

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** 群星紙業控股有限公司 (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)**

**(1) GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
AND  
(3) 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 the Company’s head office situated at San Li He, Chang Shang Town, Zouping County, Shandong Province, the PRC on Wednesday, 27 June 2012 at 10:00 a.m. is set out on pages 11 to 14 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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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at the Company’s head office situated at San Li He, Chang Shang Town, Zouping County, Shandong Province, the PRC on Wednesday, 27 June 2012 at 10:00 a.m., the notice of which is set out on pages 11 to 14 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 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
“Latest Practicable Date”	20 April 2012, 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

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## DEFINITIONS

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“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase 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)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of 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.

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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:*

Suite 1901A  
Exchange Tower  
33 Wang Chiu Road  
Kowloon Bay  
Hong Kong

27 April 2012

*To the Shareholders,*

Dear Sir or Madam,

**(1) GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
AND  
(3) NOTICE OF ANNUAL GENERAL MEETING**

### INTRODUCTION

The purpose of this circular is to 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.

### REPURCHASE MANDATE

At the adjourned annual general meeting of the Company held on 8 June 2011, 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 relevant resolution. Such mandate will lapse at the conclusion of the AGM.

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## LETTER FROM THE BOARD

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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 adjourned annual general meeting of the Company held on 8 June 2011, 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 relevant 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 1,586,391,450 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 317,278,290 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, Messrs. Zhu Mo Qun, Sun Zhen Shui and 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.

### AGM

A notice convening the AGM to be held at the Company's head office situated at San Li He, Chang Shang Town, Zouping County, Shandong Province, the PRC on Wednesday, 27 June 2012 at 10:00 a.m. is set out on pages 11 to 14 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.

The register of members of the Company will be closed from Monday, 25 June 2012 to Wednesday, 27 June 2012 (both days inclusive), for the purpose of ascertaining the shareholders who are entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 22 June 2012.

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## LETTER FROM THE BOARD

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A form of proxy for use at the AGM is enclosed with this circular and has posted on HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [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.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

### 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\$158,639,145 comprising 1,586,391,450 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 158,639,145 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.

### **IMPACT OF SHARE REPURCHASES**

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2011) in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as this would, in the circumstances, have a material adverse effect on the working capital requirements or gearing levels of the Company.



**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:

	Price per Share	
	Highest HK\$	Lowest HK\$
<b>2011</b>		
April	suspended*	
May	suspended	
June	suspended	
July	suspended	
August	suspended	
September	suspended	
October	suspended	
November	suspended	
December	suspended	
<b>2012</b>		
January	suspended	
February	suspended	
March	suspended	
April (up to the Latest Practicable Date)	suspended	

\* *Trading in the Shares on the Stock Exchange has been suspended since 9:00 a.m. on 30 March 2011. The closing price per Share as quoted on the Stock Exchange prior to the aforesaid date of suspension was HK\$2.180.*

**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 1,075,207,218 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.

The Company had not purchased any shares, whether on the Stock Exchange or otherwise, in the six months preceding the Latest Practicable Date.

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

**Mr. ZHU Mo Qun**, aged 32, is the co-founder of the Group. He was appointed as an executive Director, general manager of the Company as well as vice-chairman of the Board in September 2006. He is a director of various subsidiaries and associated corporations of the Company. He is also a director of Boom Instant Limited, a substantial shareholder of the Company. Mr. Zhu is responsible for the overall management of the Group's business. He completed tertiary legal education in Shandong Province Political & Legal Management Official Institute\* in the PRC in July 2001. In 2004, he was awarded with the title of International Professional Manager by the International Managers Union. In January 2005, he was approved by China Human Resource Exchange Centre\* to become a member of a database of experts in the PRC. This database is known as "National Database of Human Resources in Business Operation and Management\*" which stores the information of senior enterprise administrators. In 2005, he was appraised as one of the "Ten Outstanding Entrepreneurs in Shandong\*" by Appraisal Committee for Ten Outstanding Entrepreneurs in Shandong\*. In April 2006, he was honoured jointly by Binzhou City Committee of the Communist Youth League\* and State Economic and Trade Commission in Binzhou City\* as "Outstanding Young Entrepreneur in Binzhou City\*". Mr. Zhu is the son of Dr. Zhu Yu Guo, a chairman of the Board, and Ms. Sun Rui Fang, a non-executive Director. Save for the Company, Mr. Zhu does not have any directorship in any listed companies in the last 3 years preceding the Latest Practicable Date.

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

Mr. Zhu has entered into a service agreement with the Company for a term of 3 years commencing from 1 October 2010 and the term of his service as a 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\$720,000 per annum and a discretionary management bonus in an amount to be determined by the Board. Such emoluments are determined with reference to his experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions.

**Mr. SUN Zhen Shui**, aged 57, was appointed as an executive Director in September 2007 and is responsible for managing the financial and administrative affairs of the Group. Mr. Sun completed tertiary education in business management in Shandong Province Economic Management Official Institute\* in the PRC in May 1994 and obtained from Shandong Province Binzhou District Professional Title Reform Leader Group\* a qualification as a qualified accountant in the PRC in December 1994. Mr. Sun has been a supervising accountant of Changshan Town Economy Committee\* for a period from 1983 to 2004. He has over 20 years of experiences in the financial field. Save for the Company, Mr. Sun did not hold directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date.

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

\* for identification purpose only

Mr. Sun has entered into a service agreement with the Company for a term of 3 years commencing from 1 October 2010 and the term of his service as a 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\$360,000 per annum and a discretionary management bonus in an amount to be determined by the Board. Such emoluments are determined 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 31, 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 engineer at YanTai University in the PRC. Mr. Wang has approximately 8 years of experience in computer engineering. Save for the Company, Mr. Wang did not hold directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Wang did 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 2011 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\$132,000 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 re-election 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)(h) to 13.51(2)(v) 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 the Company’s head office situated at San Li He, Chang Shang Town, Zouping County, Shandong Province, the PRC on Wednesday, 27 June 2012 at 10:00 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 2011.
2. To approve the declaration of a final dividend of HK3.38 cents per share for the year ended 31 December 2011.
3. To re-elect retiring directors and to authorise the board of directors to fix the directors’ remuneration.
4. To appoint HLB Hodgson Impey Cheng Limited as auditors of the Company and to authorise the board of directors to fix their remuneration.

#### **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;
  - (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

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## NOTICE OF THE AGM

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- (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);
- (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

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## NOTICE OF THE AGM

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(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 Resolution 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, 27 April 2012

*Registered Office:*

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

*Principal Place of Business*

*in Hong Kong:*  
Suite 1901A  
Exchange Tower  
33 Wang Chiu Road  
Kowloon Bay  
Hong Kong

*Notes:*

1. The register of members of the Company will be closed from Monday, 25 June 2012 to Wednesday, 27 June 2012 (both days inclusive), for the purpose of ascertaining the shareholders who are entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited (the “Branch Share Registrar”) at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 22 June 2012.
2. The register of members of the Company will be closed from Wednesday, 4 July 2012 to Friday, 6 July 2012 (both days inclusive), for the purpose of ascertaining the shareholders who are qualified to receive the final dividend. In order to qualify for receiving the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar no later than 4:30 p.m. on Tuesday, 3 July 2012.
3. 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 needs not be a shareholder of the Company.

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## NOTICE OF THE AGM

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4. 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.
5. 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 Branch Share Registrar, not less than 48 hours before the time fixed for holding the Meeting.
6. In relation to the Resolution no. 3 as set out in this notice, Messrs. Zhu Mo Qun, Sun Zhen Shui and 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 of the Company dated 27 April 2012.
7. In relation to the Resolution no. 4 as set out in this notice, HLB Hodgson Impey Cheng, the Company's auditors for the year ended 31 December 2011, will retire as auditors of the Company upon the conclusion of the Meeting. In March 2012, the practice of HLB Hodgson Impey Cheng as partnership has been reorganized as HLB Hodgson Impey Cheng Limited. Therefore, the Resolution no. 4 above for the appointment of HLB Hodgson Impey Cheng Limited for the subsequent year is to be proposed at the Meeting, details of which are set out in the 2011 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.*