in this document have the meanings set out in the section headed "Definitions" of this document. A letter from the Board is set out on pages 5 to 10 of this circular.

A notice convening the EGM to be held at Forum Room 1, Basement 2, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 9 July 2010 at 10:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for use in the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

23 June 2010

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Acquisition”	the acquisition of 767,893,139 shares of common stock of Nan Shan (which represent approximately 97.57% of the issued and outstanding share capital of Nan Shan) by the Purchaser
“Acquisition Completion”	completion of the Acquisition in accordance with the terms of the Share Purchase Agreement
“Board”	the board of Directors
“CN Placee(s)”	any professional, institutional, corporate or independent individual investor(s) procured by the CN Placing Agent to subscribe for any principal amount of the Convertible Notes pursuant to the CN Placing Agent’s obligations under the Conditional CN Placing Agreement
“CN Placing”	the placing of the Convertible Notes in a maximum aggregate principal amount up to HK\$7,800 million procured by the CN Placing Agent to CN Placees on the terms and subject to the conditions set out in the Conditional CN Placing Agreement
“CN Placing Agent” or “Share Placing Agent” or “Kingston”	Kingston Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities for the purposes of the SFO
“CN Specific Mandate”	the authority to issue and allot such amount of Conversion Shares
“Company”	China Strategic Holdings Limited
“Conditional CN Placing Agreement”	the conditional placing agreement dated 20 August 2009 entered into between the Company and the CN Placing Agent in relation to the CN Placing
“Conditional Share Placing Agreement”	a conditional share placing agreement dated 9 November 2009 entered into between the Company and the Share Placing Agent in relation to the Share Placing
“Conditions”	the conditions precedent to Acquisition Completion as set out in the Share Purchase Agreement
“Conversion”	conversion of the Convertible Notes in accordance with their terms and conditions

DEFINITIONS

“Conversion Price”	HK\$0.10, subject to adjustment
“Conversion Shares”	those Shares to be issued upon the exercise of the conversion rights under the Convertible Notes, namely, a maximum of 78,000 million Shares, in aggregate, falling to be issued upon exercise of the conversion rights attached to the Convertible Notes at the initial Conversion Price in full (subject to adjustment)
“Convertible Notes”	the non-interest bearing convertible redeemable notes, to be issued by the Company to the CN Placees procured by the CN Placing Agent in a maximum aggregate principal amount up to HK\$7,800 million due on the Maturity Date which are convertible into an aggregate of a maximum of 78,000 million Shares (subject to adjustment) at the Conversion Price
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and approving the extension of the Specific Mandate
“Extension Letters”	the letters entered into by each of the Company and the CN Placing Agent, and by the Company and the Share Placing Agent, agreeing to extend the Long Stop Date of the Conditional CN Placing Agreement and Conditional Share Placing Agreement respectively
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Long Stop Date”	12 July 2010 (or such later date as may be agreed between the Company and the CN Placing Agent or Share Placing Agent, as the case may be)
“Maturity Date”	a date being six months from the date of issue of the Convertible Notes
“Mr. Ma”	Mr. Ma Si Hang, Frederick
“Mr. Morse”	Mr. Robert R. Morse
“Mr. Ng”	Mr. Ng Wing Fai

DEFINITIONS

“Mr. Or”	Mr. Or Ching Fai
“Nan Shan”	Nan Shan Life Insurance Company, Ltd.
“Option Deeds”	the option deeds dated 26 February 2010 entered into between the Company and each of the Optionholders in respect of the granting of their respective Share Options
“Optionholders”	Mr. Morse, Mr. Ng, Mr. Or and Mr. Ma
“Placing Agreements”	the Conditional CN Placing Agreement and the Conditional Share Placing Agreement
“Placing Shares”	up to a maximum of 40,000 million new Shares to be placed through the Share Placing Agent pursuant to the Conditional Share Placing Agreement
“Placings”	the CN Placing and the Share Placing
“Purchaser”	Primus Nan-Shan Holding Company Limited
“Seller”	American International Group, Inc.
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Share Option Specific Mandate”	the authority to issue and allot such amount of Share Options
“Share Options”	such number of share options to be granted by the Company to each of the Optionholders as set out in the respective Option Deeds
“Share Placees”	any professional, institutional, corporate or individual investors procured by the Share Placing Agent to subscribe for any Placing Shares pursuant to the Share Placing Agent’s obligations under the Conditional Share Placing Agreement
“Share Placing”	the placing of the Placing Shares by the Share Placing Agent on a best efforts basis in accordance with the terms and conditions of the Conditional Share Placing Agreement
“Share Purchase Agreement”	the definitive share purchase agreement entered into by the Purchaser and the Seller and dated 13 October 2009 in respect of the Acquisition

DEFINITIONS

“Share Specific Mandate”	the authority to issue and allot such amount of Placing Shares (assuming full placement of placing shares)
“Specific Mandate”	the CN Specific Mandate and the Share Specific Mandate
“%”	per cent.

LETTER FROM THE BOARD



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. Or Ching Fai (*Vice- Chairman and
Chief Executive Officer*)
Ms. Chiu Ching Ching
Mr. Yau Wing Yiu
Mr. Hui Richard Rui
Ms. Chan Ling, Eva
Mr. Lee Sun Man
Mr. Chow Kam Wah

Registered Office:

Room 3206-3210, 32nd Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Non-executive Director:

Mr. Ma Si Hang, Frederick (*Chairman*)

Independent Non-Executive Directors:

Ms. Ma Yin Fan
Mr. Phillip Fei
Mr. Leung Hoi Ying

23 June 2010

To the Shareholders

Dear Sir or Madam,

EXTENSION OF THE PERIOD OF VALIDITY OF THE SPECIFIC MANDATE
AND
NOTICE OF EGM

INTRODUCTION

On 21 June 2010, the Company announced that the Company proposes to extend the period of validity of the Specific Mandate.

The purpose of this circular is to (i) provide you with further information regarding the extension of the period of validity of the Specific Mandate; (ii) set out the recommendation of the Board in

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respect of the extension of the period of validity of the Specific Mandate; and (iii) provide the Shareholders with a notice of the EGM at which resolutions will be proposed to approve (a) the extension of the period of validity of the CN Specific Mandate; and (b) the extension of the period of validity of the Share Specific Mandate.

EXTENSION OF THE PERIOD OF VALIDITY OF SPECIFIC MANDATE

Reference is made to the announcement and circular issued by the Company on 10 November 2009 and 27 February 2010 respectively, in relation to, among other things, the (1) very substantial acquisition; (2) debt financing to finance the Acquisition; (3) proposed placing of convertible notes under CN Specific Mandate; (4) proposed placing of shares under Share Specific Mandate; (5) connected transactions; management agreement; and (6) notice of extraordinary general meeting.

Reference is also made, in particular, to (i) the Share Purchase Agreement dated 13 October 2009 entered into between the Purchaser and the Seller in respect of the Acquisition; (ii) the Conditional CN Placing Agreement dated 20 August 2009 entered into between the Company and the CN Placing Agent in relation to the CN Placing; and (iii) the Conditional Share Placing Agreement dated 9 November 2009 entered into between the Company and the Share Placing Agent in relation to the Share Placing.

Upon Conversion, a total of up to 78,000 million new Shares are required to be issued by the Company. Upon completion of the Share Placing (and assuming that the Placing Shares are fully placed), a total of up to 40,000 million new Shares are required to be issued by the Company.

In this regard, an extraordinary general meeting was held on 16 March 2010 which approved, among other things, the grant of the Specific Mandate to allot and issue up to (i) 78,000 million new Shares equal to HK\$7,800 million divided by HK\$0.10 per Share in connection with the CN Placing and upon full Conversion; and (ii) 40,000 million new Shares equal to HK\$4,000 million divided by HK\$0.10 per Share in connection with the Share Placing. The extraordinary general meeting had also authorised the Board to determine and deal with, at its discretion and with full authority, matters relating thereto. Should there be any material changes to the terms of the Conditional CN Placing Agreement or the Conditional Share Placing Agreement resulting in material changes to the terms of the Specific Mandate, the Company will seek Shareholders' approval to such changes as appropriate.

The Specific Mandate in respect of the Conversion Shares and the Placing Shares is conditional upon the satisfaction of the conditions to completion in the Conditional CN Placing Agreement and the Conditional Share Placing Agreement and will lapse on 12 July 2010. The Specific Mandate will be utilised by the Board in accordance with the Conditional CN Placing Agreement and the Conditional Share Placing Agreement.

On 21 June 2010, the Purchaser and the Seller have agreed to extend the Long Stop Date of the Share Purchase Agreement to 12 October 2010 in order to allow time for the parties to procure fulfilment of the Conditions. Further, the Company has agreed on 21 June 2010 with (i) the CN Placing Agent to extend the Long Stop Date of the Conditional CN Placing Agreement to 12 October 2010; and (ii) the Share Placing Agent to extend the Long Stop Date of the Conditional Share Placing Agreement to 12 October 2010, in order to allow time for the respective parties to procure fulfilment

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of the conditions to completion in the Placing Agreements, which are conditional on the Conditions being satisfied. Accordingly the Board now proposes to, subject to approval to be sought from the Shareholders at the EGM to be convened in accordance with the Listing Rules, extend the period of validity of the Specific Mandate, such that it will instead lapse on 31 October 2010.

THE CONVERSION PRICE AND THE SHARE PLACING PRICE

The initial Conversion Price of HK\$0.10 per Share (subject to adjustment on events such as share consolidation, share sub-division and capital distribution) and the Share Placing Price represent:

- (a) a discount of approximately 82.46% to the closing price of HK\$0.57 per Share quoted on the Hong Kong Stock Exchange on 21 June 2010, being the latest practicable date and the date the Purchaser and the Seller, the Company and the CN Placing Agent, and the Company and the Share Placing Agent, respectively agreed to extend the Long Stop Date; and
- (b) a discount of approximately 82.46% to the average closing price of HK\$0.57 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including 21 June 2010.

The Conversion Price and the Share Placing Price had been previously agreed prior to when the CN Placees and Share Placees were in place. The Conversion Price had been negotiated and arrived at on an arm's length basis between the Company and the CN Placing Agent. In determining the Conversion Price at the time the Conditional CN Placing Agreement was entered into, the Company and the CN Placing Agent took into account the relatively large size of the CN Placing and the significant dilution effect on the shareholding of Shareholders following full Conversion and came to the view that such a deep discount would be necessary to attract the interest of the CN Placees. The Share Placing Price had been negotiated and arrived at on an arm's length basis between the Company and the Share Placing Agent. In determining the Share Placing Price at the time the Conditional Share Placing Agreement was entered into, the Company and the Share Placing Agent took into account the relatively large size of the Share Placing, the even larger size of the CN Placing and the significant dilution effect on the shareholding of Shareholders following the issue of the Placing Shares (assuming all the Placing Shares are fully placed) and full Conversion and came to the view that such a deep discount would be necessary to attract the interest of Share Placees. The Conversion Price and Share Placing Price have attracted the interest of CN Placees and Share Placees respectively, and accordingly the CN Placees and Share Placees are now in place. The Extension Letters confirm the agreement between the Company and Kingston that the Long Stop Date is determined as 12 October 2010 rather than 12 July 2010. Accordingly, such change in the Long Stop Date does not terminate or vary the other terms, including the Conversion Price and Share Placing Price, of the Conditional CN Placing Agreement and Conditional Share Placing Agreement.

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Notwithstanding the significant dilution effect on the shareholding of existing Shareholders, the Directors were of the opinion that the Conversion Price and the Share Placing Price were fair and reasonable and in the best interests of the Company and the Shareholders as a whole as the proceeds from the CN Placing and the Share Placing will be used to fund the Purchase Price and will also be used to fund the management and development of Nan Shan, which will become a key asset of the Company following Acquisition Completion. As such, the proceeds raised from the CN Placing and the Share Placing are to be used entirely to enhance long-term value to the Shareholders. Although it is envisaged that there may be a near-term impact on the market price of the Shares upon completion of the CN Placing and the Share Placing given the significant dilution of the shareholding of existing Shareholders, the Directors remain of the view that the long-term value to each Shareholder will be enhanced by the Acquisition and the continuing development of Nan Shan.

The Shareholders were afforded the opportunity at an extraordinary general meeting on 16 March 2010 to consider whether or not the CN Placing and the Share Placing are in their best interests, and have ultimately approved the CN Placing and Share Placing, including the Conversion Price and Share Placing Price.

The Directors currently propose to extend the period of validity of the Specific Mandate and are of the opinion that, since (i) the Conversion Price and the Share Placing Price have been previously agreed on an arm's length basis between the Company and the CN Placing Agent and between the Company and the Share Placing Agent, respectively; (ii) the CN Placees and Share Placees are now in place; and (iii) the Shareholders have approved the CN Placing and Share Placing, including the Conversion Price and the Share Placing Price, the Conversion Price and Share Placing Price remain fair and reasonable and in the best interest of the Company and the Shareholders.

EFFECT ON SHAREHOLDING STRUCTURE

Assuming completion of the Share Placing in full, full exercise of existing share options of the Company and the Share Options granted under the Share Option Specific Mandate to the Optionholders and full conversion of the Convertible Notes at the Conversion Price of HK\$0.10, the shareholding of the existing Shareholders (excluding Mr. Ma) will be decreased from approximately 99.92% to approximately 2.87%.

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the CN Placing, the Share Placing in full and the grant of the Share Options is set out below.

LETTER FROM THE BOARD

Assuming (i) completion of the Share Placing in full, (ii) completion of the Share Placing in full and full exercise of existing share option and the Share Options granted under the Share Option Specific Mandate to the Optionholders and (iii) the completion of the Share Placing in full, full exercise of existing share option and the Share Options granted under the Share Option Specific Mandate to the Optionholders and full conversion of the Convertible Notes in the principal amount of HK\$7,800 million at the Conversion Price of HK\$0.10 per Share

	Existing shareholding as at the date of this circular		(i) Assuming completion of the Share Placing in full		(ii) Assuming completion of the Share Placing in full and full exercise of existing share option and the Share Options granted to Mr. Morse, Mr. Ng, Mr. Or and Mr. Ma under the Share Option Specific Mandate		(iii) Assuming completion of the Share Placing in full, full exercise of existing share option and the Share Options granted under the Share Option Specific Mandate to Mr. Morse, Mr. Ng, Mr. Or and Mr. Ma and full conversion of the Convertible Notes at the conversion price of HK\$0.10	
	No. of Shares	% (approx)	No. of Shares	% (approx)	No. of Shares	% (approx)	No. of Shares	% (approx)
Director								
Chan Ling, Eva					4,400,000	0.01	4,400,000	0.01
Mr. Or					600,000,000	1.18	600,000,000	0.47
Mr. Ma	3,000,000	0.08	3,000,000	0.01	103,000,000	0.20	103,000,000	0.08
Mr. Ng					3,200,000,000	6.30	3,200,000,000	2.48
Mr. Morse					3,200,000,000	6.30	3,200,000,000	2.48
Other participants					20,400,000	0.04	20,400,000	0.02
Public Shareholding								
1. Public Shareholders	3,696,183,927	99.92	3,696,183,927	8.46	3,696,183,927	7.27	3,696,183,927	2.87
2. Share Placees			40,000,000,000	91.53	40,000,000,000	78.7	40,000,000,000	31.05
3. CN Placees							78,000,000,000	60.54
Total	3,699,183,927	100.00	43,699,183,927	100.00	50,823,983,927	100.00	128,823,983,927	100.00

EGM

An EGM will be held to consider, and if thought fit approve, the extension of the period of validity of the Specific Mandate. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has an interest in the Specific Mandate and accordingly no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

Subject to approval by the Shareholders, the period of validity of the Specific Mandate will be extended to lapse instead on 31 October 2010. The Board is of the view that this extra validity period for the Placings is fair and reasonable due to the fact that the Placing Agreements are subject to a number of factors, including the satisfaction of the Conditions, the timing of which is not within the Company's control.

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RECOMMENDATION

The Directors believe that the proposed resolutions are either necessary or in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

RESPONSIBILITY STATEMENT

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

GENERAL INFORMATION

- (1) This circular does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase any securities of the Company.
- (2) In case of discrepancy between the English and Chinese version of this circular, the English version shall prevail.

On behalf of the Board
China Strategic Holdings Limited
Ma Si Hang, Frederick
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 an extraordinary general meeting (the *EGM*) of China Strategic Holdings Limited (the *Company*) will be held at Forum Room 1, Basement 2, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 9 July 2010 at 10:00 a.m. or any adjournment thereof (as the case may be) for the purpose of considering and, if thought fit, passing, with or without modification, the below resolutions of the Company.

In this regard, an EGM will be held to consider and, if thought fit, approve the extension of the period of validity of the CN Specific Mandate and the Share Specific Mandate (both as defined below).

ORDINARY RESOLUTIONS

“1. THAT

- (a) the extension of the period of validity during which the directors are generally and specifically authorised to allot and issue such number of new ordinary shares of HK\$0.10 in the capital of the Company as may be required to be allotted and issued on and subject to the terms and conditions of the conditional placing agreement dated 20 August 2009 in relation to the placing by the Company through Kingston Securities Limited, as agent of the Company, on a fully underwritten basis, non-interest bearing convertible redeemable notes, in a maximum aggregate principal amount up to HK\$7,800 million due on its maturity date which are convertible into an aggregate of a maximum of 78,000 million Shares (subject to adjustment) with a conversion price, subject to adjustment, of HK\$0.10 per share in the share capital of the Company (the *CN Specific Mandate*) to lapse on 31 October 2010, be and are hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the extension of the period of validity during which the directors are generally and specifically authorised to allot and issue such number of new ordinary shares of HK\$0.10 in the capital of the Company as may be required to be allotted and issued on and subject to the terms and conditions of the conditional share placing agreement dated 9 November 2009 in relation to the placing by the Company through Kingston Securities Limited, as agent of the Company, on a best efforts basis, of up to a maximum of 40,000 million new shares at a price of HK\$0.10 per share (the *Share Specific Mandate*) to lapse on 31 October 2010, be and are hereby approved, confirmed and ratified.”

On behalf of the Board
China Strategic Holdings Limited
Ma Si Hang, Frederick
Chairman

Hong Kong, 23 June 2010