

Chairman's Statement

主席報告書

This is the first time for me to present to you the final results of China Strategic Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). Year 2006 marked an important milestone in the development of the Company as a number of experienced entrepreneurs has joined its top management. New visions and aspirations would surely bring about new energy and dynamics to the future development of the Company and the Group as a whole.

Through years of reorganization, the Company is now operating with a remarkably cost effective corporate structure. In the mean time, it has retained its concrete foundation our excel management team which possesses extensive experience to the markets in China. Being the Chairman, I am confident that the Company is capable to explore all the best investment opportunities in the prosperous China in the time to come.

AGE OF THE BRIC CONTINUES

The economic success of China and the other three BRIC countries (namely, Brazil, Russia and India) continues to be the major driving force for the economic development of the world. Huge amount of investments pouring into various business sectors of the BRIC countries from both their domestic investors and also those sizable investors from various developed countries, financing the rapid growth of the economies and infrastructure developments of the BRIC.

Given its notable economic achievements in the past decade, the gross domestic product of China recorded RMB20,940.70 billion for the year 2006, up by 10.7 percent over the previous year while the annual per capita disposable income of urban households in the country recorded RMB11,759 for the year 2006, a real increase of 10.4% (Sourced from: The Statistical Communique of the People's Republic of China on the 2006 National Economic and Development).

Besides offering the Company significant numbers of investment opportunities, all the above positive factors have provided us a very encouraging environment for evaluating and comparing each of these possible investment targets. However, the management would continue its on-going conservative approach in assessing investment projects.

這是本人首次向各位股東提呈中策集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)之末期業績。二零零六年標誌著本公司向前邁進之一大里程碑，多位具備豐富商界經驗之企業家加盟本公司出任高級管理層，由他們引入嶄新視野和抱負，勢將為本公司乃至本集團整體長遠發展增添能量和動力。

經歷多年重組，本公司目前正以符合成本效益之企業架構運作。同時，於中國市場饒富經驗之公司管理層繼續是支持我們之穩固根基。作為主席，本人深信本公司定能發掘並抓緊未來於中國湧現之投資良機。

金磚四國時代延續

中國與金磚四國其他三員(巴西、俄羅斯及印度)經濟表現欣欣向榮，仍然是推動全球經濟加速增長之火車頭，來自本國投資者及發達國家大型投資者之龐大資金紛紛投向各行業，有力帶動四國經濟高速增長及國內基建蓬勃發展之勢頭。

過去十載，中國之經濟成就燦然可觀，二零零六年國內生產總值達人民幣209,407億元，較前一年增長10.7%，而二零零六年國內城市家庭之全年人均可動用收入為人民幣11,759元，實質增長達10.4% (資料來源：《中華人民共和國統計局二零零六年國民經濟和社會發展統計公報》)。

上述利好因素不僅為本公司帶來數目可觀之投資良機，更為我們提供評估及比較各投資目標之合適平台。然而，管理層仍會抱持一貫審慎作風，對投資項目作出評估。

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PROSPECTS

Following the issuance of the National Eleventh Five-Year Plan of the People's Republic of China in March 2006, the long-term stability and prosperity of Hong Kong was once again being brought to the headline of the Chinese Government.

To cope with such favorable regional economic atmosphere, the Group would once again strive to be the vanguard among the other investors and to explore best investment opportunities for the long term benefit of our shareholders.

China remains to be the centerpoint of the Group's target investments. According to the National Development and Reform Commission of China, it is expected that the gross domestic product per capita of the country would reach 2,400 U.S. dollars in year 2010 (upon the completion of the National Eleventh Five-Year Plan) and China would then be even more powerful in its overall strength.

In addition, the country's average urban per capita disposable income would then be increased from the current level to RMB13,390 by year 2010, while rural per capita net income will rise from RMB3,587 to RMB4,110 (Sourced from: http://english.gov.cn/2006-03/08/content_246945.htm). Strong growth in personal consumption and other form of domestic consumption will bring forth the overall growth in its service industry including retailing and the logistics industry.

Moreover, upto 45 million jobs will be created in urban areas and the same number of farmers will be trained to take up industrial jobs in such five years. It is not only a good news for the existing battery manufacturing and trading business of the Group but it also denotes a wide spectrum of investment opportunities for the future development of the Group.

ACKNOWLEDGEMENT

Finally, on behalf of the board of directors of the Company, I would like to take this opportunity to thank all our employees for making all this possible through their dedication, hard work and loyalty. I am also grateful to my fellow directors for their support and advice.

Gao Yang
Chairman

前景

繼二零零六年三月中國發佈國家第十一個五年規劃後，香港之長期穩定及繁榮再次成為中國政府之關注重點。

為配合區內有利之經濟氣氛，本集團將再度力求取得其他投資者間之領導地位，積極為自身重新定位及尋求最佳之投資機會，以符合本集團股東之長期利益。

中國將繼續為本集團目標投資之中心點。根據中國國家發展及改革委員會之預測，預期中國之人均本地生產總值將於二零一零年（國家第十一個五年計劃完成後）達至2,400美元，屆時中國整體之優勢將更為強大。

此外，中國之平均城鎮人均可支配收入將由當前水平上升至二零一零年之人民幣13,390元，而農村人均可支配收入則將由人民幣3,587元上升至人民幣4,110元（資料來源：http://english.gov.cn/2006-03/08/content_246945.htm）。個人消費及其他本地消費形式之強勁增長，將帶動其服務業（包括零售及物流業）之整體增長。

城鎮地區於該五年將創造最多45,000,000個職位，相同數目之農民將接受培訓以從事工業之工作。這不僅是對本集團現有電池生產及買賣業務之一項好消息，更預示本集團未來發展之投資機會。

致謝

最後，本人謹此代表本公司董事會感謝各竭誠盡責、盡忠職守之員工，並向各董事所給予之支持及建議，致以衷心謝意。

主席
Gao Yang