
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document 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 PHARMACEUTICAL GROUP LIMITED**, you should at once hand this document with the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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中國製藥集團有限公司
China Pharmaceutical
Group Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 1093)

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
RE-ELECTION OF THE RETIRING DIRECTORS AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of China Pharmaceutical Group Limited to be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Friday, 29 May 2009 at 10:00 a.m. is set out on pages 17 to 21 of this document. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not prevent you from attending and voting in person at the meeting should you so desire.

Hong Kong, 24 April 2009

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Friday, 29 May 2009 at 10:00 a.m., notice of which is set out on pages 17 to 21 of this document
“Articles of Association”	the articles of association of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	China Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“Latest Practicable Date”	20 April 2009, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 5 of the notice of the Annual General Meeting
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Repurchase Code”	the Hong Kong Code on Share Repurchases

DEFINITIONS

“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong

LETTER FROM THE CHAIRMAN



中國製藥集團有限公司
**China Pharmaceutical
Group Limited**

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 1093)

Executive Directors:

CAI Dongchen (*Chairman*)

YUE Jin

FENG Zhenying

CHAK Kin Man

PAN Weidong

ZHAO John Huan

WANG Shunlong

Registered Office:

Suite 3206, 32nd Floor,

Central Plaza,

18 Harbour Road,

Wan Chai,

Hong Kong.

Non-executive Director:

LEE Ka Sze, Carmelo

Independent Non-executive Directors:

HUO Zhenxing

QI Moujia

GUO Shichang

CHAN Siu Keung, Leonard

Hong Kong, 24 April 2009

To the shareholders,

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
RE-ELECTION OF THE RETIRING DIRECTORS AND
NOTICE OF ANNUAL GENERAL MEETING**

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 23 May 2008, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming Annual

LETTER FROM THE CHAIRMAN

General Meeting of the Company. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in the Appendix I hereto.

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution (i.e. not exceeding 306,992,132 Shares based on the issued share capital of the Company of 1,534,960,661 Shares as at the Latest Practicable date and assuming that such issued share capital remains the same as at the date of passing the resolution) and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In addition, your attention is drawn to special resolution no.8 set out in the notice of Annual General Meeting. The special resolution is proposed to approve certain amendments to the Articles of Association.

In order to bring the Articles of Association up to date and in line with the current practice in Hong Kong, it is proposed at the Annual General Meeting to amend the Articles of Association by the special resolution as set out in the notice convening the Annual General Meeting.

- (a) Article 71 To stipulate that the Directors present at the meeting are entitled to elect one of their number present to be chairman of general meeting.
- (b) Article 89(b) To allow recognised clearing house to appoint proxy or proxies to attend and vote at the general meeting.

LETTER FROM THE CHAIRMAN

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors of the Company are Mr. CAI Dongchen, Mr. YUE Jin, Mr. FENG Zhenying, Mr. CHAK Kin Man, Mr. PAN Weidong, Mr. ZHAO John Huan and Mr. WANG Shunlong; the non-executive Director of the Company is Mr. LEE Ka Sze, Carmelo and the independent non-executive Directors of the Company are Mr. HUO Zhenxing, Mr. QI Moujia, Mr. GUO Shichang and Mr. CHAN Siu Keung, Leonard.

Pursuant to articles 99 and 101 of the Articles of Association of the Company, Mr. ZHAO John Huan, Mr. WANG Shunlong, Mr. CAI Dongchen, Mr. PAN Weidong, Mr. LEE Ka Sze, Carmelo and Mr. CHAN Siu Keung, Leonard shall retire from office at the Annual General Meeting and shall be eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

Set out on pages 17 to 21 of this circular is the notice convening the Annual General Meeting.

At the Annual General Meeting, resolutions will be proposed to the shareholders in respect of ordinary business to be considered at the Annual General Meeting, including re-election of Directors, and special business to be considered at the Annual General Meeting, being the Ordinary Resolutions proposed to approve the Repurchase Proposal, the general mandate for Directors to issue new Shares and the extension of the general mandate to issue new Shares and Special Resolution proposed to approve the amendments to the Articles of Association.

ACTION TO BE TAKEN

A proxy form for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of a proxy form will not prevent you from attending and voting in person at the meeting should you so desire.

LETTER FROM THE CHAIRMAN

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the Annual General Meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors believe that all the above-mentioned resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the resolutions set out in the notice of Annual General Meeting.

By Order of the Board

CAI Dongchen

Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,534,960,661 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 153,496,066 Shares representing not more than 10% of the issued share capital at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal 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 its memorandum and articles of association 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 an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2008 in the event that the Repurchase Proposal were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal 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 for the month of April 2009 up to the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
April	2.77	2.30
May	3.58	2.56
June	4.03	3.06
July	4.00	3.38
August	3.56	2.35
September	2.80	1.96
October	2.60	1.24
November	2.43	1.54
December	3.02	1.99
2009		
January	2.79	2.12
February	3.02	2.28
March	3.19	2.62
April (Up to Latest Practicable Date)	4.03	3.06

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 applicable laws of Hong Kong.

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 or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders of the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders of the Company.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, 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, Massive Giant Group Limited was beneficially interested in 783,482,393 Shares representing approximately 51.04% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholdings of Massive Giant Group Limited in the Company would be increased to approximately 56.71% 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 made under the Repurchase Proposal. The Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

In the six months preceding the Latest Practicable Date, the Company had repurchased Shares on the Stock Exchange as follows:

Date of Repurchase	Number of Shares	Price per Share	
		Highest HK\$	Lowest HK\$
28 October 2008	530,000	1.38	1.33
29 October 2008	860,000	1.41	1.35
30 October 2008	250,000	1.40	1.40
15 December 2008	560,000	2.73	2.68
16 December 2008	616,000	2.76	2.72
29 December 2008	348,000	2.72	2.68
	<u>3,164,000</u>		

Save as disclosed above, the Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

MR. ZHAO John Huan

Mr. ZHAO, aged 46, was appointed as an executive director of the Company on 18 December 2008. He holds an MBA degree from Kellogg School of Management at Northwestern University, dual master's degrees in electric engineering and physics from Northern Illinois University and a bachelor's degree in physics from Nanjing University. Mr. Zhao has extensive experience in senior management positions at several US and PRC companies. Mr. ZHAO is also a vice president of Legend Holdings Limited ("Legend"), a director of Massive Giant Group Limited ("MGGL") and the CEO of Hony Capital Limited.

MGGL is the controlling shareholder of the Company and Legend owns an indirect interest of approximately 34.48% in MGGL. Hony Capital Limited is owned as to 100% by Legend.

Mr. ZHAO is also a non-executive director of China Glass Holdings Limited which is listed on The Stock Exchange of Hong Kong Limited, a director of Simcere Pharmaceutical Group which is listed on New York Stock Exchange and an independent director of Gemdale Holdings Co., Limited which is listed on Shanghai Stock Exchange.

There is no service contract entered into between the Company and Mr. ZHAO. He is not appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. The director's fee of Mr. ZHAO is to be determined by the Board and to be authorised by the shareholders of the Company at the annual general meeting with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the group and his contribution to the group. Mr. Zhao did not receive any director's fee for the year ended 31 December 2008.

Save as disclosed above, Mr. ZHAO has not held any directorship in any public listed companies in the last three years or any other positions with the group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. ZHAO does not have any interests in the shares of the Company within the meanings of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. ZHAO has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

MR. WANG Shunlong

Mr. WANG, aged 44, was appointed as an executive director of the Company on 18 December 2008. He holds a doctorate degree in engineering from Tsinghua University and has spent three years as a visiting researcher at Eindhoven University of Technology in the Netherlands. Mr. WANG has extensive experience in corporate management and investment planning. Mr. WANG is also a managing director of Hony Capital Limited and a director of MGGL.

Mr. WANG is also an independent non-executive director of Zhongyu Gas Holdings Limited which is listed on the GEM of The Stock Exchange of Hong Kong Limited.

There is no service contract entered into between the Company and Mr. WANG. He is not appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. The director's fee of Mr. WANG is to be determined by the Board and to be authorised by the shareholders of the Company at the annual general meeting with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the group and his contribution to the group. Mr. WANG did not receive any director's fee for the year ended 31 December 2008.

Save as disclosed above, Mr. WANG has not held any directorship in any public listed companies in the last three years or any other positions with the group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. WANG does not have any interests in the shares of the Company within the meanings of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

MR. CAI Dongchen

Mr. CAI, aged 55, Chairman of the Company, was appointed as an executive director of the Company in 1998. He is also a director of a number of the Company's subsidiaries. Mr. CAI graduated from Hebei Pharmaceutical Finance College in the People's Republic of China (the "PRC") and has more than thirty years of technical and management experience in the pharmaceutical industry.

There is no service contract entered into between the Company and Mr. CAI. He is not appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. The director's fee of Mr. CAI is to be determined by the Board and to be authorized by the shareholders of the Company at the annual general meeting with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the group and his contribution to the group. He received director's fee of HK\$60,000 and other remuneration of HK\$18,720,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. CAI has not held any directorship in any public listed companies in the last three years or any other positions with the group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable date, Mr. CAI does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. CAI has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. PAN Weidong

Mr. PAN, aged 39, was appointed as an executive director of the Company in 2006. He is also a director of a number of the Company's subsidiaries. Mr. PAN graduated from Shijiazhuang Post College and has more than fifteen years of experience in financial management and accounting.

There is no service contract entered into between the Company and Mr. PAN. He is not appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. The director's fee of Mr. PAN is to be determined by the Board and to be authorized by the shareholders of the Company at the annual general meeting with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the group and his contribution to the group. He received director's fee of HK\$60,000 and other remuneration of HK\$3,992,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. PAN has not held any directorship in any public listed companies in the last three years or any other positions with the group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. PAN does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. PAN has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. LEE Ka Sze, Carmelo

Mr. LEE, aged 48, was appointed as an independent non-executive director of the Company in 1996 and re-designated as a non-executive director of the Company in 2004. He is also a member of the Audit Committee and Remuneration Committee of the Company. He holds a Bachelor of Laws degree from the University of Hong Kong. He is a practicing solicitor and a partner of Woo, Kwan, Lee & Lo, Solicitors & Notaries.

Mr. LEE is a non-executive director of Hopewell Holdings Limited, The Cross-Harbour (Holdings) Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company, Limited, Termbray Industries International (Holdings) Limited and Taifook Securities Group Limited and an independent non-executive director of KWG Property Holding Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. LEE has entered into a service contract as non-executive director with the Company for a period of two years from 1 January 2009. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. His director's fee is to be determined by the Board and to be authorised by the shareholders of the Company at the annual general meeting with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the group and his contribution to the group. Mr. LEE received director's fee of HK\$300,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. LEE has not held any directorship in any public listed companies in the last three years or any other positions with the group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. LEE does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. LEE has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. CHAN Siu Keung, Leonard

Mr. CHAN, aged 51, was appointed as an independent non-executive director of the Company in 2004. He is also a member of the Audit Committee and Remuneration Committee of the Company. He is a qualified accountant and a member of the Institute of Chartered Accountants of Ontario. He holds a Master of Business Administration degree from York University, Ontario, Canada and has extensive experience in finance and investment. Mr. CHAN is also an executive director of Tern Properties Company Limited which is listed on The Stock Exchange of Hong Kong Limited.

Mr. CHAN has entered into a service contract as independent non-executive director with the Company for a period of two years from 1 January 2009. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. The director's fee of Mr. CHAN is to be determined by the Board and to be authorized by the shareholders of the Company at the annual general meeting with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the group and his contribution to the group. Mr. CHAN received director's fee of HK\$150,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. CHAN has not held any directorship in any public listed companies in the last three years or any other positions with the group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. CHAN does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. CHAN has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



中國製藥集團有限公司
**China Pharmaceutical
Group Limited**

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 1093)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Friday, 29 May 2009 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditor's report for the year ended 31 December 2008.
2. To declare a final dividend.
3. To re-elect directors and to authorize the board of directors to fix the remuneration of directors.
4. To re-appoint auditor and to authorise the board of directors to fix the remuneration of auditor.
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) 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 capital of the Company on The Stock Exchange of Hong Kong Limited (“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 and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, 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 and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) 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 and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) 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 (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue of shares or rights to acquire shares of the Company, 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
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares 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 outside Hong Kong applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to the passing of the resolution nos. 5 and 6 set out in the notice convening the meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to resolution no.6 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 resolution no. 5 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 the said resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

SPECIAL RESOLUTION

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) Article 71

By deleting the words “the members present and entitled to vote shall choose another Director as Chairman,” in the third line to the fourth line of Article 71 and substituting therefor the words “the Directors present shall elect one of their number present as Chairman and, if there is only one Director present and willing to act, he shall be Chairman.”

- (b) Article 89(b)

By deleting the existing Article 89(b) in its entirety and substituting therefor the following new paragraph:

- (b) “Where that shareholder and/or warrant holder is a recognized clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong) or its nominee(s), it may authorize such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any shareholders’ meetings or any

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meetings of any class of shareholders and/or warrant holders provided that, if more than one person is so authorized, the authorization or proxy form must specify the number and class of shares and/or warrants in respect of which each such person is so authorized. The person so authorized will be deemed to have been duly authorized without the need of producing any documents of title, notarized authorization and/or further evidence for substantiating the facts that it is duly authorized and will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise if it were an individual shareholder and/or warrant holder of the Company.”

By Order of the Board

CAI Dongchen

Chairman

Hong Kong, 24 April 2009

Notes:

1. A 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. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from Monday, 25 May 2009, to Friday, 29 May 2009, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2009.
4. With regard to item no. 3 in this notice, the board of directors of the Company proposes that the retiring directors, namely Mr. ZHAO John Huan, Mr. WANG Shunlong, Mr. CAI Dongchen, Mr. PAN Weidong, Mr. LEE Ka Sze, Carmelo and Mr. CHAN Siu Keung, Leonard be re-elected as directors of the Company. Details of such retiring directors are set out in the Appendix II to the circular to shareholders dated 24 April 2009.

As at the date of this notice, the Board of the Company comprises Mr. Cai Dongchen, Mr. Yue Jin, Mr. Feng Zhenying, Mr. Chak Kin Man, Mr. Pan Weidong, Mr. Zhao John Huan and Mr. WANG Shunlong as executive directors; Mr. Lee Ka Sze, Carmelo as non-executive director and Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang and Mr. Chan Siu Keung, Leonard as independent non-executive directors.