THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(incorporated in Hong Kong with limited liability)

ADOPTION OF THE NEW SHARE OPTION SCHEMES AND TERMINATION OF THE EXISTING SHARE OPTION SCHEMES FOR CHINA STRATEGIC HOLDINGS LIMITED AND CHINA LAND GROUP LIMITED

A notice convening an extraordinary general meeting of China Strategic Holdings Limited to be held immediately after an extraordinary general meeting of China Strategic Holdings Limited at 10:00 a.m. on Tuesday, 4 June 2002 at 7/F, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong is set out on page 29 to 31 of this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereof and return it to the share registrar of the Company, Standard Registrars Limited at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

18 May 2002

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RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The information contained herein relating to the Group has been supplied by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement contained herein misleading insofar as it relates to the Group.

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

"Board"	the board of Directors
"China Land"	China Land Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange and a subsidiary of the Company
"China Land Board"	the board of directors of China Land
"China Land Existing Scheme"	the share option scheme of China Land adopted on 27 June 2000
"China Land Group"	China Land and its subsidiaries
"China Land New Scheme"	the new share option scheme of China Land proposed to be adopted by China Land at the SGM and by the Company at the EGM, the principal terms of which are set out in Appendix II to this circular
"China Land Participants"	any employees (whether full time or part time), executives or officers, directors (including executive and non-executive) of China Land or any of its subsidiaries and any business consultants, agents, legal or financial advisers of China Land or any of its subsidiaries who the China Land Board considers, in its sole discretion, will contribute or have contributed to China Land or any of its subsidiaries
"China Land Shareholder(s)"	holder(s) of China Land Share(s)
"China Land Share(s)"	ordinary share(s) of US$0.02 each in the share capital of China Land
"Company"	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held immediately after an extraordinary general meeting of the Company at 10:00 a.m. on Tuesday, 4 June 2002 at 7/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong, to consider and, if thought fit, approve the adoption of the New Schemes and the termination of the Existing Schemes or any adjournment thereof

"Eligible Participant"	any employees (whether full time or part time), executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) 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 its subsidiaries
"Existing Scheme"	the share option scheme adopted by the Company on 20 July 1992 for the grant of share options to officers, directors and full-time and part-time employees of the Group
"Existing Schemes"	the Existing Scheme and the China Land Existing Scheme
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Holding Company"	in respect of China Land, means the Company or any other holding company of China Land within the meaning given in the Companies Ordinance (Cap 32 of the Laws of Hong Kong) and the shares of which are listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	16 May 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Scheme"	the share option scheme which is proposed to be adopted by the Company, further information and summary of the principal terms are set out in Appendix I to this circular
"New Schemes"	the New Scheme and the China Land New Scheme
"SGM"	the special general meeting of China Land to be held at 33rd Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 4 June 2002 at 9:30 a.m., to consider and, if thought fit, to approve the adoption of the China Land New Scheme and the termination of the China Land Existing Scheme or any adjournment thereof

"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	a subsidiary within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"US$"	United States dollars, the lawful currency of the United States of America

CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(incorporated in Hong Kong with limited liability)

Executive Directors:
Chan Kwok Keung, Charles
(Chairman and Chief Executive Officer)
Yap, Allan
(Vice Chairman)
Chau Mei Wah, Rosanna
Lien Kait Long
Li Wa Kin

Alternate Directors:
Chan Kwok Hung
(alternate to Chan Kwok Keung, Charles)
Lui Siu Tsuen, Richard
(alternate to Yap, Allan)
Lau Ko Yuen, Tom
(alternate to Chau Mei Wah, Rosanna)

Independent Non-Executive Directors:
David Edwin Bussmann
Choy Hok Man, Constance

Registered office:
8th Floor,
Paul Y. Centre,
51 Hung To Road,
Kwun Tong,
Kowloon,
Hong Kong

18 May 2002

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEMES AND TERMINATION OF THE EXISTING SHARE OPTION SCHEMES FOR CHINA STRATEGIC HOLDINGS LIMITED AND CHINA LAND GROUP LIMITED

1. INTRODUCTION

As a result of the amendments made to Chapter 17 of the Listing Rules (Share Option Schemes) with respect to the requirements governing the Existing Schemes, at the EGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Scheme and to terminate the Existing

Scheme. For the same reason, at the SGM, an ordinary resolution will also be proposed for China Land to approve and adopt the China Land New Scheme and to terminate the China Land Existing Scheme. As China Land is a subsidiary of the Company and in accordance with Rule 17.01(4) of the Listing Rules, at the EGM, an ordinary resolution will also be proposed for the Company to approve the adoption by China Land of the China Land New Scheme and the termination of the China Land Existing Scheme.

The purpose of this circular is to provide you with further details in respect of the proposed adoption of the New Schemes and termination of the Existing Schemes and the notice convening the EGM.

2. ADOPTION OF THE NEW SCHEMES AND TERMINATION OF THE EXISTING SCHEMES

Background

The Company adopted the Existing Scheme on 20 July 1992 and China Land adopted the China Land Existing Scheme on 27 June 2000.

As a result of the Stock Exchange amending Chapter 17 (Share Option Schemes) of the Listing Rules on 1 September 2001, certain terms of the Existing Schemes are no longer in compliance with Chapter 17 of the Listing Rules and the Company and China Land can no longer grant any further options under the Existing Scheme and the China Land Existing Scheme respectively without being in breach of Chapter 17 of the Listing Rules. Accordingly each of the Company and China Land proposes to adopt the New Scheme and the China Land New Scheme respectively which complies with Chapter 17 of the Listing Rules and to terminate the Existing Scheme and the China Land Existing Scheme respectively. Except that no further options may be granted under the Existing Schemes consequent upon their termination, all the other provisions of the Existing Schemes will remain in force so as to give effect to the exercise of all outstanding options granted under the Existing Schemes prior to 1 September 2001 and all such options will remain valid and exercisable in accordance with the provisions of the Existing Schemes.

Company

As at the Latest Practicable Date, there were 460,978,942 Shares in issue. The particulars of the options granted under the Existing Scheme prior to 1 September 2001 (being the date on which the new Chapter 17 of the Listing Rules governing share option schemes came into effect) and as at the Latest Practicable Date are set forth below:

	As at 1 September 2001		As at the Latest Practicable Date	
	No. of Shares	% of issued Shares	No. of Shares	% of issued Shares
Share options granted (including those exercised, outstanding or cancelled but excluding those lapsed)	34,572,750	7.50	34,316,750	7.44
Share options exercised	33,940,000	7.36	33,940,000	7.36
Share options outstanding	632,750	0.14	376,750	0.08
Share options lapsed	14,557,190	3.16	14,813,190	3.21

Note: Since 1 September 2001 to the Latest Practicable Date, a total number of 256,000 share options under the Existing Scheme have lapsed.

Since the Stock Exchange has amended Chapter 17 (Share Option Schemes) of the Listing Rules on 1 September 2001, the Directors have not granted any further options under the Existing Scheme and the Directors have no intention to grant any options under the Existing Scheme during the period from the Latest Practicable Date to the date of approval of the New Scheme as any grant of options after 1 September 2001 will not be in compliance with Chapter 17 of the Listing Rules.

Assuming that no further Shares will be issued prior to the date of approval and adoption of the New Scheme by Shareholders, the maximum number of options that can be granted by the Company under the New Scheme and any other schemes would be 46,097,894 Shares representing 10 per cent of the number of Shares in issue as at the date of approval of the New Scheme.

China Land

As at the Latest Practicable Date, there were 1,362,419,295 China Land Shares in issue. Prior to 1 September 2001 (being the date on which the new Listing Rules governing share option schemes came into effect), there was no option granted under the China Land Existing Scheme.

Since the Stock Exchange has amended Chapter 17 (Share Option Schemes) of the Listing Rules on 1 September 2001, the China Land Board has not granted any further options under the China Land Existing Scheme and the China Land Board has no intention to grant any options under the China Land Existing Scheme during the period from the Latest Practicable Date to the date of approval of the China Land New Scheme as such grant will no longer be in compliance with Chapter 17 of the Listing Rules.

Assuming that no further Shares will be issued prior to the date of approval and adoption of the China Land New Scheme by China Land Shareholders, the maximum number of options that can be granted by China Land under the China Land New Scheme and any other schemes would be 136,241,929 China Land Shares representing 10 per cent of the total number of China Land Shares in issue as at the date of approval of the China Land New Scheme.

Conditions

The adoption of the New Scheme is conditional upon:

(a) the Shareholders passing an ordinary resolution to approve the New Scheme and to terminate the Existing Scheme at the EGM; and

(b) the Stock Exchange granting the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any option granted under the New Scheme, the total number of which shall not exceed 10 per cent of the total number of Shares in issue as at the date of approval of the New Scheme.

The adoption of the China Land New Scheme is conditional upon:

(a) the Shareholders passing an ordinary resolution to approve the China Land New Scheme and to terminate the China Land Existing Scheme at the EGM;

(b) the China Land Shareholders passing an ordinary resolution to approve the China Land New Scheme and to terminate the China Land Existing Scheme at the SGM;

(c) the Stock Exchange granting the approval of the listing of and permission to deal in the China Land Shares to be issued pursuant to the exercise of any option granted under the China Land New Scheme, the total number of which shall not exceed 10 per cent of the total number of Shares in issue as at the date of approval of the China Land New Scheme by the China Land Shareholders; and

(d) the permission from the Bermuda Monetary Authority being obtained for the granting of the options pursuant to the China Land New Scheme and the allotment and issue of the China Land Shares pursuant to the exercise of the options granted under the China Land New Scheme.

The New Schemes

A summary of the principal terms of each of the New Scheme and the China Land New Scheme is set out in Appendix I and II to this circular respectively.

Each of the Board and the China Land Board is of the view that contributions of the employees (full time or part time), executives or officers (including executive and non-executive directors) of the Company or any of its subsidiaries or China Land or any of its subsidiaries (as the case may be) and possibly their business consultants, agents and legal or financial advisers are of paramount importance to the success of the Company or any of its subsidiaries or China Land or any of its subsidiaries (as the case may be) as a whole and therefore they consider it to be in the interests of Group or the China Land Group (as the case may be) as a whole for such persons to be given incentives to participate in the growth of the Group or the China Land Group (as the case may be) in the form of options to subscribe for Shares or China Land Shares (as the case may be).

In addition, each of the Board and the China Land Board will be empowered to determine the exercise price of a Share or a China Land Share (as the case may be) in respect of any particular option granted under the New Schemes on the basis set out in paragraph 5 of Appendix I and II respectively so that the Eligible Participants or the China Land Participants (as the case may be) will be encouraged to subscribe the Shares or the China Land Shares (as the case may be) pursuant to the options granted by the Company or China Land (as the case may be) as incentives and rewards for their contribution to the Group or the China Land Group (as the case may be). The subscription of Shares by the Eligible Participants or China Land Shares by the China Land Participants will further contribute towards the profitability and success of the Group or the China Land Group (as the case may be).

None of the Directors are appointed as trustees of the New Scheme or have a direct or indirect interest in the trustees of the New Scheme. None of the directors of China Land are appointed as trustees of the China Land New Scheme or have a direct or indirect interest in the trustees of the China Land New Scheme.

Application for Listing

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the New Scheme, the total number of which shall not exceed 10 per cent of the total number of Shares in issue as at the date of approval of the New Scheme.

3. EGM

A notice convening the EGM to be held immediately after an extraordinary general meeting of the Company at 10:00 a.m. on Tuesday, 4 June 2002 at 7/F, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong is set out on page 29 to 31 of this circular for the purpose of considering and, if thought fit, passing the resolutions in respect of the adoption of the New Scheme and the termination of the Existing Scheme and the adoption of the China Land New Scheme and the termination of the China Land Existing Scheme.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereof and return it to the share registrar of the Company, Standard Registrars Limited at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

A further announcement will be made on the outcome of the EGM regarding the adoption of the New Schemes and the termination of the Existing Schemes on the business day following such meeting.

4. RECOMMENDATION

Having regard to the information set out in this circular, the Board is of the opinion that it is in the interest of the Company and the Shareholders as a whole to adopt the New Scheme and to terminate the Existing Scheme. The Board is also of the opinion that the adoption of the China Land New Scheme is in the best interest of the Company and the Shareholders as a whole. Accordingly the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company in Hong Kong at 8th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours for a period of 14 days before the date of the EGM (i.e. from 18 May 2002 to 3 June 2002 (both dates inclusive)) and at the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the memorandum of association and bye-laws of China Land;

(iii) the rules of the New Scheme; and

(iv) the rules of the China Land New Scheme.

Yours faithfully,
For and on behalf of the Board
Lien Kait Long
Executive Director

NEW SCHEME

Summary of terms

The following is a summary of the principal terms of the New Scheme to be adopted at the EGM:

1. Purpose

The purpose of the New Scheme is to enable the Company to grant options to employees (whether full time or part time), executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any business consultants, agents, legal or financial advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries.

2. Who may join

The Board may, at its discretion, offer Eligible Participants, being, employees (whether full time or part time) or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and business consultants, agents and legal or financial advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of its subsidiaries, options to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme(s) of the Company (which for this purpose, excludes the Existing Scheme) must not exceed 10 per cent of the Shares in issue on the date of approval and adoption of the New Scheme by the Shareholders (which is expected to be 4 June 2002, being the date of the EGM). Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10 per cent limit.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(a) refresh this limit at any time to 10 per cent of the Shares in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed); and/or

(b) grant options beyond the 10 per cent limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30 per cent of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30 per cent limit being exceeded.

4. Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed one (1) per cent of the Shares in issue as at the date of grant.

Any further grant of options in excess of this one (1) per cent limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

5. Price of Shares

The subscription price for a Share in respect of any particular option granted under the New Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price must not be less than the highest of (a) 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 business day; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) business days immediately preceding the date of grant; and (c) the nominal value of a Share.

6. Granting options to connected persons

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) of the Company or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options 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 the offer of such grant:

(a) representing in aggregate over 0.1 per cent of the Shares in issue on the date of the offer; and

(b) having an aggregate value in excess of HK$5 million, based on the closing price of the Shares at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person (as defined in the Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

7. Restrictions on the time of grant of options

A grant of options may not be made after a price-sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price-sensitive information has been published in the newspaper. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting for the approval of the Company's annual or interim results; and (b) the deadline for the Company to publish its interim or annual results announcement under the listing agreement and ending on the date of actual publication of the results announcement.

8. Rights are personal to grantee

An option is personal to the grantee and the grantee may not 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 or attempt to do so.

9. Time of exercise of option

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The Board is currently unable to determine such minimum period. The date of grant of any particular option is the date when the duplicate offer document constituting 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 is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the New Scheme. Subject to earlier termination by the Company in general meeting, the New Scheme shall be valid and effective for a period of 10 years from the date of adoption of the New Scheme by Shareholders by resolution at a general meeting.

10. Performance Target

The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the New Scheme can be exercised. There are no specific performance targets stipulated under the terms of the New Scheme and the Board is currently unable to determine such restriction on the exercise of the options granted under the New Scheme.

11. Rights on ceasing to be an Eligible Participant and death

(a) In the event of the grantee ceasing to be an Eligible 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 its subsidiaries on one or more of the grounds specified in paragraph 12 below, the grantee may exercise the option up to his or her entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month following the date of such cessation. In relation to a grantee who is an Eligible Participant by reason of his or her employment with the Company or any of its subsidiaries, the date of cessation of being an Eligible Participant shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not.

(b) In the case of the grantee ceasing to be an Eligible 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 its subsidiaries under paragraph 12 below arises, the legal representative(s) of the grantee shall be entitled within a period of 12 months 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).

12. Lapse of option on misconduct, bankruptcy or dismissal etc.

If a grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Company and/or any of its subsidiaries 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 an employee of the Company and/or any of its subsidiaries (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, his or her option will lapse and not be exercisable on the date of termination of his or her relationship with the Company and/or any of its subsidiaries.

13. Rights on takeover

If a general offer 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 (with the meaning of the Hong Kong Code on Takeovers and Mergers), the grantee (or his or her legal personal representatives) shall be entitled to exercise the option in full or in part (to the extent not already exercised) thereafter and up to the closing date of such offer (or any revised offer).

14. Rights on scheme of arrangement for the Company

If a general offer by way of a scheme of arrangement is made to all the holders of Shares and the scheme has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his or her legal personal representatives) may, thereafter (but before such time as shall be notified by the Company and in any case, before the scheme becomes effective) exercise the Option to its full extent or to the extent specified in such notice. Upon such scheme of arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapsed and determined.

15. Rights on winding-up

In the event of an effective resolution being passed by the Shareholders for the voluntary winding-up of the Company or an order of the court is made for the winding-up of the Company, the grantee of an option (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if his option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice and shall accordingly be entitled to receive out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the exercise price which would otherwise have been payable in respect thereof.

16. Lapse of the options

An option will lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(a) the expiry date relevant to that option;

(b) the expiry of any of the periods referred to in paragraphs 11, 13 or 14 above;

(c) the date of commencement of the winding-up of the Company (as determined in accordance with the applicable law) as referred to in paragraph 15 above;

(d) the date on which the scheme for the reconstruction of the Company or its amalgamation with any other company or companies, becomes effective as referred to in paragraph 14 above;

(e) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Company and/or any of its subsidiaries on any one or more of the grounds specified in paragraph 12 above. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in paragraph 12 above shall be conclusive;

(f) the date on which the grantee ceases to be an Eligible Participant for any reason (including termination of the grantee's employment with the Company and/or any of its subsidiaries by reason of redundancy or as a result of the grantee's own resignation) other than the termination of the grantee's employment on one or more of the grounds specified in paragraph 12; or

(g) the date on which the grantee commits a breach of the prohibitions specified in paragraph 8 above or the options are cancelled in accordance with paragraph 20 below.

17. Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue.

18. Effect of alterations to capital

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the exercise price of each outstanding option as the auditors of the Company or the independent financial adviser shall certify in writing to the Board to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules and the note thereto. Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

19. Alteration of New Scheme

The New Scheme may be altered in any respect by resolution of the Board except that:

(a) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(b) any material alteration to the terms and conditions of the New Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the New Scheme),

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect an option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the New Scheme. The amended terms of the New Scheme shall still comply with the Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Scheme must be approved by Shareholders in general meeting.

20. Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantee of the relevant options. Where the Company cancels options and issues new ones to the same grantee, the issue of such new options may only be made under the New Scheme with available unissued options (excluding the cancelled options) within the limit approved by Shareholders.

21. Termination of the New Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the New Scheme and in such event no further option shall be offered but the provisions of New Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Scheme. Options granted prior to such termination at the time of termination shall continue to be valid and exercisable in accordance with the New Scheme.

22. Condition of the New Scheme

The New Scheme is conditional on (a) the Shareholders' approval of the adoption of the New Scheme and termination of the Existing Scheme at the EGM; and (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the

Shares which may fall to be issued pursuant to the exercise of options granted pursuant thereto, the total number of which shall not exceed 10 per cent of the total number of Shares in issue as at the date of approval of the New Scheme.

23. Disclosure in annual and interim reports

The Company will disclose details of the New Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

24. Present status of the New Scheme

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the New Scheme, the total number of which shall not exceed 10 per cent of the total number of Shares in issue as at the date of approval of the New Scheme.

Values of all options that can be granted under the New Scheme

The Board considers that it is not appropriate or helpful to Shareholders to state the value of all options that can be granted pursuant to the New Scheme as if they had been granted at the Latest Practicable Date. The Board believes that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Board believes that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

CHINA LAND NEW SCHEME

Summary of terms

The following is a summary of the principal terms of the China Land New Scheme to be adopted at the SGM.

1. Purpose

The purpose of the China Land New Scheme is to enable China Land to grant options to any employees (whether full time or part time), executives or officers, directors (including executive and non-executive) of China Land or any of its subsidiaries and any business consultants, agents, legal or financial advisers of China Land or any of its subsidiaries who, in the sole discretion of the China Land Board, will contribute or have contributed to China Land or any of its subsidiaries as incentives and/or rewards for their contribution to China Land or such subsidiaries.

2. Who may join

The China Land Board may, at its discretion, offer China Land Participants, being, any employees (whether full time or part time), executives or officers, directors (including executive and non-executive) of China Land or any of its subsidiaries and any business consultants, agents, legal or financial advisers of China Land or any of its subsidiaries who, in the sole discretion of the China Land Board, will contribute or have contributed to China Land or any of its subsidiaries, options to subscribe for such number of China Land Shares as the China Land Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the grantee shall pay HK$1.00 to China Land by way of consideration for the grant.

3. Maximum number of China Land Shares

The maximum number of China Land Shares which may be issued upon exercise of all options to be granted under the China Land New Scheme and any other share option scheme(s) of China Land (which for this purpose, excludes the China Land Existing Scheme) must not exceed 10 per cent of the China Land Shares in issue on the date of approval and adoption of the China Land New Scheme by the Shareholders and the China Land Shareholders (which is expected to be 4 June 2002, being the date of the EGM and the SGM). China Land Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10 per cent limit.

Subject to the issue of a circular by China Land (and if required, the Holding Company) and the approval of the China Land Shareholders (and if required, the shareholders of the Holding

Company) in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the China Land Board may:

(a) refresh this limit at any time to 10 per cent of the total number of China Land Shares in issue as at the date of the approval by the China Land Shareholders (and if required, the shareholders of the Holding Company) in general meeting (options previously granted under any share option scheme(s) of China Land (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised option(s)) will not be counted for the purpose of calculating the limit as refreshed); and/or

(b) grant options beyond the 10 per cent limit to China Land Participants specifically identified by the China Land Board whereupon China Land (and if required, the Holding Company) shall send a circular to the China Land Shareholders (and if required, the shareholders of the Holding Company) containing, amongst other things, a generic description of the specified Participants who may be granted such option(s), the number and terms of the option(s) to be granted and the purpose of granting option(s) to the specified participant(s) with an explanation as to how the option(s) serve such purpose.

Notwithstanding the foregoing, the China Land Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the China Land New Scheme and any other share option scheme(s) of China Land at any time shall not exceed 30 per cent of the China Land Shares in issue from time to time. No options shall be granted under any scheme(s) of China Land or any of its subsidiaries if this will result in the 30 per cent limit being exceeded.

4. Maximum number of options to any one individual

Subject to the limit stated in paragraph 6 below, the total number of China Land Shares issued and which may fall to be issued upon exercise of the options granted under the China Land New Scheme and any other share option scheme(s) of China Land (including exercised, cancelled and outstanding options) to each China Land Participant in any 12-month period up to and including the date of grant shall not exceed one (1) per cent of the total number of China Land Shares in issue as at the date of grant.

Any further grant of options in excess of this one (1) per cent limit shall be subject to the issue of a circular by China Land (and if required, the Holding Company) and the approval of the China Land Shareholders (and if required, the shareholders of the Holding Company) in general meeting with such China Land Participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Any circular to be issued by China Land (and if required, the Holding Company) must disclose amongst other things, the identity of the China Land Participant, the number and terms of the options to be granted (and options previously granted to such China Land Participant).

5. Price of China Land Shares

The subscription price for a China Land Share in respect of any particular option granted under the China Land New Scheme (which shall be payable upon exercise of the option) shall be such price as the China Land Board in its absolute discretion shall determine, save that such price must not be less than the highest of (a) the closing price of the China Land Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the China Land Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a China Land Share.

6. Granting options to connected persons

Any grant of options to a director, chief executive or substantial shareholder of China Land or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive directors of China Land (and if required, the independent non-executive directors of the Holding Company), (excluding the independent non-executive director(s) of China Land who is/are the grantee(s) of the options).

If China Land proposes to grant options to a substantial shareholder (as defined in the Listing Rules) of China Land or any independent non-executive director of China Land or their respective associates (as defined in the Listing Rules) which will result in the number of China Land Shares issued and to be issued upon exercise of options 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 the offer of such grant:

(a) representing in aggregate over 0.1 per cent of the total number of China Land Shares in issue on the date of the offer; and

(b) having an aggregate value in excess of HK$5 million, based on the closing price of the China Land Shares as stated in the daily quotation sheet of the Stock Exchange at the date of each offer,

such further grant of options will be subject to the issue of a circular by China Land (and if required, by the Holding Company) and the approval of the China Land Shareholders (and if required, by the shareholders of the Holding Company) in general meeting on a poll at which all connected person(s) (as defined in the Listing Rules) of China Land shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person (as defined in the Listing Rules) of China Land will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

7. Restrictions on the time of grant of options

A grant of options may not be made after a price-sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price-sensitive information has been published in the newspapers. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (a) the date of the China Land Board meeting for the approval of China Land's annual or interim results; and (b) the deadline for China Land to publish its annual or interim results announcement under the listing agreement and ending on the date of actual publication of the results announcement.

8. Rights are personal to grantee

An option is personal to the grantee and the grantee may not 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 or attempt to do so.

9. Time of exercise of option

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the China Land Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The China Land Board is currently unable to determine such minimum period. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of China Land of HK$1.00 by way of consideration is received by China Land, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the China Land Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the China Land New Scheme. Subject to earlier termination by China Land (and if required, the Holding Company) in general meeting or by the China Land Board, the China Land New Scheme shall be valid and effective for a period of 10 years from the date of adoption of the China Land New Scheme by China Land Shareholders by resolution at a general meeting.

10. Performance Target

The China Land Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the China Land New Scheme can be exercised. There are no specific performance targets stipulated under the terms of the China Land New Scheme and the China Land Board is unable to determine such restriction on the exercise of the options granted under the China Land New Scheme.

11. Rights on ceasing to be a China Land Participant and death

(a) In the event of the grantee ceasing to be a China Land Participant for any reason other than on his or her death or the termination of his or her relationship with China Land and/or any of its subsidiaries on one or more of the grounds specified in paragraph 12 below, the grantee may exercise the option up to his or her entitlement at the date of cessation of being a China Land Participant (to the extent not already exercised) within the period of one month following the date of such cessation. In relation to a grantee who is a China Land Participant by reason of his or her employment with China Land or any of its subsidiaries, the date of cessation of being a China Land Participant shall be the last actual working day with China Land or the relevant subsidiary whether salary is paid in lieu of notice or not.

(b) In the case of the grantee ceasing to be a China Land Participant by reason of death and none of the events which would be a ground for termination of his or her relationship with China Land and/or any of its subsidiaries under paragraph 12 below arises, the legal representative(s) of the grantee shall be entitled within a period of 12 months or such longer period as the China Land Board may determine from the date of death to exercise the option in full (to the extent not already exercised).

12. Lapse of option on misconduct, bankruptcy or dismissal etc.

If a grantee ceases to be a China Land Participant by reason of the termination of his relationship with China Land and/or any of its subsidiaries 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 an employee of China Land and/or any of its subsidiaries (if so determined by the China Land 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, his or her option will lapse and not be exercisable on the date of termination of his or her relationship with China Land and/or any of its subsidiaries.

13. Rights on takeover

If a general offer is made to all the China Land Shareholders (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 (within the meaning of the Hong Kong Code on Takeovers and Mergers), the grantee (or his or her legal personal representatives) shall be entitled to exercise the option in full or in part (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

14. Rights on compromise or arrangement between China Land and its members or creditors

If, pursuant to the Companies Act 1981 of Bermuda (as amended from time to time), a compromise or arrangement between China Land and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of China Land or its amalgamation with any other company or companies, China Land shall give notice thereof to all the grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of China Land a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his/her options in whole or in part at any time prior to 12:00 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The China Land Board shall endeavour to procure that the China Land Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of China Land on the effective date thereof and that such China Land Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by China Land and no claim shall lie against China Land or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

15. Rights on winding-up

In the event of an effective resolution being passed by the China Land Shareholders for the voluntary winding-up of China Land or an order of the court is made for the winding-up of China Land, the grantee of an option (or his legal personal representative(s)) may by notice in writing to China Land within 21 days after the date of such resolution elect to be treated as if his option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice and shall accordingly be entitled to receive out of the assets available in the liquidation pari passu with the holders of China Land Shares such sum as would have been received in respect of the China Land Shares the subject of such election reduced by an amount equal to the exercise price which would otherwise have been payable in respect thereof.

16. Lapse of the options

An option will lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(a) the expiry date relevant to that option;

(b) the expiry of any of the periods referred to in paragraphs 11, 13 or 14 above;

(c) the date of commencement of the winding-up of China Land (as determined in accordance with the applicable law) as referred to in paragraph 15 above;

(d) the date on which the scheme for the reconstruction of China Land or its amalgamation with any other company or companies, becomes effective as referred to in paragraph 14 above;

(e) the date on which the grantee ceases to be a China Land Participant by reason of the termination of his relationship with China Land and/or any of its subsidiaries on any one or more of the grounds specified in paragraph 12 above. A resolution of the China Land Board or the board of directors of the relevant subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in paragraph 12 above shall be conclusive;

(f) the date on which the grantee commits a breach of the prohibitions specified in paragraph 8 above or the options are cancelled in accordance with paragraph 20 below; or

(g) the date on which the grantee ceases to be so employed by China Land and/or any of its subsidiaries during the 12-month period following the commencement date in respect of his/her particular option.

17. Ranking of China Land Shares

The China Land Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, China Land Shares allotted and issued on the exercise of options will rank pari passu with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of China Land as attached to the other fully-paid China Land Shares in issue on the date of issue.

18. Effect of alterations to capital

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the number of China Land Shares subject to any outstanding options and/or the exercise price of each outstanding option as the auditors of China Land or the independent financial adviser shall certify in writing to the China Land Board to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules and the note thereto. Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of China Land for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a China Land Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

19. Alteration of China Land New Scheme

The China Land New Scheme may be altered in any respect by resolution of the China Land Board except that:

(a) any alteration to the advantage of the grantees or the China Land Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;

(b) any change to the authority of the China Land Board or scheme administrators in relation to any alteration to the terms of the China Land New Scheme; or

(c) any material alteration to the terms and conditions of the China Land New Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the China Land New Scheme),

shall first be approved by the China Land Shareholders (and if required, the shareholders of the Holding Company) in general meeting provided that if the proposed alteration shall adversely affect an option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the China Land New Scheme. The amended terms of the China Land New Scheme shall still comply with Chapter 17 of the Listing Rules.

20. Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantee of the relevant options. Where China Land cancels options and issues new ones to the same grantee, the issue of such new options may only be made under the China Land New Scheme with available unissued options (excluding the cancelled options) within the limit approved by China Land Shareholders (and if required, the shareholders of the Holding Company).

21. Termination of the China Land New Scheme

The Company (and if required, the Holding Company) may by resolution in general meeting or the Board may at any time terminate the China Land New Scheme and in such event no further option shall be offered but the provisions of China Land New Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the China Land New Scheme. Options granted prior to such termination at the time of termination shall continue to be valid and exercisable in accordance with the China Land New Scheme.

22. Condition of the China Land New Scheme

The China Land New Scheme is conditional on (a) the China Land Shareholders' approving the adoption of the China Land New Scheme and termination of the China Land Existing Scheme at the SGM; (b) the approval of the Shareholders at the EGM; (c) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the China Land Shares which may fall to be issued upon the exercise of options granted pursuant thereto, the total number of which shall not exceed 10 per cent of the total number of China Land Shares in issue as at the date of approving of the China Land New Scheme; and (d) the Bermuda Monetary Authority granting approval for the granting of the options and the allotment and issue of the China Land Shares upon the exercise of the options.

23. Present status of the China Land New Scheme

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the China Land Shares which may fall to be issued pursuant to the exercise of the options granted under the China Land New Scheme, the total number of which shall not exceed 10 per cent of the total number of China Land Shares in issue as at the date of approving of the China Land New Scheme.

Values of all options that can be granted under the China Land New Scheme

Each of the China Land Board and the Board considers that it is not appropriate or helpful to China Land Shareholders or the Shareholders to state the value of all options that can be granted pursuant to the China Land New Scheme as if they had been granted at the Latest Practicable Date. Each of the China Land Board and the Board believes that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the China Land Shareholders and the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. Each of the China Land Board and the Board believes that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the China Land Shareholders and the Shareholders.

CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Strategic Holdings Limited (the "Company") will be held immediately after an extraordinary general meeting of the Company at 10:00 a.m. on Tuesday, 4 June 2002 at 7/F, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in, the shares of HK$0.10 each in the capital of the Company ("Shares") to be issued pursuant to the exercise of options which may be granted under the new share option scheme, the total number of which shall not exceed ten per cent. of the issued share capital of the Company as at the date of this resolution. A copy of which is produced to this meeting marked "A" and signed by the chairman of this meeting for the purpose of identification (the "New Scheme"),

   (a) the operation of the existing share option scheme (the "Existing Scheme") adopted by the Company by ordinary resolution of its shareholders on 20 July 1992 be terminated and that no further options will be granted under the Existing Scheme but in all other respects the provisions of the Existing Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Scheme; and

   (b) the rules of the New Scheme be and are hereby approved and adopted and that the directors of the Company be and they are hereby authorised:

      (i) to administer the New Scheme under which the options will be granted to eligible participants under the New Scheme to subscribe for Shares;

      (ii) to modify and/or amend the rules of the New Scheme from time to time subject to the provisions of such rules;

      (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Scheme; and

(iv) to make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time issued and allotted pursuant to the exercise of the options under the New Scheme."

2. **"THAT** subject to and conditional upon (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the shares of US$0.02 each ("China Land Shares") in the capital of China Land Group Limited ("China Land") to be issued pursuant to the exercise of options which may be granted under the new share option scheme of China Land, the total number of which shall not exceed ten per cent. of the issued share capital of China Land as at the date of passing this resolution. A copy of the new share option scheme of China Land is produced to this meeting marked "B" and signed by the chairman of the meeting for the purpose of identification ("China Land New Scheme"); (ii) approval of the China Land New Scheme by the shareholders of China Land; and (iii) the permission from the Bermuda Monetary Authority being obtained for the granting of the options pursuant to the China Land New Scheme and the allotment and issue of the China Land Shares pursuant to the exercise of the options granted under the China Land New Scheme:

(a) the operation of the existing share option scheme of China Land (the "China Land Existing Scheme") adopted by China Land by ordinary resolution of the shareholders of China Land on 27 June 2000 be terminated and that no further options will be granted under the China Land Existing Scheme but in all other respects the provisions of the China Land Existing Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the China Land Existing Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the China Land Existing Scheme; and

(b) the rules of the China Land New Scheme be and are hereby approved and adopted and that the directors of China Land be and they are hereby authorised:

(i) to administer the China Land New Scheme under which the options will be granted to eligible participants under the China Land New Scheme to subscribe for China Land Shares;

(ii) to modify and/or amend the rules of the China Land New Scheme from time to time subject to the provisions of such rules;

(iii) to issue and allot from time to time such number of China Land Shares as may be required to be issued pursuant to the exercise of the options under the China Land New Scheme; and

(iv) to make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the China Land Shares may for the time being be listed, for listing of, and permission to deal in, the China Land Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the China Land New Scheme."

By order of the Board
Chan Yan Yan, Jenny
Company Secretary

Hong Kong, 18 May 2002

Registered office:
8th Floor,
Paul Y. Centre,
51 Hung To Road,
Kwun Tong,
Kowloon,
Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.

3. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the Company's share registrar, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).

5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and is such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.