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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)

MEMORANDUM OF UNDERSTANDING

On 15 May 2015 (after trading hours), Success China Worldwide Limited (the “Purchaser”) which is an indirect wholly-owned subsidiary of China Strategic Holdings Limited (the “Company”) entered into a memorandum of understanding (“MOU”) with two individuals (the “Sellers”) under which the Purchaser has indicated that it wishes to acquire the entire issued share capital of a Hong Kong company (“Target Company”) for an indicative price of HK\$2 billion. Following the implementation of a restructuring in a manner which is satisfactory to the Purchaser, the Target Company will hold not less than 75% interests in Hualian Electric Commerce Group Co., Ltd. # (“Hualian”) (華聯電子商務集團有限公司). Hualian and its subsidiaries (“Target Group”) operate an online shopping platform (www.hloto.com) in the People’s Republic of China and have plans to expand into convenience chain stores business which is expected to integrate and enhance its existing online business and Online to Offline (O2O) business model.

The transaction contemplated under the MOU is subject to the entering into of a formal agreement between the parties. The Purchaser will conduct due diligence on the Target Group. Under the MOU, the Sellers have granted an exclusivity period of 3 months (or such longer period as agreed between the parties) to the Purchaser, during which period, the Sellers are prevented from entering into any negotiation or agreement with other potential purchasers. The MOU is non-legally binding in nature except for the exclusivity and confidentiality provisions. Further announcement will be made by the Company if and when a formal agreement has been entered into.

The transaction contemplated under the MOU is subject to a number of conditions including the entering into of a formal agreement and due diligence satisfactory to the Purchaser and therefore may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in shares of the Company.

By Order of the Board
China Strategic Holdings Limited
Or Ching Fai
Chairman

Hong Kong, 15 May 2015

As at the date of this announcement, the Board comprises five Executive Directors, namely Dr. Or Ching Fai (Chairman and Chief Executive Officer), Mr. Sue Ka Lok, Ms. Lee Chun Yeung, Catherine, Mr. Hui Richard Rui and Mr. Chow Kam Wah; and three Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying.

literal translation of the Chinese company name