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**THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should 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 **Samson Paper Holdings 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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**SAMSON PAPER HOLDINGS LIMITED****森信紙業集團有限公司\****(incorporated in Bermuda with limited liability)***(Stock Code: 731)**

**PROPOSALS INVOLVING  
GENERAL MANDATES TO ISSUE NEW SHARES AND  
TO REPURCHASE ORDINARY SHARES AND WARRANTS  
AMENDMENT TO BYE-LAWS  
AND  
RE-ELECTION OF DIRECTORS  
AND  
ANNUAL GENERAL MEETING**

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The notice convening the annual general meeting of the Company to be held at Conference Room A, Strategic Financial Relations Limited, Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 29th September, 2009 at 10:00 a.m. (or at any adjournment thereof), is set out on pages 13 to 17 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event so as to be received not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

\* *For identification purpose only*

28 August, 2009

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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:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Conference Room A, Strategic Financial Relations Limited, Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 29th September, 2009 at 10:00 a.m. or any adjournment thereof
“associate”	shall have the meaning ascribed to it in the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CP Shares”	the convertible non-voting preference shares of HK\$0.10 each in the capital of the Company
“Company”	Samson Paper Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Ordinary Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region, the People’s Republic of China
“Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in Ordinary Resolution no. A up to 20% of the issued share capital of the Company as at the date of passing of such resolution
“Latest Practicable Date”	26 August, 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in item 4 of the notice of the Annual General Meeting
“Ordinary Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company

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## DEFINITIONS

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“Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Ordinary Shares and Warrants during the period as set out in Ordinary Resolution no. B up to 10% of the issued ordinary share capital of the Company and up to 10% of the outstanding Warrants, respectively, as at the date of passing of such resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Ordinary Share(s) and CP Share(s)
“Special Resolution”	the proposed special resolution as referred to in item 5 of the notice of the Annual General Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers of Hong Kong
“Warrants”	the warrants issued by the Company on 5th December, 2008 entitling the holders thereof to subscribe for up to 95,390,675 Ordinary Shares at an initial subscription price of HK\$0.80 per Ordinary Shares (subject to adjustment)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



**SAMSON PAPER HOLDINGS LIMITED**

**森信紙業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 731)**

*Executive Directors:*

Sham Kit Ying (alias Sham Kit) (*Chairman*)  
Lee Seng Jin (*Deputy Chairman*)  
Chow Wing Yuen  
Sham Yee Lan, Peggy  
Lee Yue Kong, Albert

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Non-Executive Director:*

Lau Wang Yip, Eric

*Head office and principal place of  
business in Hong Kong*

3rd Floor  
Seapower Industrial Centre  
177 Hoi Bun Road  
Kwun Tong  
Kowloon  
Hong Kong

*Independent Non-Executive Directors:*

Pang Wing Kin, Patrick  
Tong Yat Chong  
Ng Hung Sui, Kenneth

28 August, 2009

*To the Shareholders and, for information only, holders of CP Shares and holders of Warrants,*

Dear Sir or Madam,

**PROPOSALS INVOLVING  
GENERAL MANDATES TO ISSUE NEW SHARES AND  
TO REPURCHASE ORDINARY SHARES AND WARRANTS  
AMENDMENT TO BYE-LAWS  
AND  
RE-ELECTION OF DIRECTORS  
AND  
ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

On 26th September, 2008, general mandates were given to the Directors to exercise the powers of the Company to issue shares and to repurchase its own shares. These general mandates will lapse at the conclusion of the forthcoming Annual General Meeting. In view

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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of the amendments to the Listing Rules which came into effect on 1st January, 2009, the Directors consider that it is desirable to amend the Bye-Laws of the Company in order to align the provisions of the Bye-Laws of the Company with the relevant requirements of the Listing Rules. The Ordinary Resolutions and the Special Resolution will therefore be proposed at the Annual General Meeting to approve, among others, the general mandates to authorise the Directors to exercise the powers of the Company to repurchase its own Ordinary Shares and Warrants and to issue Shares, and the amendment to the Bye-Laws of the Company.

The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase Ordinary Shares and Warrants and to issue Shares, the proposed amendment to the Bye-Laws of the Company and the proposed re-election of retiring Directors and to provide you with the notice of the Annual General Meeting.

### **2. GENERAL MANDATE TO ISSUE NEW SHARES**

An ordinary resolution will be proposed at the Annual General Meeting to grant the Issue Mandate to the Directors, details of which are set out in Ordinary Resolution no. A.

In addition, an ordinary resolution will be proposed to extend the Issue Mandate which would increase the limit of the Issue Mandate by adding to it an amount representing the aggregate nominal amount of Ordinary Shares repurchased pursuant to the Repurchase Mandate up to a maximum of 10% of the issued share capital of the Company as at the date of passing of that ordinary resolution. Details of the extension of the Issue Mandate are set out in Ordinary Resolution no. C.

### **3. GENERAL MANDATE TO REPURCHASE ORDINARY SHARES AND WARRANTS**

At the Annual General Meeting, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors, details of which are set out in Ordinary Resolution no. B.

In accordance with the Listing Rules, an explanatory statement to provide the shareholders of the Company with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate is set out in Appendix I to this circular.

### **4. AMENDMENT TO THE BYE-LAWS**

In light of the amendments to the Listing Rules which came into effect on 1st January, 2009, the Directors propose to seek the approval of the shareholders of the Company for the amendment to the Bye-Laws of the Company in order to align the provisions of the Bye-Laws of the Company with the relevant requirements of the Listing Rules.

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## LETTER FROM THE BOARD

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A special resolution will be proposed at the Annual General Meeting to amend the Bye-Laws of the Company such that, apart from complying with the existing notice period requirements, notice to the shareholders of the Company shall be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days before the meeting in the case of all other general meetings of the Company.

### **5. RE-ELECTION OF RETIRING DIRECTORS**

Pursuant to Bye-Law 99 of the Bye-Laws of the Company, Mr. Sham Kit Ying, Ms. Sham Yee Lan, Peggy and Mr. Lau Wang Yip, Eric will retire from their respective offices and, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

### **6. ANNUAL REPORT AND ANNUAL GENERAL MEETING**

A copy of the annual report of the Company for the financial year ended 31st March, 2009 has been sent to you for your review.

The notice of the Annual General Meeting to be held at Conference Room A, Strategic Financial Relations Limited, Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 29th September, 2009 at 10:00 a.m. (or at any adjournment thereof), is set out on pages 13 to 17 of this circular. At the Annual General Meeting, Ordinary Resolutions to approve the Issue Mandate, the extension of the Issue Mandate, the Repurchase Mandate and the re-election of retiring Directors and the Special Resolution to approve the amendment to the Bye-Laws of the Company will be proposed. Pursuant to the Listing Rules, all resolutions put to the vote of the Annual General Meeting will be decided by way of a poll.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong in accordance with the instructions printed on the form of proxy as soon as possible and in any event so as to be received not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting should you wish to do so.

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## LETTER FROM THE BOARD

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### 7. RECOMMENDATION

The board of Directors are pleased to recommend the retiring Directors, details of whom are set out in Appendix II to this circular, for re-election at the Annual General Meeting.

The Directors consider that the granting to them of the Issue Mandate and the Repurchase Mandate, the proposed amendment to the Bye-Laws of the Company and the re-election of the retiring Directors are in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the Ordinary Resolutions and the Special Resolution to be proposed at the Annual General Meeting.

By Order of the Board  
**SHAM Kit Ying**  
*Chairman*

This Appendix I contains the particulars which are required by the Listing Rules to be included in an explanatory statement to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate.

- (1) As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 502,779,117 Ordinary Shares and the Company also has 132,064,935 CP Shares in issue. In addition, Warrants carrying rights to subscribe up to HK\$26,312,540 in aggregate for Ordinary Shares, equivalent to the aggregate subscription price for a total of 32,890,675 Ordinary Shares on the basis of the initial subscription price of HK\$0.80 per Ordinary Share (subject to adjustment) were outstanding as at the Latest Practicable Date.

Subject to the passing of the relevant Ordinary Resolution for approving the Repurchase Mandate, and on the basis that no further Ordinary Shares would be issued or repurchased and no subscription rights of the Warrants are exercised or repurchased prior to the Annual General Meeting, the Company would be allowed to repurchase a maximum of 50,277,911 Ordinary Shares (representing not more than 10% of the issued ordinary share capital of the Company as at the Latest Practicable Date) and Warrants with total subscription rights of HK\$2,631,254 (representing not more than 10% of the outstanding Warrants as at the Latest Practicable Date) under the Repurchase Mandate.

- (2) The Directors believe that it is in the interests of the Company and its shareholders for the Directors to have the Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company 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.
- (3) In repurchasing Ordinary Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-Laws, the applicable laws of Bermuda and the Listing Rules. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profit that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose of the repurchase. The amount of premium payable may only be paid out of either the profits that would otherwise be available for dividend or out of the Company's share premium account before the shares are repurchased.
- (4) There might be material adverse impact on the working capital or gearing levels of the Company as compared with the position disclosed in the latest published audited consolidated financial statements of the Company in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. 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 or the gearing levels

of the Company as compared with the position disclosed in the latest published audited consolidated financial statements of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

- (5) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Ordinary Shares or Warrants to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by shareholders of the Company.
- (6) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchase of Ordinary Shares and Warrants pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Bye-Laws of the Company and the applicable laws and regulations of Bermuda.
- (7) If as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a shareholder or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following persons (together the "Concert Group"), who are presumed to be acting in concert, were interested in an aggregate of 359,176,556 Ordinary Shares, representing approximately 71.44% of the issued ordinary share capital of the Company, 132,064,935 CP Shares and 8,956,915 units of Warrants, giving rise to an interest of 8,956,915 underlying Ordinary Shares, within the meaning of Part XV of the SFO as recorded in the registers required to be kept by the Company under Sections 336 and 352 of the SFO:

**(a) Ordinary Shares**

Name	Number of Ordinary Shares	Approximate percentage of the issued ordinary share capital
Mr. Lee Seng Jin ( <i>Note</i> )		
— Personal Interest	64,229,844	
— Corporate Interest	278,234,156	
— Family Interest	<u>16,712,556</u>	
	359,176,556	71.44%
Ms. Sham Yee Lan, Peggy ( <i>Note</i> )		
— Personal Interest	572,556	
— Corporate Interest	16,140,000	
— Family Interest	<u>342,464,000</u>	
	359,176,556	71.44%

**(b) CP Shares**

Name	Number of CP Shares	Approximate percentage of the total number of CP Shares
Mr. Lee Seng Jin — Corporate Interest	132,064,935	100%

**(c) Warrants**

Name	Number of Warrants	Approximate percentage of the Warrants
Mr. Lee Seng Jin ( <i>Note</i> ) — Personal Interest	6,171,489	
— Family Interest	<u>2,785,426</u>	
	8,956,915	27.23%
Ms. Sham Yee Lan, Peggy ( <i>Note</i> ) — Personal Interest	95,426	
— Corporate Interest	2,690,000	
— Family Interest	<u>6,171,489</u>	
	8,956,915	27.23%

*Note:* Mr. Lee Seng Jin is the husband of Ms. Sham Yee Lan, Peggy.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. In the event that the Directors exercise in full the power to repurchase Ordinary Shares pursuant to the Repurchase Mandate and assuming that the shareholdings of the Concert Group as disclosed in this circular and the issued share capital of the Company remain unchanged, the interests of the Concert Group in the Ordinary Shares would be increased to approximately 79.38% of the issued ordinary share capital of the Company and such increase would not give rise to any obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

In any event, the Repurchase Mandate will be exercised only if the number of Ordinary Shares held by the public would not fall below 25%.

- (8) No purchase of Shares (whether on the Stock Exchange or otherwise) has been made by the Company in the six months prior to the Latest Practicable Date.

- (9) No connected person (as defined in the Listing Rules) has notified the Company that he has any present intention to sell any Ordinary Shares or Warrants to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders of the Company.
- (10) The following table shows the highest and lowest prices at which the Ordinary Shares and Warrants had been traded on the Stock Exchange in each of the twelve months prior to the Latest Practicable Date:

Month	Ordinary Shares Price		Warrants Price	
	Highest HK\$	Lowest HK\$	Highest HK\$	Lowest HK\$
<b>2008</b>				
August	0.890	0.660	—	—
September	0.700	0.600	—	—
October	0.620	0.395	—	—
November	0.415	0.380	—	—
December ( <i>Note</i> )	0.440	0.375	0.020	0.015
<b>2009</b>				
January	0.450	0.400	0.038	0.019
February	0.440	0.395	0.040	0.032
March	0.410	0.375	0.037	0.023
April	0.560	0.410	0.040	0.027
May	0.690	0.530	0.066	0.040
June	0.870	0.650	0.242	0.061
July	0.740	0.600	0.138	0.084
August	1.130	0.710	0.360	0.084

*Note:* The Warrants were issued on 5th December, 2008, thus, no trading in Warrants had taken place prior to that date.

The following are the particulars of the Directors who will be retiring from their respective offices and be proposed to be re-elected at the Annual General Meeting in accordance with the Bye-Laws of the Company:

**Mr. SHAM Kit Ying** (alias SHAM Kit), aged 83, is the founder and Chairman of the Group. Mr. Sham is responsible for the Group's corporate vision and corporate development. He has over 50 years of experience in the paper distribution industry in Hong Kong.

Mr. Sham is the father of Ms. Sham Yee Lan, Peggy (an executive Director) and the father-in-law of Mr. Lee Seng Jin (an executive Director, and the Deputy Chairman and Chief Executive Officer of the Group). As at the Latest Practicable Date, Mr. Sham did not have any interest in the Shares and Warrants within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO").

The service contract of Mr. Sham does not contain any provision on the term of his appointment. However, he is subject to retirement by rotation pursuant to the Bye-Laws of the Company. Pursuant to his service contract, Mr. Sham received emoluments of a total value of approximately HK\$7,259,000 for the year ended 31st March, 2009 of which approximately HK\$1,800,000 is discretionary bonus. For the financial year ending 31st March, 2010, Mr. Sham will be entitled to a remuneration of approximately HK\$5,459,000 per annum. Mr. Sham will also be entitled to discretionary bonus as may be decided by the board of Directors having regard to the Group's profitability. His emoluments are determined by the board of Directors with reference to the Group's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

The Directors are not aware of any other matter in respect of the proposed re-election of Mr. Sham as an executive Director which they consider necessary to be brought to the attention of the shareholders of the Company. Mr. Sham has confirmed that there is no information required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**Ms. SHAM Yee Lan, Peggy**, aged 43, an executive Director. Ms. Sham joined the Group in 1989 and is responsible for the Group's overall credit and administrative management.

Ms. Sham is the wife of Mr. Lee Seng Jin (an executive Director, and the Deputy Chairman and Chief Executive Officer of the Group) and a daughter of Mr. Sham Kit Ying (the Chairman of the Group and an executive Director). As at the Latest Practicable Date, Ms. Sham has a personal interest in 572,556 Ordinary Shares and 95,426 units of Warrant, corporate interest in 16,140,000 Ordinary Shares and 2,690,000 units of Warrant, family interest in 342,464,000 Ordinary Shares and 6,171,489 units of Warrants within the meaning of Part XV of the SFO.

The service contract of Ms. Sham does not contain any provision on the term of her appointment. However, she is subject to retirement by rotation pursuant to the Bye-Laws of the Company. Pursuant to her service contract, Ms. Sham received emoluments of a total value of approximately HK\$1,711,000 for the year ended 31st March, 2009 of which approximately HK\$700,000 is discretionary bonus. For the financial year ending 31st March, 2010, Ms. Sham will be entitled to a remuneration of approximately HK\$1,011,000 per annum. Ms. Sham will also be entitled to discretionary bonus as may be decided by the board of Directors having regard to the Group's profitability. Her emoluments are determined by the board of Directors with reference to the Group's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

The Directors are not aware of any other matter in respect of the proposed re-election of Ms. Sham as an executive Director which they consider necessary to be brought to the attention of the shareholders of the Company. Ms. Sham has confirmed that there is no information required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**Mr. LAU Wang Yip, Eric**, aged 42, a non-executive Director, is a solicitor practicing in Hong Kong. He was appointed as non-executive Director of the Company in 1997 and is currently a partner of a local law firm in Hong Kong. Mr. Lau holds a Bachelor's degree in Laws and has been admitted as a solicitor in England and Wales. He has also been admitted as a legal practitioner in Tasmania, Australia. Mr. Lau did not hold any directorship in other listed public company in the last three years.

He does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lau did not have any interest in the Shares and Warrants within the meaning of Part XV of the SFO.

The service contract of Mr. Lau does not contain any provision on the term of his appointment. However, he is subject to retirement by rotation pursuant to the Bye-Laws of the Company. Pursuant to his service contract, the annual director's fee of Mr. Lau as non-executive Director is HK\$80,000 for the year ended 31st March, 2009. For the financial year ending 31st March, 2010, Mr. Lau will be entitled to an annual director's fee of HK\$80,000. The director's fee of Mr. Lau was negotiated between Mr. Lau and the Company and was determined by the board of Directors with reference to the prevailing market conditions.

The Directors are not aware of any other matter in respect of the proposed re-election of Mr. Lau as a non-executive Director which they consider necessary to be brought to the attention of the shareholders of the Company. Mr. Lau has confirmed that there is no information required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.



**SAMSON PAPER HOLDINGS LIMITED**

**森信紙業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 731)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Samson Paper Holdings Limited (the “Company”) will be held at Conference Room A, Strategic Financial Relations Limited, Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 29th September, 2009 at 10:00 a.m. for the following purposes:

**As Ordinary Business**

1. To receive and adopt the audited statement of accounts and the reports of the directors and auditors for the year ended 31st March, 2009.
2. To re-elect the retiring directors of the Company (the “Directors”) and authorize the board of Directors (the “Board”) to fix the remuneration of the Directors.
3. To re-appoint auditors and authorize the Board to fix their remuneration.

**As Special Business**

4. To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

**Ordinary Resolutions**

**A. “THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until 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 is required by law and the Bye-Laws of the Company to be held; and (iii) the revocation or variation of the approval given in this Resolution by an ordinary resolution of the shareholders of the Company in general meeting) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares of the Company to be allotted, issued or dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved; and

- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval referred to in paragraph (a) of this Resolution, otherwise than pursuant to (i) a rights issue (for the purposes of this Resolution, “rights issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such shares of the Company (or, where appropriate, such other securities) as at that date (subject in all cases 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, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)), or (ii) an issue of shares of the Company pursuant to a scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the Bye-Laws of the Company, or (iii) an issue of shares of the Company upon the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into shares of the Company, or (iv) an issue of shares of the Company upon exercise of options under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue of shares of the Company or rights to acquire shares of the Company, or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the said approval shall be limited accordingly.”

**B. “THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of all powers of the Company to repurchase its own ordinary shares and warrants issued by the Company to subscribe for ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the ordinary shares or warrants of the Company may be listed and is recognized by Securities and Futures Commission of Hong Kong and the Stock

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## NOTICE OF ANNUAL GENERAL MEETING

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Exchange for this purpose, subject to and in accordance with all applicable laws and regulations, during the Relevant Period (being the period from the passing of this Resolution until 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 law or the Bye-Laws of the Company to be held; and (iii) the revocation or variation of the approval given in this Resolution by an ordinary resolution of the holders of ordinary shares of the Company in general meeting) be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of ordinary shares of the Company and the aggregate amount of warrants of the Company to be repurchased by the Company pursuant to the approval referred to in paragraph (a) of this Resolution shall not exceed (i) 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of the passing of this Resolution and (ii) 10% of the aggregate amount of the warrants of the Company outstanding as at the date of passing of this Resolution, and such approval shall be limited accordingly; and
  - (c) the approval referred to in paragraph (a) of this Resolution shall, where permitted by applicable laws and regulations and subject to the limitation in paragraph (b) of this Resolution, extend to permit the purchase of ordinary shares and warrants of the Company by subsidiaries of the Company.”
- C. “**THAT** conditional upon Resolution Nos. A and B set out in item 4 of the notice of the meeting of which this Resolution forms a part being passed, the general mandate granted to the Directors pursuant to Resolution No. A set out in item 4 of the notice of the meeting of which this Resolution forms a part be and is hereby extended by the addition to the aggregate nominal amount of shares of the Company which may be allotted and issued of an amount representing the aggregate nominal amount of ordinary shares of the Company repurchased by the Company pursuant to the mandate granted pursuant to Resolution No. B set out in item 4 of the notice of the meeting of which this Resolution forms part, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution.”

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## NOTICE OF ANNUAL GENERAL MEETING

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5. To consider and, if thought fit, pass the following resolution as a special resolution:

### Special Resolution

“**THAT** the existing Bye-Laws of the Company be and are hereby amended in the following manner:

**(a) Bye-Law 1**

- (1) by adding the following new definition of “business day” immediately after the existing definition of “Bermuda”:

““business day” means any calendar day other than a Saturday, Sunday or a public holiday in the Hong Kong Special Administrative Region of the People’s Republic of China;”;

- (2) by deleting the existing definition of “ordinary resolution” in its entirety and substituting therefor the following new definition of “ordinary resolution”:

““ordinary resolution” means a resolution passed by a simple majority of the votes cast by such members as being entitled so to do, vote in person or, by duly authorised corporate representative or, where proxies are allowed, by proxy, at a general meeting of the Company at which a quorum is present and of which notice has been duly given in accordance with the Bye-Laws;”;

- (3) by deleting the existing definition of “special resolution” in its entirety and substituting therefor the following new definition of “special resolution”:

““special resolution” means a resolution passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, by duly authorised corporate representative or, where proxies are allowed, by proxy, at a general meeting of the Company at which a quorum is present and of which notice has been duly given in accordance with the Bye-Laws, specifying the intention to propose the resolution as a special resolution;”;

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## NOTICE OF ANNUAL GENERAL MEETING

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**(b) Bye-Law 58**

by deleting the first sentence of the existing Bye-Law 58 in its entirety and substituting therefor the following:

“Subject to such other minimum period as may be specified in the Listing Rules from time to time, (i) an annual general meeting shall be called by notice in writing of not less than 20 clear business days or 21 clear days (whichever is longer); (ii) a meeting of the Company other than an annual general meeting called for the passing of a special resolution shall be called by notice in writing of not less than 21 clear days or 10 clear business days (whichever is longer); and (iii) a meeting of the Company (other than an annual general meeting or a meeting for the passing of a special resolution) shall be called by notice in writing of not less than 10 clear business days or 14 clear days (whichever is longer).”

By Order of the Board  
**LEE Yue Kong, Albert**  
*Company Secretary*

Hong Kong, 28 August, 2009

*Head Office:*

3rd Floor, Seapower Industrial Centre  
177 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

**Note:** A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong (so as to be received) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).

*As at the date of this notice, the Board comprises five executive Directors, namely Mr. SHAM Kit Ying, Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert, one non-executive Director, namely Mr. LAU Wang Yip, Eric and three independent non-executive Directors, namely Mr. PANG Wing Kin, Patrick, Mr. TONG Yat Chong and Mr. NG Hung Sui, Kenneth.*