
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Mengniu Dairy Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

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

A notice (the “**Notice of the Annual General Meeting**”) convening the annual general meeting of China Mengniu Dairy Company Limited (the “**Company**”) to be held at Salon 4, 3/F., JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 28 May 2008 at 10:30 a.m. (the “**Annual General Meeting**”) is set out on pages 12 to 15 of this circular.

Whether or not you are able to attend the Annual General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or at any adjournment meeting should you so wish.

* *For identification purposes only*



CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

Directors:

Mr. Niu Gensheng (*Chief Executive Officer*)
Mr. Sun Yubin
Mr. Yang Wenjun
Mr. Jiao Shuge[#] (alias Jiao Zhen) (*Chairman*)
Mr. Julian Juul Wolhardt[#]
Mr. Wang Huaibao*
Mr. Zhang Julin*
Mr. Li Jianxin*

Registered Office:

M&C Corporate Services
PO Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Company Secretary:

Mr. Kwok Wai Cheong, Chris

[#] *Non-executive Director*

* *Independent Non-executive Director*

29 April 2008

To the shareholders

Dear Sir or Madam,

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

Introduction

The purpose of this circular is to provide you with information regarding, inter alia:

- (a) grant of the Share Issue Mandate (as defined below) to issue shares of the Company (the “Shares”);
- (b) grant of the Share Repurchase Mandate (as defined below) for repurchase by the Company of the Shares;

* *For identification purposes only*

LETTER FROM THE BOARD

- (c) grant of a general extension mandate to extend the Share Issue Mandate to include Shares repurchased under the Share Repurchase Mandate, if any; and
- (d) re-election of the directors of the Company (the “**Directors**”).

1. General mandate to issue Shares and extension of general mandate

At the last annual general meeting of the Company held on 22 June 2007, a general mandate was granted to the Directors to allot, issue and deal with the Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. Two ordinary resolutions will accordingly be proposed at the Annual General Meeting for the shareholders to consider and, if thought fit, grant respectively, a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with the Shares (the “**Share Issue Mandate**”) not exceeding 20% of the issued share capital of the Company on the date of passing the resolution approving the Share Issue Mandate, and an extension of the Share Issue Mandate by adding any Shares representing the nominal amount of the Shares repurchased by the Company under the Share Repurchase Mandate (as defined below).

As at 24 April 2008, the latest practicable date prior to the printing of this circular (the “**Latest Practicable Date**”), the issued share capital of the Company comprised 1,426,148,755 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Issue Mandate, the maximum number of Shares which may be issued pursuant to the Share Issue Mandate will be 285,229,751 Shares.

Details of the Share Issue Mandate are set out in Resolutions 6 and 7 in the Notice of the Annual General Meeting set out on pages 12 to 15 of this circular. The Share Issue Mandate will expire upon whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required to be convened by the articles of the association of the Company or by any applicable law(s); and (c) the date on which the authority given under the ordinary resolution approving the Share Issue Mandate is revoked or varied by an ordinary resolution of the shareholders.

2. General mandate to repurchase Shares

At the last annual general meeting of the Company held on 22 June 2007, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase the Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. An ordinary resolution will hence be proposed for the shareholders to consider and, if thought fit, grant a general mandate to the Directors to exercise the power of the Company to repurchase Shares (the “**Share Repurchase Mandate**”) up to 10% of the issued share capital of the Company on the date of passing the resolution approving the Share Repurchase Mandate.

LETTER FROM THE BOARD

Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate will be 142,614,875 Shares.

An explanatory statement as required under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) regarding share repurchase, giving certain information in connection with the Share Repurchase Mandate is set out in Appendix I to this circular. The Share Repurchase Mandate will expire upon whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) 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 any applicable law(s); and (c) the date on which the authority given under the ordinary resolution approving the Share Repurchase Mandate is revoked or varied by an ordinary resolution of the shareholders.

3. Re-election of the Directors

Pursuant to article 112 of the articles of association of the Company, one-third of the Directors shall retire from office by rotation. Niu Gensheng, Sun Yubin and Li Jianxin will retire from office as Directors by rotation at the Annual General Meeting and being eligible, offer themselves for re-election. Particulars of Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

4. Annual General Meeting

A notice convening the Annual General Meeting to be held at Salon 4, 3/F., JW Marriott, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 28 May 2008 at 10:30 a.m. is set out on pages 12 to 15 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the grant of the Share Issue Mandate, the Share Repurchase Mandate and the re-election of Directors.

The procedure by which the shareholders of the Company may demand a poll at any general meeting of the Company is set out in Appendix III to this circular.

A proxy form 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 the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

5. Recommendation

The Directors believe that the grant of the Share Issue Mandate and the Share Repurchase Mandate and the re-election of Directors be proposed at the Annual General Meeting are in the best interests of the Company and the shareholders. Accordingly, the board of Directors recommends you to vote in favour of the resolutions in relation to the above proposals to be proposed at the Annual General Meeting.

Yours faithfully,
Niu Gensheng
Chief Executive Officer

(A) LISTING RULES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their fully-paid up shares on the Stock Exchange subject to certain restrictions.

(B) SHAREHOLDERS' APPROVAL

The Listing Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, or alternatively by specific approval of a particular transaction or by a general mandate to the directors of the company to make such repurchases.

(C) EXERCISE OF THE SHARE REPURCHASE MANDATE

As at the Latest Practicable Date, there were 1,426,148,755 Shares in issue. Subject to the passing of the ordinary resolution approving the Share Repurchase Mandate and on the basis that no further Shares are issued or no Shares are repurchased prior to the Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 142,614,875 Shares, representing ten per cent (10%) of the issued share capital of the Company as at the date of passing of such resolution.

(D) REASONS FOR THE REPURCHASE OF SHARES

The Directors believe that the Share Repurchase Mandate is in the best interest of the Company and the shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per share. The Directors are seeking the grant of the Share Repurchase Mandate to give the Company flexibility to do so if and when appropriate. The timing and the number(s), the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

(E) SOURCE OF FUNDS

The Company is empowered by its memorandum and articles of association to purchase Shares. In accordance with Cayman Islands law and the Company's memorandum and articles of association, Shares may only be redeemed or purchased out of the profits of the Company or out of the proceeds of a fresh issue of shares made for the purposes of the redemption or purchase. The premium, if any, payable on purchase must be provided for out of the profits of the Company or out of the Company's share premium account before or at the time the shares are purchased or, subject to the statutory test of solvency, out of capital. Under Cayman Islands law, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced.

It is possible that, if the Share Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period, there might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2007. However, the Directors do not propose to exercise the Share Repurchase Mandate to the extent that the repurchase would, in the circumstances, have a material adverse effect on the working capital position of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

(F) SHARE PRICES

The monthly highest and lowest prices at which the Shares had traded on the Stock Exchange in the last twelve months up to the Latest Practicable Date were as follows:

	Share Prices (per Share)	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2007		
April	26.60	21.55
May	27.60	24.10
June	27.60	24.90
July	29.65	27.00
August	30.80	21.40
September	34.50	29.25
October	36.75	32.00
November	34.00	25.10
December	30.00	25.40
2008		
January	30.10	18.30
February	23.20	19.64
March	23.30	15.56
April (up to and including the Latest Practicable Date)	25.10	19.80

(G) UNDERTAKING

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

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), currently intends to sell Shares to the Company or its subsidiaries in the event that the Share Repurchase Mandate is approved by the shareholders.

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

(H) THE TAKEOVERS CODE

If, as a result of a repurchase of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could, depending on the level of increase of shareholding interest, obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Niu Gensheng (“**Mr. Niu**”), by virtue of proxies, had been delegated voting rights to the shares in Yinniu Milk Industry Limited (“**Yinniu**”) and Jinniu Milk Industry Limited (“**Jinniu**”) held by their common controlling shareholder, Xin Niu International Limited (“**Xin Niu**”). The proxy arrangements have been in effect since 29 October 2007. Through the proxy arrangements, Mr. Niu is deemed to be in control of the 176,104,130 Shares held by Yinniu and 137,395,836 Shares held by Jinniu. In addition, Mr. Niu is personally interested in 68,781,022 Shares within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”). Mr. Niu's interest in the Shares together with those of Jinniu and Yinniu represented approximately 26.81% of the issued share capital of the Company as at the Latest Practicable Date. If the Share Repurchase Mandate is fully exercised by the Company, it will increase Mr. Niu's deemed percentage shareholding as a result of the proxy arrangements to 29.7%.

Ten founding individuals, namely Mr. Niu, Deng Jiuqiang, Hou Jiangbin, Sun Yunbin, Qiu Lianjun, Yang Wenjun, Pang Kaitai, Lu Jun, Sun Xianhong and Xie Qiuxu, have been acting as a controlling group over the business since its inception in 1999. They as a group, are therefore the controlling shareholders of the Company. As at 31 December 2007, Deng Jiuqiang, Lu Jun, Sun Yubin, Yang Wenjun, Sun Xianhong and Qiu Lianjun who are shareholders of Jinniu together control approximately 47.29% of Jinniu, which holds 137,395,836 Shares as at the Latest Practicable Date. Pang Kaitia, Hou Jiangbin and Deng Jiuqiang who are shareholders of Yinniu together hold approximately 5.92% of Yinniu. Jinniu, Yinniu and Mr. Niu in aggregate hold approximately 26.81% and 29.7% of the voting power at the general meeting of the Company respectively before and after the exercise of the Share Repurchase Mandate (if exercised in full).

The Directors are not aware of any shareholder or group of shareholders acting in concert who will become obliged to make a mandatory offer as a result of a repurchase of the Shares.

(I) SHARES PURCHASED BY THE COMPANY

The Company did not repurchase any Shares in the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

Set out below are details of the Directors who will retire at the conclusion of the Annual General Meeting and will be proposed to be re-elected at the Annual General Meeting.

Mr. Niu Gensheng

Mr. Niu Gensheng, aged 50, is the Chief Executive Officer of the Company and an executive Director. Mr. Niu is the Chairman and one of the founders of Inner Mongolia Mengniu Dairy (Group) Company Limited (“**Mengniu**”). Mr. Niu graduated from Inner Mongolia University with a degree in Administration and Management and obtained a Master’s degree in Enterprise Management at the Chinese Academy of Social Sciences Graduate School. With his extensive experience and insights in China’s dairy industry, Mr. Niu receives high reputation in the industry. In 2007, Mr. Niu was elected as one of “China’s Most Influential Business Leaders” for the fifth consecutive year, honored as “2007 Hong Kong Bauhinia Awards”, and ranked third in the 2007 Hurun Top 10 for Charity. Mr. Niu currently serves as the Deputy Chairman of Dairy Association of China, China Dairy Industry Association and the Second China National Committee of International Dairy Federation. Mr. Niu is also currently an independent non-executive director of Alibaba.com Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited.

Pursuant to the service contract entered into between the Company and Mr. Niu on 18 May 2004, Mr. Niu was appointed as an executive director of the Company for an initial term of one year and shall continue thereafter for a maximum of three years. The said service contract is terminable by either party by giving three months’ notice. Mr. Niu is entitled to receive emoluments of RMB30,000 per annum, together with an annual fixed sum bonus equal to one month of his average monthly salary and a discretionary bonus. Pursuant to the service contract, his salary will be reviewed by the remuneration committee of the Company.

Mr. Niu is not related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Niu is the beneficial owner of 68,781,022 Shares within the meaning of Part XV of the SFO, representing approximately 4.82% of the total issued share capital of the Company as at the Latest Practicable Date. In addition, Mr. Niu, by virtue of proxies, has been delegated voting rights to the shares in Yinniu and Jinniu held by their common controlling shareholder, Xin Niu. The proxy arrangements have been in effect since 29 October 2007. Through the proxy arrangements, Mr. Niu is deemed to be in control of the 176,104,130 Shares held by Yinniu and 137,395,836 Shares held by Jinniu, representing an aggregate of approximately 21.98% of the total issued share capital of the Company as at the Latest Practicable Date within the meaning of Part XV of the SFO. As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Niu is also interested in 37,156,995 shares in Mengniu, representing approximately 4.63% of the total issued capital of Mengniu as at the Latest Practicable Date.

Mr. Sun Yubin

Mr. Sun Yubin, aged 41, is a Vice President of the Company and an executive Director, secretary of the Party committee, a director and one of the founders of Mengniu. Mr. Sun graduated from Inner Mongolia University with a degree in Economic Management. Prior to the appointment as Mengniu's secretary of the Party committee, he was a Vice President and the General Manager of ice cream department of Mengniu. Mr. Sun has extensive experience in the dairy industry in China.

Pursuant to the service contract entered into between the Company and Mr. Sun on 18 May 2004, Mr. Sun was appointed as an executive director of the Company for an initial term of one year and shall continue thereafter for a maximum of three years. The said service contract is terminable by either party by giving three months' notice. Mr. Sun is entitled to receive emoluments of RMB30,000 per annum, together with an annual fixed sum bonus equal to one month of his average monthly salary and a discretionary bonus. Pursuant to the service contract, his salary will be reviewed by the remuneration committee of the Company.

Mr. Sun is not related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company. He holds no current and past directorships in listed companies other than the Company in the last three years.

As at the Latest Practicable Date, Mr. Sun is interested in 2,498,444 Shares within the meaning of Part XV of the SFO, representing approximately 0.18% of total issued share capital of the Company as at the Latest Practicable Date. He also holds 1,875,000 share options in the Company, representing 3.7% of the total outstanding share options of the Company, all of which remain to be exercised.

As at the Latest Practicable Date and within the meaning of Part XV of SFO, Mr. Sun also held 3,988,453 shares in Mengniu, representing approximately 0.50% of the total issued share capital of Mengniu.

Mr. Li Jianxin

Mr. Li Jianxin, aged 44, is an independent non-executive Director and a senior economist. Mr. Li studied finance as a graduate student at the School of Economics, Peking University. Mr. Li has served as a secretary of commission, director of general manager office and deputy director of the policy research office for China Lucky Film Corporation. Mr. Li currently serves as a director and the secretary of the board of Lucky Film Co. Ltd., a company listed on the Shanghai Stock Exchange. Mr. Li was appointed as an independent director for Mengniu on 18 October 2002 and an independent non-executive Director of the Company on 23 February 2004.

Pursuant to the letter of appointment entered into between the Company and Mr. Li on 18 May 2004, Mr. Li was appointed as an independent non-executive Director for an initial term of one year and shall continue thereafter for a maximum of three years. He is entitled to receive emoluments of approximately RMB50,000 per annum.

Mr. Li is not related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Li does not have any interest in the Shares within the meaning of Part XV of the SFO.

Each of Mr. Niu, Mr. Sun, and Mr. Li has confirmed that there are no other matters that need to be brought to the attention of the shareholders with their re-election and that no information needs to be disclosed under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Article 76 of the articles of association of the Company sets out the procedure by which shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least five members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.



CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of China Mengniu Dairy Company Limited (the “**Company**”) will be held at Salon 4, 3/F., JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on 28 May 2008 at 10:30 a.m. for the following purposes:

1. To review and consider the audited financial statements and the reports of the directors and the independent auditors for the year ended 31 December 2007.
2. To approve the proposed final dividend.
3. To re-elect directors and authorise the board of directors of the Company to fix their remuneration.
4. To re-appoint auditors and authorise the board of directors of the Company to fix their remuneration.

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

ORDINARY RESOLUTIONS

5. “**THAT:**
 - (a) subject to paragraph (b) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company (“**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

(b) the aggregate nominal amount of the Shares which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution number 5 set out in this notice of annual general meeting (“**Resolution 5**”) and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution 5:

“Relevant Period” means the period from the passing of this Resolution 5 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or by any applicable law(s) to be held; or
- (iii) the revocation or variation of the authority given to the Directors under this Resolution 5 by the passing of an ordinary resolution by the shareholders in general meeting.”

6. “**THAT**:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) 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 is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution set out in this notice of annual general meeting (“**Resolution 6**”) 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 or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution 6, 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 rights to acquire Shares or (iii) 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

NOTICE OF ANNUAL GENERAL MEETING

of the Company, shall not exceed of 20 per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution 6, and the said approval shall be limited accordingly;

(d) for the purpose of this Resolution 6:

“Relevant Period” means the period from the passing of this Resolution 6 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 its articles of association or by any applicable law(s) to be held; or
- (iii) the revocation or variation of the authority given to the Directors under this Resolution 6 by the passing of an ordinary resolution by the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to the holders of the Shares 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 legal or practical problems having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

7. **“THAT** subject to the passing of Resolutions 5 and 6, the general mandate referred to in Resolution 6 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to the general mandate referred to in Resolution 5 above provided that such amount shall not exceed ten per cent (10%) of the existing issued share capital of the Company at the date of passing this Resolution 7.”

By order of the Board
Kwok Wai Cheong, Chris
Company Secretary

Hong Kong, 29 April 2008

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies, together with powers of attorney or other authorities, if any, under which they are signed or notorially certified copies thereof, must be deposited with the Company's branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time of the Annual General Meeting. Completion and delivery of the proxy form will not preclude a member from attending and voting in person at the meeting if he so wishes.
- (2) The Register of Members will be closed from 23 May 2008 to 28 May 2008 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 May 2008.
- (3) Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, that the more senior shall alone be entitled to vote in respect of such Share and, for this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the register of the relevant joint holding.
- (4) With reference to Resolution 3 above, Mr. Niu Gensheng, Mr. Sun Yubin and Mr. Li Jianxin will retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the above Directors are set out in Appendix III to the circular dated 29 April 2008.
- (5) With reference to Resolutions 5, 6 and 7 above, the Directors wish to state that they have no immediate plans to repurchase any existing Shares or to issue any new Shares or warrants pursuant to the relevant mandate.