

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

**If you have sold or transferred** all your shares in **Qunxing Paper Holdings Company Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**Qunxing Paper Holdings Company Limited**

**群星紙業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3868)**

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting (the “AGM”) of the Company to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 6 May 2009 at 11:00 a.m. is set out on pages 13 to 16 of this circular.

A form of proxy for use at the AGM is also enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

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# CONTENTS

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	<i>Page</i>
<b>RESPONSIBILITY STATEMENT</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
Introduction .....	4
Repurchase Mandate .....	4
Issue Mandate and extension of Issue Mandate .....	4
Re-election of Directors .....	4
AGM .....	5
Recommendation .....	5
<b>APPENDIX I — EXPLANATORY STATEMENT                   ON THE REPURCHASE MANDATE</b> .....	6
<b>APPENDIX II — BIOGRAPHICAL DETAILS OF                   THE DIRECTORS PROPOSED                   FOR RE-ELECTION</b> .....	10
<b>NOTICE OF THE AGM</b> .....	13

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## **RESPONSIBILITY STATEMENT**

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**This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually 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 and belief, there are no other facts the omission of which would make any statement contained herein misleading.**

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 6 May 2009 at 11:00 a.m., the notice of which is set out on pages 13 to 16 of this circular
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Qunxing Paper Holdings Company Limited (群星紙業控股有限公司), a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with new Shares up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof

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## DEFINITIONS

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“Latest Practicable Date”	25 March 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase the fully paid-up Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“%”	per cent.

\* for identification purpose only

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## LETTER FROM THE BOARD

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Qunxing Paper Holdings Company Limited

群星紙業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3868)

*Executive Directors:*

Dr. ZHU Yu Guo (Chairman)

Mr. ZHU Mo Qun (Vice-chairman)

Mr. SUN Zhen Shui

*Non-executive Director:*

Ms. SUN Rui Fang

*Independent Non-executive Directors:*

Mr. ZHAO Wei

Mr. WANG Lu

Mr. KWONG Kwan Tong

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal Place of Business*

*in Hong Kong:*

Unit 3103-5

Enterprise Square Two

No. 3 Sheung Yuet Road

Kowloon Bay

Hong Kong

31 March 2009

*To the Shareholders,*

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is provide you with (i) details of the Issue Mandate and the Repurchase Mandate; (ii) an explanatory statement regarding the Repurchase Mandate; (iii) details of re-election of the Directors; and (iv) notice of the AGM.

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## LETTER FROM THE BOARD

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### **REPURCHASE MANDATE**

At the annual general meeting of the Company held on 29 April 2008, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution. Such mandate will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors. An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Mandate is set out in Appendix I to this circular.

### **ISSUE MANDATE AND EXTENSION OF ISSUE MANDATE**

At the annual general meeting of the Company held on 29 April 2008, a general mandate was given by the Company to the Directors to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution and such general mandate was extended by adding to it the aggregate nominal amount of any Shares repurchased by the Company under the authority to repurchase Shares granted on that date. Such general mandate will also lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant the Issue Mandate to the Directors in order to ensure flexibility to the Directors to issue new Shares. As at the Latest Practicable Date, a total of 1,032,800,000 Shares was in issue. Subject to the passing of the proposed ordinary resolution approving the Issue Mandate and on the basis that there are no further changes in the issued share capital of the Company from the Latest Practicable Date up to the date of convening the AGM, the Directors would be allowed under the Issue Mandate to issue a maximum of 206,560,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing of the relevant resolution at the AGM. In addition, an ordinary resolution will also be proposed to extend the Issue Mandate by adding to it the number of such Shares repurchased by the Company under the Repurchase Mandate, if granted.

### **RE-ELECTION OF DIRECTORS**

In accordance with Article 108 of the Articles of Association, Ms. Sun Rui Fang, Mr. Zhao Wei and Mr. Wang Lu will retire and, being eligible, will offer themselves for re-election at the AGM. The biographical details of these Directors are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### AGM

A notice convening the AGM to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 6 May 2009 at 11:00 a.m. is set out on pages 13 to 16 of this circular. Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules, any voting of the Shareholders at the AGM will be taken by way of poll and an announcement on the poll results of the AGM will be made by the Company after the AGM as soon as possible.

A form of proxy for use at the AGM is enclosed with this circular and has posted on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.qxpaper.com](http://www.qxpaper.com)) respectively. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors consider that (1) the grant of the Issue Mandate; (2) the grant of the Repurchase Mandate; (3) the extension of the Issue Mandate by the addition of the number of Shares repurchased pursuant to the Repurchase Mandate; and (4) the re-election of the Directors are in the interests of the Group and the Shareholders as a whole and accordingly recommend all the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
**ZHU Yu Guo**  
*Chairman*



*This Appendix serves as an explanatory statement as required under the Listing Rules, to provide the requisite information to you for consideration of the Repurchase Mandate.*

## **SHARE CAPITAL**

As at the Latest Practicable Date, the Company had an issued share capital of HK\$103,280,000 comprising 1,032,800,000 Shares. Subject to the passing of the proposed ordinary resolution approving the Repurchase Mandate at the AGM and on the basis that there are no further changes in the issued share capital of the Company from the Latest Practicable Date up to the date of convening the AGM, the Directors would be allowed under the Repurchase Mandate to repurchase a maximum of 103,280,000 Shares, representing 10% of the total number of Shares in issue as at the date of passing of the relevant resolution at the AGM.

## **REASONS FOR SHARE REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

## **FUNDING OF SHARE REPURCHASES**

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

The exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital or the gearing level of the Company (as compared with the position disclosed in its latest published audited accounts as at 31 December 2008).

**SHARE PRICES**

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

	<b>Price per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2008</b>		
March	3.24	2.50
April	3.38	2.72
May	3.90	3.09
June	3.62	2.81
July	3.26	2.90
August	3.16	2.91
September	2.98	1.87
October	2.40	1.00
November	1.48	1.05
December	1.60	1.18
<b>2009</b>		
January	1.90	1.45
February	1.65	1.44
March (up to the Latest Practicable Date)	2.05	1.27

**UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

To the best of their knowledge having made all reasonable enquiries, none of the Directors nor any of their respective associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No connected persons of the Company have notified the Company that they have a present intention to sell any Shares to the Company nor have undertaken not to sell any of the Shares held by them to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

**TAKEOVERS CODE**

If, as a result of share repurchase made by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, the Shareholder, or a group of the Shareholders acting in concert with him (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholders' interests, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Boom Instant Limited, a substantial shareholder of the Company, together with its associates, are interested in an aggregate of 700,000,000 Shares, representing approximately 67.78% of the then issued share capital of the Company (and 75.31% of the issued share capital of the Company if the Repurchase Mandate is exercised in full). On the basis of the shareholding interest of Boom Instant Limited in the Company, an exercise of the Repurchase Mandate in full would not result in it becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will ensure that the Company will maintain a 25% public float as required under Rule 8.08 of the Listing Rules.

Save as disclosed above, the Board is not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

## SHARE REPURCHASES MADE BY THE COMPANY

The Company repurchased a total of 12,200,000 Shares on the Stock Exchange during the year ended 31 December 2008. These repurchased Shares were cancelled during the year. Details of such repurchases were as follows:

Date of Repurchase	Number of Shares Repurchased	Repurchase Price Per Share	
		Highest HK\$	Lowest HK\$
<b>2008</b>			
28 January	1,000,000	3.00	2.80
29 January	506,000	2.97	2.93
30 January	1,494,000	3.02	2.95
31 January	990,000	2.99	2.96
1 February	824,000	3.08	2.99
4 February	367,000	3.12	—
5 February	248,000	3.14	—
6 February	348,000	3.15	3.14
11 February	110,000	3.27	3.23
12 February	117,000	3.31	3.27
13 February	113,000	3.41	—
14 February	264,000	3.39	—
1 September	80,000	2.98	2.93
2 September	100,000	2.98	2.85
3 September	89,000	2.96	2.93
27 October	600,000	1.37	1.13
28 October	500,000	1.16	1.00
29 October	600,000	1.15	1.04
30 October	300,000	1.10	1.06
31 October	492,000	1.22	1.06
4 November	7,000	1.22	—
6 November	180,000	1.30	—
7 November	210,000	1.32	—
10 November	462,000	1.36	1.33
11 November	200,000	1.37	1.36
12 November	117,000	1.40	1.38
13 November	90,000	1.37	1.36
14 November	62,000	1.36	1.32
21 November	466,000	1.16	1.05
24 November	110,000	1.23	1.18
25 November	454,000	1.27	1.19
26 November	409,000	1.25	1.22
27 November	100,000	1.26	1.21
1 December	91,000	1.25	1.19
2 December	100,000	1.24	1.18
<b>Total</b>	<b>12,200,000</b>		

*The biographical details of the Directors proposed to be re-elected at the AGM are as follows:*

**Ms. SUN Rui Fang**, aged 53, was appointed as a non-executive Director in September 2007. Ms. Sun is a director of various subsidiaries and associated corporations of the Company. She is also a director of Boom Instant Limited, a substantial shareholder of the Company. Prior to such appointment, Ms. Sun had, since the inception of 山東群星紙業有限公司(Shandong Qunxing Paper Limited\*) (“Shandong QX”), now a wholly-owned subsidiary of the Company, assisted Dr. Zhu Yu Zuo, the chairman of the Board and Mr. Zhu Mo Qun, the vice-chairman of the Board, in attending to general administrative works of Shandong QX. Save for the Company, Ms. Sun has not held any directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date. Ms. Sun is the spouse of Dr. Zhu Yu Guo and the mother of Mr. Zhu Mo Qun.

As at the Latest Practicable Date, Ms. Sun, together with her associates, are deemed to be interested in 700,000,000 Shares, representing approximately 67.78% of the Company’s then issued share capital under the SFO. Save as disclosed above, Ms. Sun does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

Ms. Sun has entered into a letter of appointment with the Company for a term of 2 years commencing from 1 October 2007 and the term of her service as a non-executive Director is subject to retirement by rotation and re-election at the AGM in accordance with the provisions of the Articles of Association. She is entitled to a director’s fee of HK\$72,000 per annum which is determined by the Board with reference to her experience and contributions to the Group, the Group’s performance and profitability, as well as the prevailing market conditions.

**Mr. ZHAO Wei**, aged 48, was appointed as an independent non-executive Director in September 2007. Mr. Zhao completed tertiary education in Dalian Institute of Light Industry (now known as “Dalian Polytechnic University”) in the PRC in June 1982, majoring in paper manufacturing. He has accumulated approximately 26 years of experience in the paper industry through his current and previous employments in different organisations as well as his tertiary education. Mr. Zhao became a senior engineer accredited by China Light Industry Association\* in December 1993 and is now the vice-president and general secretary of China Paper Association. Mr. Zhao has been a member of the Food and Agriculture Organization of the United Nations since 2007. Mr. Zhao has also been a deputy chief member of the Nationwide Paper Making Industry Standardized Technology Committee since 2006.

Mr. Zhao is currently an independent director of Guangdong Guanhao High-Tech Co., Ltd., a company listed on the Shanghai Stock Exchange of the PRC. Mr. Zhao is also a non-executive director of 山東晨鳴紙業集團股份有限公司 (Shandong Chenming Paper Holdings Limited\*), a company listed on the Main Board of the Stock Exchange. Save for the Company and as disclosed above, Mr. Zhao has not held any directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Zhao does not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Zhao also does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Zhao has entered into a letter of appointment with the Company for a term of 2 years commencing from 1 October 2007 and the term of his service as an independent non-executive Director is subject to retirement by rotation and re-election at the AGM in accordance with the provisions of the Articles of Association. He is entitled to a director's fee of HK\$120,000 per annum which is determined by the Board with reference to his experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions.

**Mr. WANG Lu**, aged 28, was appointed as an independent non-executive Director in September 2007. He graduated from Shandong University in the PRC in July 2003 with a degree in computer science and technology and subsequently obtained a master's degree in information technology from Monash University in Australia in October 2005. He has been a lecturer of a university in the PRC. He currently works as an engineer at YanTai University in the PRC. Mr. Wang has accumulated approximately 5 years of experience in computer engineering through his tertiary education and employments with different universities. Save for the Company, Mr. Wang has not held any directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Wang does not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Wang also does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Wang has entered into a letter of appointment with the Company for a term of 2 years commencing from 1 October 2007 and the term of his service as an independent non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to a director's fee of HK\$120,000 per annum which is

determined by the Board with reference to his experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions.

Save as disclosed above, there are no other matters concerning the above retiring Directors that need to be brought to the attention of the Shareholders and there is no information that should be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

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## NOTICE OF THE AGM

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Qunxing Paper Holdings Company Limited

群星紙業控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3868)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the “Meeting”) of Qunxing Paper Holdings Company Limited (the “Company”) will be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 6 May 2009 at 11:00 a.m. for the following purposes:

#### **Ordinary Business:**

1. To receive and consider the audited consolidated financial statements, the report of the directors and independent auditor’s report for the year ended 31 December 2008.
2. To approve the declaration of a final dividend for the year ended 31 December 2008;
3. To re-elect the retiring directors and to authorise the board of directors (or, if so delegated by the board of directors, its remuneration committee) to determine the remuneration of directors.
4. To re-appoint auditors and to authorise the board of directors to determine the remuneration of the auditors.

#### **Special Business:**

To consider and, if thought fit, to pass, with or without amendments, the following Resolution nos. 5, 6 and 7 as Ordinary Resolutions:

5. **“THAT:**
  - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares (“Shares”) in the capital of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;



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## NOTICE OF THE AGM

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- (b) the approval in paragraph (a) above shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase Shares at a price determined by the Directors;
- (c) the aggregate nominal amount of Shares which are authorised to be repurchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of 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 date of passing of this Resolution until whichever is the earliest 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 the Articles of Association of the Company (the “Articles of Association”) or any applicable laws to be held; or
  - (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.”

6. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);

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## NOTICE OF THE AGM

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares; or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued or to be issued by the Company or any securities which are convertible into Shares; or (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

“Relevant Period” shall have the same meaning as that ascribed to it under the Resolution no. 5 above; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to the holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

7. **“THAT** conditional upon the passing of the Resolutions nos. 5 and 6 above, the general mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to the Resolution no. 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company under the authority granted pursuant to the Resolution no. 5 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution.”

By Order of the Board  
**ZHU Yu Guo**  
*Chairman*

Shandong, the PRC, 31 March 2009

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## NOTICE OF THE AGM

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*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*

Unit 3103-5  
Enterprise Square Two  
No. 3 Sheung Yuet Road  
Kowloon Bay  
Hong Kong

*Notes:*

1. In relation to the Resolution no. 2 as set out in this notice, the Register of Members of the Company will be closed from Thursday, 23 April 2009 to Tuesday, 5 May 2009 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited (the "Hong Kong Branch Share Registrar") at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 22 April 2009.
2. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
3. In case of the joint registered holders of any Shares, any one of such persons may vote at any meeting, either in person or by proxy; but if more than one of such joint holders be present at any meeting in person or by proxy, the said person whose name stands first on the Register of Members of the Company shall alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the Hong Kong Branch Share Registrar, not less than 48 hours before the time fixed for holding the Meeting.
5. With respect to the Resolution no. 3 as set out in this notice, Ms. Sun Rui Fang, Mr. Zhao Wei and Mr. Wang Lu will retire upon the conclusion of the Meeting and, being eligible, will offer themselves for re-election at the Meeting. The profiles of the above retiring Directors have been set out in a circular (the "Circular") of the Company dated 31 March 2009.
6. The Circular and the accompanying form of proxy have been sent to the shareholders of the Company together with the 2008 Annual Report of the Company.

*As at the date of this notice, the executive directors of the Company are Dr. ZHU Yu Guo (Chairman), Mr. ZHU Mo Qun (Vice-chairman) and Mr. SUN Zhen Shui; the non-executive director of the Company is Ms. SUN Rui Fang; the independent non-executive directors of the Company are Messrs. ZHAO Wei, WANG Lu and KWONG Kwan Tong.*