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



CHINA STRATEGIC HOLDINGS LIMITED
(中策集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

**GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES
AND
PROPOSED RE-ELECTION OF DIRECTORS
AND
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of China Strategic Holdings Limited (the “Company”) to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaff Road, Wanchai, Hong Kong on Friday, 10 June 2011 at 10:00 a.m. or any adjournment thereof is set out on pages 23 to 27 of this circular. Whether or not you propose to attend the annual general meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company’s share registrar in Hong Kong, Tricor Standard 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 annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the annual general meeting or any adjourned meeting should you so wish.

6 May 2011

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2002 Share Option Scheme”	the share option scheme of the Company adopted on 4 June 2002;
“AGM”	the annual general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaff Road, Wanchai, Hong Kong on Friday, 10 June 2011 at 10:00 a.m.;
“AGM Notice”	the notice convening the AGM set out on pages 23 to 27 of this circular;
“Articles”	the articles of association of the Company (as amended from time to time);
“Board”	the board of Directors;
“Company”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	a general mandate to be granted to the Board at the AGM to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company, being the mandate referred to in resolution no.(4) in the AGM Notice;
“Latest Practicable Date”	3 May 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular;
“Option(s)”	a right to subscribe for Shares pursuant to the terms of the New Share Option Scheme;
“Participants”	any employee (whether full time or part time), executives or officers of the Company or any of the subsidiaries (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of the subsidiaries of the Company;
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 5 of the AGM Notice;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases; and
“%”	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. 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. Chow Yu Chun, Alexander
Mr. Leung Hoi Ying

6 May 2011

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
PROPOSED RE-ELECTION OF DIRECTORS
AND
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to (i) the proposed general mandates to issue and repurchase Shares and extend the general mandate to issue Shares by

LETTER FROM THE BOARD

adding to it the amount of Shares repurchased; (ii) the proposed re-election of Directors; (iii) the adoption of the New Share Option Scheme; and (iv) the termination of the 2002 Share Option Scheme in order to enable you to make an informed decision on whether to vote for or against the ordinary resolutions nos. 2, 4 to 7 to be proposed at the AGM.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, ordinary resolutions nos. 4 and 6 of the AGM Notice will be proposed which, if passed, will give the Directors a general mandate to issue new Shares representing up to (i) 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution plus (ii) the nominal amount of the share capital of the Company repurchased by the Company (under the authority granted pursuant to the Repurchase Resolution) subsequent to the passing of such resolution.

On the basis of a total of 3,699,183,927 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the AGM, the Issue Mandate (if granted by the Shareholders at the AGM) will empower the Directors to allot, issue or otherwise deal in up to a maximum of 739,836,785 new Shares, being 20% of the total issued capital of the Company as at the Latest Practicable Date.

GENERAL MANDATE TO REPURCHASE SHARES

The ordinary resolution no. 5 of the AGM Notice, if passed, will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution at any time until the next annual general meeting of the Company following the passing of the said ordinary resolution or such earlier period as stated in the said ordinary resolution (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in the Appendix I to this circular.

RE-ELECTION OF DIRECTORS

In accordance with the Article 116 of the Articles, Ms. Chiu Ching Ching, Mr. Hui Richard Rui, Mr. Leung Hoi Ying and Ms. Ma Yin Fan will retire as the Directors by rotation and being eligible, will offer themselves for re-election at the AGM.

In accordance with the Article 99 of the Articles, Mr. Chow Yu Chun, Alexander shall hold office until the AGM and, being eligible, offer himself for re-election at the AGM.

Brief biographical details of the above retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

LETTER FROM THE BOARD

ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE 2002 SHARE OPTION SCHEME

As the 2002 Share Option Scheme was adopted by the Company on 4 June 2002 and would expire on 3 June 2012, the Board has taken this opportunity to review and consider the rules of the 2002 Share Option Scheme and has proposed to terminate the 2002 Share Option Scheme and adopt the New Share Option Scheme. Upon termination of the 2002 Share Option Scheme, no further options will be granted thereunder; however, the rules of the 2002 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of option granted prior to its termination or otherwise as may be required in accordance with the rules of the 2002 Share Option Scheme. Options granted prior to such termination will continue to be valid and exercisable in accordance with the rules of the 2002 Share Option Scheme. As at the Latest Practicable Date, there were 24,800,000 options granted but not yet exercised under the 2002 Share Option Scheme.

The New Share Option Scheme is conditional upon:-

- (a) the passing of an ordinary resolution at the AGM to approve the termination of the 2002 Share Option Scheme;
- (b) the passing of an ordinary resolution at the AGM to approve and adopt the New Share Option Scheme and to authorise the Board to grant the Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Share Option Scheme; and
- (c) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in such number of Shares to be issued by the Company pursuant to the exercise of the Options which may be granted under the New Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Participants as incentives or rewards for their contribution to the Company and/or the subsidiaries of the Company.

Under the New Share Option Scheme, the Board has the authority to set terms and conditions in the grant of the Options (i.e. to set conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Options can be exercised and the requirement for a minimum subscription price). With such authority and flexibility, the Directors may impose different conditions in the grant of the Options to the Participants as they consider appropriate with a view to achieving the purpose of the New Share Option Scheme as stated above.

None of the Directors is a trustee of the New Share Option Scheme nor has any direct or indirect interest in the trustees.

LETTER FROM THE BOARD

Scheme mandate limit and maximum number of Shares to be issued under the New Share Option Scheme

Shares which may fall to be issued upon the exercise of all Options to be granted under the New Share Option Scheme at any time may not exceed 10% of the Shares in issue as at the date of adoption of the New Share Option Scheme.

On the basis of 3,699,183,927 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased by the Company prior to the AGM, the scheme limit for the New Share Option Scheme will be 369,918,392 Shares under Rule 17.03(3) of the Listing Rules, should the New Share Option Scheme be adopted.

Value of the Options

The Company considers that it would not be appropriate to state the value of all Options that could be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the Option value are yet to be determined. Such variables include the subscription price payable for the Shares, exercise period, any lock-up period and any performance target. The Company believes that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would be misleading to the Shareholders.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III on pages 15 to 22 of this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the registered office of the Company at Rooms 3206-3210, 32/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays other than public holidays from the date of this circular up to and including the date of the AGM.

AGM

The AGM Notice which contains, inter alia, resolutions to approve the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the re-election of the Directors, the adoption of the New Share Option Scheme and the termination of the 2002 Share Option Scheme is set out on pages 23 to 27 of this circular. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on any resolution at the AGM.

A form of proxy is herewith enclosed for use at the AGM. Whether or not you propose to attend the AGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the AGM if they so wish.

LETTER FROM THE BOARD

VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Article 80 of the Articles.

RESPONSIBILITY OF THE DIRECTORS

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.

RECOMMENDATION

The Board believes that the granting of the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate, the re-election of retiring Directors, the adoption of the New Share Option Scheme and the termination of the 2002 Share Option Scheme as set out in the AGM Notice are all in the best interests of the Company and the Shareholders as a whole. The Board recommends that the Shareholders vote in favour of the relevant resolutions as set out in the AGM Notice.

Yours faithfully,
By order of the Board
China Strategic Holdings Limited
Ma Si Hang, Frederick
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information for Shareholders to consider the Repurchase Mandate.

1. Share Capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,699,183,927 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 369,918,392 Shares (representing not more than 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Repurchase Resolution).

2. Reasons for Repurchases

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the 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 2010. 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.

4. Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date and the current month up to the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
May 2010	0.610	0.490
June 2010	0.610	0.500
July 2010	0.540	0.490
August 2010	0.550	0.500
September 2010	0.405	0.280
October 2010	0.305	0.260
November 2010	0.295	0.260
December 2010	0.290	0.260
January 2011	0.275	0.235
February 2011	0.260	0.215
March 2011	0.260	0.201
April 2011	0.243	0.220
May 2011 (up to the Latest Practicable Date)	0.222	0.217

5. Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and 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 Repurchase Mandate if such is approved by the Shareholders.

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

6. Takeovers Code

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of the Company kept under section 336 of the SFO, there is no Shareholder who has an interest of 5% or more of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate.

7. Share Repurchase 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.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

The followings are the particulars of retiring Directors who are proposed to be re-elected at the AGM:

Ms. Chiu Ching Ching (“Ms. Chiu”), aged 60, was appointed as an executive Director of the Company in September 2007. She has over 10 years of experience in senior management positions of several multinational corporations. She has over 15 years of experience in the trading business and business development. Save as disclosed herein, Ms. Chiu did not hold any directorships in any Hong Kong or overseas listed public companies in the last three years and does not hold any other positions with the Company or other members of the Group.

Ms. Chiu has not entered into any service contract with the Company and has no fixed term of service with the Company save that Ms. Chiu’s directorship with the Company is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Ms. Chiu is entitled to receive an annual remuneration of HK\$240,000 and a year end payment equivalent to one month of her basic salary (pro rata adjusted for any period shorter than a year), which is determined by reference to her duties and responsibilities and the prevailing market conditions. Ms. Chiu may also be entitled to a bonus for each financial year of the Company which is at the discretion of the Board and determined by reference to Ms. Chiu’s performance and the Group’s performance for the financial year concerned.

Save as disclosed herein, Ms. Chiu does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company nor any interests in the shares in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Ms. Chiu 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 rule 13.51(2) of the Listing Rules.

Mr. Hui Richard Rui (“Mr. Hui”), aged 43, was appointed as an executive Director of the Company in September 2008. He graduated from University of Technology, Sydney of Australia with a bachelor degree in mechanical engineering. He has over 10 years of experience in management positions of companies in Australia, Hong Kong and the People’s Republic of China. Mr. Hui is currently an executive director of G-Resources Group Limited (formerly known as Smart Rich Energy Finance (Holdings) Ltd.) and CST Mining Group Limited (formerly known as China Sci-Tech Holdings Limited), shares of both companies are listed on the Stock Exchange. Save as disclosed herein, Mr. Hui did not hold any directorships in any Hong Kong or overseas listed public companies in the last three years and does not hold any other positions with the Company or other members of the Group.

Mr. Hui has not entered into any service contract with the Company and has no fixed term of service with the Company. Mr. Hui’s directorship with the Company is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Mr. Hui is entitled to receive remuneration monthly salary of HK\$60,000 and a year end payment equivalent to one month of his basic salary (pro rata adjusted for any period shorter than a year), which is determined by reference to his duties and responsibilities and the prevailing market conditions. Mr. Hui may also be entitled to a bonus for each financial year of the Company which is at the discretion of the Board and determined by reference to Mr. Hui’s performance and the group’s performance for the financial year concerned.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Save as disclosed herein, Mr. Hui does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company nor any interests in the shares in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Hui 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 rule 13.51(2) of the Listing Rules.

Mr. Leung Hoi Ying (“Mr. Leung”), aged 60, was appointed as independent non-executive Director of the Company in September 2007. He graduated from Guangdong Foreign Trade School in the People’s Republic of China. He has over 15 years of experience in the trading business and business development. Mr. Leung is the member of Audit Committee and Remuneration Committee of the Company. Mr. Leung is currently an independent non-executive director of G-Resources Group Ltd., (formerly known as Smart Rich Energy Finance (Holdings) Ltd) and Fulbond Holdings Limited, the shares of which are listed on the Stock Exchange. Save as disclosed herein, Mr. Leung did not hold any directorships in any Hong Kong or overseas listed public companies in the last three years and does not hold any other positions with the Company or other members of the Group.

Mr. Leung has not entered into any service contract with the Company and has no fixed term of service with the Company save that Mr. Leung’s directorship with the Company is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Mr. Leung is entitled to receive an annual remuneration of HK\$100,000 which is determined by reference to his duties and responsibilities and the prevailing market conditions.

Save as disclosed herein, Mr. Leung does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company nor any interests in the shares in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Leung 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 rule 13.51(2) of the Listing Rules.

Ms. Ma Yin Fan (“Ms. Ma”), aged 47, was appointed as independent non-executive Director of the Company in September 2007. She obtained a Bachelor Degree with honours in Accountancy at Middlesex University in the United Kingdom. She is also awarded the Master of Business Administration and Master Degree in Professional Accounting at Heriot-Watt University in the United Kingdom and Hong Kong Polytechnic University respectively. She is a CPA (Practising) in Hong Kong and has been working in the auditing, accounting and taxation areas for more than 20 years of professional experience. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is the Fellow member of Hong Kong Institute of Certified Public Accountants, Taxation Institute of Hong Kong, Association of Chartered Certified Accountants, Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators. She is also a member of the Institute of Chartered Accountant in the England and Wales. Ms. Ma is the member of Audit Committee and Remuneration Committee of the Company. Ms. Ma is currently an independent non-executive director of G-Resources Group Ltd (formerly known as Smart Rich Energy Finance (Holdings) Ltd) and

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Fulbond Holdings Limited, the shares of which are listed on the Stock Exchange. Save as disclosed herein, Ms. Ma did not hold any directorships in any Hong Kong or overseas listed public companies in the last three years and does not hold any other positions with the Company or other members of the Group.

Ms. Ma has not entered into any service contract with the Company and has no fixed term of service with the Company. Ms. Ma's directorship with the Company is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Ms. Ma is entitled to receive an annual remuneration of HK\$150,000, which is determined by reference to her duties and responsibilities and the prevailing market conditions.

Save as disclosed herein, Ms. Ma does not have any relationships with any directors, senior management, substantial or controlling shareholders of the Company nor any interests in the shares in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Ms. Ma 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 rule 13.51(2) of the Listing Rules.

Mr. Chow Yu Chun, Alexander ("Mr. Chow"), aged 64, was appointed as independent non-executive Director of the Company in March 2011. Mr. Chow has over 30 years of experience in property development and investment in Hong Kong. Mr. Chow joined New World Development Company Limited (the "New World Group") in 1973 and was responsible for the financial operations of the New World Group. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants (UK) and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Chow is the member of Audit Committee and Remuneration Committee of the Company. Mr. Chow is currently a non-executive director of New World China Land Limited, the shares of which are listed on the Stock Exchange. Mr. Chow is also an independent non-executive director of Playmates Toys Limited and Top Form International Limited, the shares of which are listed on the Stock Exchange.

During the last three years, Mr. Chow had been an executive director of New World China Land Limited up to his re-designation as a non-executive director of New World China Land Limited on 1 January 2011. Mr. Chow had also been an independent non-executive director of SHK Hong Kong Industries Limited (formerly known as Yu Ming Investments Limited), the shares of which are listed on the Stock Exchange, up to his resignation on 23 May 2008. Save as disclosed herein, Mr. Chow did not hold other directorships in any listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any other positions with the Company or other members of the Group.

Mr. Chow has not entered into any service contract with the Company and has no fixed term of service with the Company save that Mr. Chow's directorship with the Company is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Mr. Chow is entitled to an annual remuneration of HK\$150,000.00 which is determined by reference to his duties and responsibilities and the prevailing market conditions.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Save as disclosed herein, Mr. Chow does not have any relationships with any directors, senior management, substantial shareholders, or controlling shareholders of the Company nor any other interests in the shares in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Chow 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 rule 13.51(2) of the Listing Rules.

This Appendix summarizes the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting interpretation of the rules of the New Share Option Scheme.

1. Summary of terms

(A) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Participants as incentives or rewards for their contribution to the Company and/or the subsidiaries of the Company.

(B) Participants of the New Share Option Scheme

The Participants of the New Share Option Scheme to whom option(s) (“Options”) may be granted by the Board shall include any employee (whether full time or part time), executives or officers of the Company or any of the subsidiaries of the Company (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of the subsidiaries of the Company.

(C) Maximum number of Shares available for subscription

- (i) The total number of Shares which may be issued upon exercise of all Options which may be granted under the New Share Option Scheme and options which may be granted under any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the adoption date (the “Adoption Date”) of the New Share Option Scheme (the “Scheme Mandate Limit”) unless the Company obtains a refresh approval from the Shareholders pursuant to paragraph (C)(ii) below. Option lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company under which such Options are granted, as the case may be, shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (ii) The Company may seek approval by the Shareholders in general meetings for refreshing the Scheme Mandate Limit. However, the total number of the Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit must not exceed 10% of the Shares in issue as at the date of the approval of the renewal of the Scheme Mandate Limit by the Shareholders. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme and any other share option schemes of the Company and exercised options) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. In seeking approval, the Company shall send a circular to the Shareholders.

- (iii) The Company may seek separate approval by the Shareholders in general meeting of the Company for granting the Options to Participant(s) beyond the Scheme Mandate Limit provided the Options in excess of the limit are granted only to the Participants specifically identified by the Company before such approval is sought. In seeking such approval, the Company must send a circular to the Shareholders containing a generic description of the specified Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting option to the specified Participant, with an explanation as to how the terms of the Options serve such purpose and other information in compliance with the Listing Rules.
- (iv) Notwithstanding the foregoing, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time. No Options may be granted under any share option schemes of the Company (or its subsidiaries) if this will result in the limit being exceeded.

(D) Maximum number of Options to each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares for the time being in issue and any further grant of the Options to a Participant shall not result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue unless the proposed grant or proposed further grant has been approved by the Shareholders in general meeting with the proposed Participant who accepts the offer of the grant of any Option in accordance with the terms of the New Share Option Scheme (the “Grantee”) and his associates (as defined in the relevant rule of the Listing Rules) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the proposed Grantee, the number and terms of the Options to be granted (and options previously granted to such Grantee) and other information in compliance with the Listing Rules. The number and terms of Options to be granted to such proposed Grantee must be fixed before the Shareholders approval and the date of meeting of the Board for proposing such further grant should be taken as the date for the purpose of calculating the Subscription Price (as defined in paragraph (H)).

(E) Grant of Options to connected person

- (i) Any grant of Option to a director, chief executive or substantial shareholder (all with the meaning as ascribed under the Listing Rules) of the Company or any of their respective associates (with the meaning as ascribed under the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option).

- (ii) Where any grant of Option is proposed to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates (as defined in the Listing Rules) and the proposed grant of Option, when aggregated will result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant,
- a. representing in aggregate over 0.1% of the Shares in issue; and
 - b. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

then such proposed grant of Option(s) must be subject to approval by Shareholders in a general meeting where all connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rule 13.40 of the Listing Rules. A Shareholders' circular must be prepared by the Company explaining the proposed grant of Option, disclosing the number and terms (including the Subscription Price and the date of Board meeting for proposing the proposed grant of Options shall be taken as the date of grant for the purpose of calculating the Subscription Price) of the Options proposed to be granted and the recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option) as to voting and any other information as required under the Listing Rules.

(F) Time of acceptance and exercise of an Option

- (i) An offer of the grant of an Option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Participant concerned until 5:00 p.m. the 21st days inclusive of and from the date on which an Option is offered to any Participant provided that no such offer shall be open for acceptance after the 10th anniversary of the Adoption Date or after the New Share Option Scheme has been terminated. An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.
- (ii) An Option may be exercised in accordance with the terms and conditions of the New Share Option Scheme at any time during the option period which is such period as the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the date of grant of the Option and the Board may provide restrictions on the exercise of an Option during the period an Option may be exercised (the "Option Period").

(G) Performance Targets

There is no performance target that must be achieved before the Options can be exercised and there is no minimum period for which an Option must be held before it can be exercised, unless otherwise determined by the Board.

(H) Subscription Price

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but in any case the Subscription Price shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for certain periods during the Option Period.

(I) Rights on Ceasing to be a Participant (by reason other than death)

In the event of the Grantee ceasing to be a Participant for any reason other than on his or her death or the termination of his or her relationship with the Company and/or any of the subsidiaries of the Company on one or more of the grounds specified in paragraph (O)(4), the Grantee may exercise the Option up to his or her entitlement at the date of cessation of being a Participant (to the extent not already exercised) within the period of 1 month(s) following the date of such cessation (which date shall be, in relation to a Grantee who is a Participant by reason of his or her employment with the Company or any of the subsidiaries of the Company, the last actual working day with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not).

(J) Rights on death

In the event of the Grantee ceasing to be a Participant by reason of death and none of the events which would be a ground for termination of his or her relationship with the Company and/or any of the subsidiaries of the Company under paragraph (O)(4) arises, the legal representative(s) of the Grantee shall be entitled within a period of 12 month(s) or such longer period as the Board may determine from the date of death to exercise the Option in full (to the extent not already exercised).

(K) Rights on general offer

If a general offer (whether by takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the

expiry of the Option, the Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional even though the Option Period has not come into effect during the occurrence of the general offer, failing which the Option shall lapse.

(L) Rights on winding-up

If in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or where permitted under paragraph (J) his/her legal personal representatives) shall be entitled to exercise all or any of his/her Options (to the extent which has become exercisable and not already exercised) at any time not later than 7 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(M) Rights on a compromise or scheme of arrangement

If an application is made to the court (otherwise than where the Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), the Grantee may by notice in writing to the Company within 21 days after the date of such application, exercise the Option in full (to the extent which has become exercisable and not already exercised) or to the extent specified in such notice, failing which the Option shall lapse.

(N) Life of scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme becomes unconditional.

(O) Lapse of Option

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of any of the periods referred to in paragraphs (I), (J), (K), (L) and (M);

- (3) subject to paragraph (L), the date of the commencement of the winding-up of the Company;
- (4) the date on which the Grantee ceases to be a Participant by reason of the termination of his relationship with the Company and/or any of the subsidiaries of the Company on any one or more of the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or in relation to any employee of the Company and/or any of the subsidiaries of the Company (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary of the Company. A resolution of the Board or the board of directors of the relevant subsidiary of the Company to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (5) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in paragraph (M); and
- (6) the date on which the Grantee commits a breach of paragraph (S).

(P) *Reorganization of capital structure*

In the event of any alterations in the capital structure of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) pursuant to a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital or otherwise howsoever in accordance with the legal requirements and the requirements of the Listing Rules and the Stock Exchange whilst any Option remains exercisable, such corresponding adjustments (if any) shall be made in:

- (1) the number of Shares subject to the Option so far as unexercised; and/or
- (2) the Subscription Price;

provided that any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same as that to which he/she was entitled before such adjustment and that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and in case of any adjustments other than any made on a capitalisation issue, a written confirmation from an independent financial adviser or the auditors of the Company is required to confirm that the adjustment(s) satisfy the relevant requirements under the Listing Rules. The capacity of the independent financial adviser or the auditors of the Company in this paragraph (P) is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees. The costs of the independent financial advisor or the auditors of the Company shall be borne by the Company.

(Q) Cancellation of Options

Any cancellation of Options granted but not exercised must be approved by the Board provided that where the Company cancel any Options granted but not exercised in accordance with this paragraph (Q) and issue new ones to the same option holder, the issue of such new Options may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as stated in paragraph (C).

(R) Termination of the New Share Option Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Option will be offered but the provisions of the New Share Option Scheme in relation to any outstanding Options shall remain in full force and effect in all other respects and the Options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the New Share Option Scheme.

(S) Transferability of Options

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

(T) Alteration of the New Share Option Scheme

The New Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the New Share Option Scheme relating to

- (i) matters set out in Rule 17.03 of the Listing Rules to the advantage of the Participants;
- (ii) any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme;
- (iii) the terms and conditions of the New Share Option Scheme which are of a material nature; or
- (iv) any change to the terms of Options granted (except where such alterations take effect automatically under the existing terms of the New Share Option Scheme) shall not be made except with the prior sanction of a resolution by the Shareholders.

The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

(U) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders of Options to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

NOTICE OF ANNUAL 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 annual general meeting of China Strategic Holdings Limited (the “Company”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaff Road, Wanchai, Hong Kong on Friday, 10 June 2011 at 10:00 a.m. for the following purposes:

- 1 To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 December 2010;
- 2 To re-elect the retiring directors of the Company and to authorise the board of directors of the Company to fix the remuneration of the directors of the Company;
- 3 To re-appoint auditors and to authorise the board of directors of the Company to fix auditors’ remuneration;
- 4 To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT:**

- 4.1 subject to paragraph 4.3 below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- 4.2 the approval in paragraph 4.1 above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants, debentures and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power during or after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

4.3 the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph 4.1 above, otherwise than (i) a Rights Issue (as hereinafter defined), or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company, or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries or any other eligible person(s) of shares or rights to acquire shares of the Company, or (iv) an issue of shares as scrip dividends pursuant to the articles of association of the Company (the “Articles”), from time to time shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

4.4 for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

4.4.1 the conclusion of the next annual general meeting of the Company;

4.4.2 the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law to be held; or

4.4.3 the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the directors of the Company to the holders of shares of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on the register on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate such other securities) as at that date (subject to such exclusions 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 applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

- 5 To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT:**

5.1 subject to paragraph 5.2 below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

5.2 the aggregate nominal amount of shares of the Company which the directors of the Company is authorised to repurchase pursuant to the approval in paragraph 5.1 above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly;

5.3 for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

5.3.1 the conclusion of the next annual general meeting of the Company;

5.3.2 the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law to be held; or

5.3.3 the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”

- 6 To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** subject to the passing of Resolutions No. 4 and No. 5 set out in this notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to Resolution No. 4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the Resolution No. 5 as set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

NOTICE OF ANNUAL GENERAL MEETING

- 7 To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT:**

- 7.1 subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, shares of the Company (the “Shares”) to be issued pursuant to the exercise of any options under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the Chairman thereof, (i) the existing share option scheme of the Company adopted on 4 June 2002 be and is hereby terminated; and (ii) the New Share Option Scheme be and is hereby approved and adopted and that the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:
- 7.1.1 to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
- 7.1.2 to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- 7.1.3 to issue and allot from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme;
- 7.1.4 to make application at the appropriate time or times to The Stock Exchange of Hong Kong Limited for listing of and permission to deal in any Shares which may from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and
- 7.1.5 to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

By order of the Board
China Strategic Holdings Limited
Ma Si Hang, Frederick
Chairman

Hong Kong, 6 May 2011

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- 1 Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him. A proxy need not be a member of the Company.*
- 2 To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
- 3 As at the date hereof, the board of directors of the Company comprises Mr. Or Ching Fai, Ms. Chiu Ching Ching, Mr. Yau Wing Yiu, Mr. Hui Richard Rui, Ms. Chan Ling, Eva and Mr. Chow Kam Wah as executive directors of the Company; Mr. Ma Si Hang, Frederick as non-executive director of the Company; and Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*