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

If you have sold or transferred all your shares in China Travel International Investment Hong Kong Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

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

A notice convening an annual general meeting of the Company to be held at Cafe du Parc, 2nd Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Monday, 23 May 2011 at 2:30 p.m. is set out on pages 11 to 14 of this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event, by no later than 48 hours before the time appointed for the holding of the meeting (or adjourned meeting or of the poll, as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

18 April 2011

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LETTER FROM THE BOARD



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

DIRECTORS:

Executive Directors:

Mr. Zhang Xuewu (*Chairman*)

Mr. Zheng Heshui (*Vice-Chairman*)

Mr. Lo Sui On (*Vice-Chairman*)

Ms. Jiang Yan

Mr. Fang Xiaorong

Mr. Zhang Fengchun

Mr. Xu Muhan (*General Manager*)

Mr. Fu Zhuoyang

REGISTERED OFFICE:

12th Floor, CTS House

78-83 Connaught Road Central
Hong Kong

Independent Non-Executive Directors:

Dr. Fong Yun Wah

Mr. Wong Man Kong, Peter

Mr. Sze, Robert Tsai To

Mr. Chan Wing Kee

18 April 2011

To Shareholders

Dear Sir or Madam,

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

1. RE-ELECTION OF RETIRING DIRECTORS

At the Annual General Meeting of China Travel International Investment Hong Kong Limited (the “Company”) to be held on Monday, 23 May 2011 (the “Annual General Meeting”). Mr. Zhang Xuewu, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Sze, Robert Tsai To will retire as directors of the Company (“Directors”) by rotation and, being eligible, offer themselves for re-election in accordance with Article 101 of the Company’s Articles of Association (the “Articles”).

LETTER FROM THE BOARD

Mr. Fu Zhuoyang, who was appointed by the board of Directors (the “Board”) on 29 November 2010, will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election in accordance with Article 92 of the Articles.

Particulars of Messrs. Zhang Xuewu, Zhang Fengchun, Xu Muhan, Fu Zhuoyang and Sze, Robert Tsai To are set out in Appendix I to this circular.

2. GENERAL MANDATE TO REPURCHASE SHARES

In addition, approval is being sought from the shareholders of the Company (the “Shareholders”) to repurchase ordinary share(s) of HK\$0.10 each in the share capital of the Company (the “Shares”). At the Annual General Meeting, an ordinary resolution will be proposed to approve the granting of a general mandate to the Directors to exercise the powers of the Company to repurchase (the “Repurchase Mandate”) Shares representing up to a maximum of 10% 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.

This letter together with the explanatory statement, which is set out in Appendix II to this circular and is required under Rule 10.06(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate, constitutes the memorandum of the terms of the proposed repurchases required under Section 49BA(3)(b) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

3. GENERAL MANDATE TO ISSUE SHARES

In addition, approval is being sought from the Shareholders at the Annual General Meeting to grant a general mandate to the Directors to exercise the powers of the Company to allot and issue new Shares in the capital of the Company amounting to up to 20% of the aggregate nominal amount of the share capital of the Company in issue, by way of an ordinary resolution to be proposed at the Annual General Meeting.

In the event that it becomes desirable for the Company to issue any new Shares, the Directors are given flexibility and discretion to allot and issue new Shares amounting to up to 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution and, if also authorised by the Shareholders at the Annual General Meeting, by adding to such mandate the number of Shares repurchased by the Company pursuant to the Repurchase Mandate.

As at 11 April 2011 (the “Latest Practicable Date”), being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular, the issued share capital of the Company was HK\$569,535,552.50 divided into 5,695,355,525 Shares. Subject to the passing of the resolution granting the proposed general mandate and on the basis that no further Shares will be issued or repurchased before the Annual General Meeting, the Company will be allowed under the general mandate to allot, issue and deal with a maximum of 1,139,071,105 Shares (representing 20% of the said total number of issued Shares).

LETTER FROM THE BOARD

4. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 11 to 14 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 48 hours before the time appointed for the holding of the Annual General Meeting (or adjourned meeting or of the poll, as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting at the Annual General Meeting (or adjourned meeting or of the poll, as the case may be) if you so wish.

As required under rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the Company will exercise his right as Chairman of the Annual General Meeting under Article 73 of the Articles to demand a poll on each of the resolutions to be proposed at the Annual General Meeting.

5. RECOMMENDATION

The Directors believe that the proposals for re-election of retiring Directors, the Repurchase Mandate and the general mandate to issue Shares are in the interest of the Company. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

By Order of the Board

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

Zhang Xuewu

Chairman

Particulars of the retiring Directors subject to re-election at the Annual General Meeting are set out below:

MR. ZHANG XUEWU *Chairman & Executive Director*

Aged 56, appointed in 2001, is the Chairman of China Travel Service (Holdings) Hong Kong Limited (“CTS (Holdings)”) and China National Travel Service (HK) Group Corporation, the holding companies of the Company, and is also a director of some of subsidiaries of the Company. Mr. Zhang is a qualified Senior Economist and has extensive experience in corporate management in Mainland of China and overseas. He was the Executive Vice President and Director of Minmetals UK Limited (China), the Vice President of China National Metals & Minerals Import and Export Corp., and the President of Minmetals Development Co., Ltd., a listed company. Mr. Zhang is a National Committee member of the Eleventh Chinese People's Political Consultative Conference, chairman of The Hong Kong Chinese Enterprises Association, a committee member of the Chinese General Chamber of Commerce. He was a member of the Tourism Strategy Group of the HKSAR Government. Mr. Zhang holds a master's degree in Business Administration from the China Europe International Business School.

There is no service contract between the Company and Mr. Zhang. He is not appointed for a specific term but shall be subject to retirement and re-election at the annual general meeting in accordance with the Articles. The director's fees payable to the Directors in aggregate for their service in each year is approved by the Shareholders at the annual general meeting. Pursuant to the authorization granted by the Shareholders, the Board will then determine the director's fee payable to each Director with reference to his performance and the prevailing market conditions. During the year ended 31 December 2010, Mr. Zhang received a director's fee of HK\$330,000.

Save as disclosed above, Mr. Zhang 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. Zhang had beneficial interest in 2,130,000 underlying Shares in respect of the share options granted by the Company at an exercise price of HK\$1.70 per Share within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”). Mr. Zhang has not held any directorship in the last three years in other public companies the securities of which are listed on the securities market in Hong Kong and overseas.

Save as disclosed above, Mr. Zhang 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 is no other information that should be disclosed pursuant to paragraph 13.51(2) (h) to (v) of the Listing Rules.

MR. ZHANG FENGCHUN *Executive Director*

Aged 46, appointed in 2000, is the Director and Chief Financial Officer of CTS (Holdings) and China National Travel Service (HK) Group Corporation, the Chairman of CTS International Logistics Corporation Limited, a subsidiary of CTS (Holdings) and China National Travel Service (HK) Group Corporation, the Chairman of Shaanxi Weihe Power Company Limited, a member of the Company, a director of some of subsidiaries of the Company, and the Vice Chairman of Committee on Financial & Accounting Affairs Steering of The Hong Kong Chinese Enterprises Association. He is a Certified Public Accountant in China and has extensive experience in investment planning, capital operation, financial operation and business management. Mr. Zhang graduated from the Accounting Department of Renmin University of China and obtained a Bachelor's degree in Economics in 1987. In January 2006, he graduated from the School of Economics and Management of Tsinghua University with an Executive Master Degree of Business Administration (EMBA).

There is no service contract between the Company and Mr. Zhang. He is not appointed for a specific term but shall be subject to retirement and re-election at the annual general meeting in accordance with the Articles. The director's fees payable to the Directors in aggregate for their service in each year is approved by the Shareholders at the annual general meeting. Pursuant to the authorization granted by the Shareholders, the Board will then determine the director's fee payable to each Director with reference to his performance and the prevailing market conditions. During the year ended 31 December 2010, Mr. Zhang received a director's fee of HK\$240,000.

Save as disclosed above, Mr. Zhang 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. Zhang had beneficial interest in 1,770,000 underlying Shares in respect of the share options granted by the Company at an exercise price of HK\$1.70 per Share within the meaning of Part XV of the SFO. Mr. Zhang has not held any directorship in the last three years in other public companies the securities of which are listed on the securities market in Hong Kong and overseas.

Save as disclosed above, Mr. Zhang 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 is no other information that should be disclosed pursuant to paragraph 13.51(2) (h) to (v) of the Listing Rules.

MR. XU MUHAN *Executive Director and General Manager*

Aged 50, appointed as an Executive Director and Standing Deputy General Manager in April 2008 and appointed as the General Manager in October 2009, is the Deputy General Manager of CTS (Holdings) and China National Travel Service (HK) Group Corporation, the Chairman of China Travel Service (Hong Kong) Limited and is also a director of a number of subsidiaries of the Company. Mr. Xu has extensive career in tourism and hospitality management. He obtained his master degree in travel and hotel management from The Hong Kong Polytechnic University and the certificate of GMP program from Cornell University.

There is no service contract between the Company and Mr. Xu. He is not appointed for a specific term but shall be subject to retirement and re-election at the annual general meeting in accordance with the Articles. The director's fees payable to the Directors in aggregate for their service in each year is approved by the Shareholders at the annual general meeting. Pursuant to the authorization granted by the Shareholders, the Board will then determine the director's fee payable to each Director with reference to his performance and the prevailing market conditions. During the year ended 31 December 2010, Mr. Xu received a director's fee of HK\$240,000.

Save as disclosed above, Mr. Xu 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. Xu had beneficial interest in 1,850,000 underlying Shares in respect of the share options granted by the Company at an exercise price of HK\$1.70 per Share within the meaning of Part XV of the SFO. Mr. Xu deemed to be interested in the 2,000 shares of the Company held by his spouse. Mr. Xu has not held any directorship in the last three years in other public companies the securities of which are listed on the securities market in Hong Kong and overseas.

Save as disclosed above, Mr. Xu 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 is no other information that should be disclosed pursuant to paragraph 13.51(2) (h) to (v) of the Listing Rules.

MR. FU ZHUOYANG *Executive director*

Aged 51, appointed in November 2010, is a Deputy General Manager of CTS (Holdings) and China National Travel Service (HK) Group Corporation, and the Chairman of Hong Kong China Travel Service Investment (China) Limited, a wholly owned subsidiary of CTS (Holdings). Mr. Fu is also a director of Common Bond Investments Limited, a subsidiary of the Company. Mr. Fu has extensive experience in investment management and capital operation. Mr. Fu was the Deputy General Manager of China Travel Service (Holdings) Corporation of China and the General Manager of China National Tourism Trading & Service Corporation. Mr. Fu graduated from Xiamen University with a Bachelor of Arts degree in 1982, and graduated from Graduate School, Chinese Academy of Social Sciences in 1998.

There is no service contract between the Company and Mr. Fu. He is not appointed for a specific term but shall be subject to retirement and re-election at the annual general meeting in accordance with the Articles. The director's fees payable to the Directors in aggregate for their service in each year is approved by the Shareholders at the annual general meeting. Pursuant to the authorization granted by the Shareholders, the Board will then determine the director's fee payable to each Director with reference to his performance and the prevailing market conditions. During the year ended 31 December 2010, Mr. Fu received a director's fee of HK\$21,000.

Save as disclosed above, Mr. Fu 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. Fu had beneficial interest in 1,770,000 underlying Shares in respect of the share options granted by the Company at an exercise price of HK\$1.70 per Share within the meaning of Part XV of the SFO. Mr. Fu has not held any directorship in the last three years in other public companies the securities of which are listed on the securities market in Hong Kong and overseas.

Save as disclosed above, Mr. Fu 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 is no other information that should be disclosed pursuant to paragraph 13.51(2) (h) to (v) of the Listing Rules.

MR. SZE, ROBERT TSAI TO *Independent Non-Executive Director*

Aged 70, appointed in 2005, is a member of Audit Committee and Remuneration Committee of the Company. Mr. Sze is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He was a partner in an international firm of accountants with which he practised for over 20 years. He is an Independent Non-executive Director of a number of Hong Kong listed companies, being Asia Satellite Telecommunications Holdings Limited, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, Hop Hing Group Holdings Limited, Min Xin Holdings Limited, Nanyang Holdings Limited, QPL International Holdings Limited and SW Kingsway Capital Holdings Limited.

There is no service contract between the Company and Mr. Sze. He is not appointed for a specific term but shall be subject to retirement and re-election at the annual general meeting in accordance with the Articles. The director's fees payable to the Directors in aggregate for their service in each year is approved by the Shareholders at the annual general meeting. Pursuant to the authorization granted by the Shareholders, the Board will then determine the director's fee payable to each Director with reference to his performance and the prevailing market conditions. During the year ended 31 December 2010, Mr. Sze received a director's fee of HK\$260,000.

Mr. Sze 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. Sze did not have any interest in Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Sze has not held any directorship in the last three years in other public companies the securities of which are listed on the securities market in Hong Kong and overseas.

Save as disclosed above, Mr. Sze 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 is no other information that should be disclosed pursuant to paragraph 13.51(2) (h) to (v) of the Listing Rules.

The following is the Explanatory Statement required to be sent to the Shareholders under the Listing Rules in connection with the general mandate for repurchase of Shares and, together with the letter from the board contained in this circular, also constitutes the memorandum of the terms of the repurchase required under section 49BA(3)(b) of the Companies Ordinance.

GENERAL MANDATE FOR REPURCHASE OF SHARES

(a) Share Capital

As at the Latest Practicable Date, the issued share capital of the Company was HK\$569,535,552.50 divided into 5,695,355,525 Shares. Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares will be issued or repurchased before the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 569,535,552 Shares (representing 10% of the said total number of issued Shares) during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles or by the laws of Hong Kong; or (iii) the date upon which such authority is revoked or varied by a resolution of the shareholders of the Company in general meeting.

(b) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Company's securities and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(c) Funding of Repurchases

Repurchases of Shares must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of the Company and the laws of Hong Kong, being profits available for distribution or the proceeds of a fresh issue of shares made for the purpose of the repurchases, and it is envisaged that the funds required for any repurchase would be derived from such sources.

There could 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 as at 31 December 2010) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an 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.

(d) Disclosure of Interests

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares.

(e) Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Hong Kong and the Articles.

(f) Market Prices of Shares

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

	Highest <i>HK\$</i>	Shares Lowest <i>HK\$</i>
2010		
April	2.23	1.90
May	1.94	1.47
June	1.79	1.56
July	1.93	1.63
August	1.96	1.64
September	1.93	1.68
October	2.06	1.82
November	2.02	1.75
December	1.84	1.75
2011		
January	1.87	1.70
February	1.76	1.52
March	1.75	1.55
April (<i>up to the Latest Practicable Date</i>)	1.71	1.61

(g) General

Upon the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company will increase. Such increase will be treated as an acquisition for the purposes of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases (the "Takeovers Code"). As a result, a Shareholder or a group of Shareholders, acting in concert could, depending on the level of increase of shareholding interest 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, CTS (Holdings) beneficially owned, directly and indirectly, approximately 53% of the issued share capital of the Company. If the Repurchase Mandate is exercised in full, the beneficial interests of CTS (Holdings) in the Company may be increased to approximately 58.89% of the issued share capital of the Company. The Directors consider that such repurchases made under the Repurchase Mandate will not give rise to an obligation for CTS (Holdings) to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. Moreover, the Directors have no present intention to exercise the power of the Company to repurchase Shares to such an extent as would result in the number of Shares in public hands falling below 25%.

During the previous six months preceding the date of this circular, neither the Company nor any of its subsidiaries repurchased any of its securities (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Travel International Investment Hong Kong Limited (the “Company”) will be held at Cafe du Parc, 2nd Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Monday, 23 May 2011 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and of the Auditors for the year ended 31 December 2010.
2. To declare a final dividend.
3. To re-elect retiring directors and authorize the board of directors to fix the fees of the directors.
4. To re-appoint Ernst & Young as auditors and to authorise the board of directors to fix their remuneration.

As special business to consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

5. **“THAT:**
 - (A) subject to paragraph (B) of this Resolution, the exercise by the directors of the Company (“Directors”) 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 (“Shares”) be and is hereby generally and unconditionally approved;
 - (B) the aggregate nominal amount of the Shares which may be repurchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange under the Hong Kong Code on Share Repurchases (the “Repurchase Code”) pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;

NOTICE OF ANNUAL GENERAL MEETING

- (C) for the purpose of this Resolution, “Relevant Period” means the period from the 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 or by the laws of Hong Kong to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

6. **“THAT:**

- (A) subject to paragraph (C) of this Resolution, 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 warrants which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options, and warrants which might require the exercise of such power after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option, warrant or otherwise) by the Directors pursuant to the approval in paragraph (A) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or right to acquire Shares, (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company 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 of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.
- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 or by the laws of Hong Kong to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion 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, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7. “**THAT** subject to the passing of Ordinary Resolutions nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares pursuant to the Ordinary 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 repurchased by the Company under the authority granted pursuant to the Ordinary Resolution no. 5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Ordinary Resolution no. 5.”

By Order of the Board
Zhang Xuewu
Chairman

Hong Kong, 18 April 2011

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxy(ies) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting will be enclosed with the 2010 Annual Report to be despatched to the Shareholders. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or poll concerned if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.
- (3) In order to be valid, the instrument appointing a proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or adjourned meeting or of the poll, as the case may be).
- (4) In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (5) The Register of Members of the Company will be closed from Wednesday, 18 May 2011 to Monday, 23 May 2011 (both days inclusive), for the purposes of determining entitlements to the proposed dividends as well as the identify of Shareholders who are entitled to attend and vote at the meeting. In order to qualify for the proposed dividends and be entitled to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai Hong Kong not later than 4:30 p.m. on Tuesday, 17 May 2011.
- (6) In relation to agenda item 3 in this notice regarding election of retiring directors of the Company, Mr. Zhang Xuewu, Mr. Zhang Fengchun, Mr. Xu Muhan, Mr. Fu Zhuoyang and Mr. Sze, Robert Tsai To will retire at the meeting and, being eligible, offer themselves for re-election in accordance with the articles of association of the Company. The biographical details and interests in the shares of the Company of the said directors to be re-elected at the meeting are set out in the circular of the Company dated 18 April 2011 (the "Circular") despatched together with the 2010 Annual Report.
- (7) In relation to agenda items 5, 6 and 7 of this notice, the directors of the Company propose to seek shareholders' approval of the general mandates to repurchase shares and to issue shares, as described in the Circular.
- (8) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board of the Company comprises eight executive directors, being Mr. Zhang Xuewu, Mr. Zheng Heshui, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Fang Xiaorong, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Fu Zhuoyang; and four independent non-executive directors, being Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.