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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold** all your shares in China Aerospace International Holdings Limited, you should at once hand this document and the accompanying 2010 Annual Report and the form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

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**CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED**

**中國航天國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 31)**

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

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A notice convening the Annual General Meeting of China Aerospace International Holdings Limited to be held at The Salon One, First Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong at 10:30 a.m. on Tuesday, 24 May 2011 is set out on pages 13 to 16 of this document.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting. Completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	2
General Mandates to Issue Shares and Repurchase Securities .....	3
Explanatory Statement on the Repurchase Proposal .....	3
Re-Election of Directors .....	6
Voting Procedure .....	6
Recommendation .....	6
Annual General Meeting .....	7
<b>Appendix 1 — Traded Prices of Shares</b> .....	8
<b>Appendix 2 — Details of Directors Proposed to be Re-elected</b> .....	9
<b>Notice of Annual General Meeting</b> .....	13

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:30 a.m. on Tuesday, 24 May 2011, the notice of which is set out on pages 13 to 16 of this circular;
“Board”	the Board of Directors;
“Company”	China Aerospace International Holdings Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	8 April 2011, being the latest practicable date prior to the printing of this document for ascertaining certain information referred to in this document;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Register”	the Register of Members of the Company;
“Registrar”	the Company’s share registrar, Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong;
“Repurchase Proposal”	the general and unconditional mandate proposed to be granted to the Directors to empower the Directors to repurchase Shares, details of which are set out in the section headed “General Mandates to Issue Shares and Repurchase Securities”;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.



**CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED**

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*(Incorporated in Hong Kong with limited liability)*

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*Executive Directors:*

Mr Li Hongjun (*President*)

Mr Jin Xuesheng

*Non-executive Directors:*

Mr Rui Xiaowu (*Chairman*)

Mr Wu Zhuo (*Vice Chairman*)

Mr Chow Chan Lum, Charles (*Independent*)

Mr Luo Zhenbang (*Independent*)

Mr Wang Junyan (*Independent*)

Mr Chen Xuechuan

Mr Shi Weiguo

Dr Chan Ching Har, Eliza

Mr Zhou Qingquan

*Registered Office:*

Room 1103–1107A,  
One Harbourfront,  
18 Tak Fung Street,  
Hung Hom, Kowloon,  
Hong Kong

19 April 2011

*To Shareholders of the Company,*

Dear Sir or Madam,

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

**INTRODUCTION**

It is proposed that at the Annual General Meeting of China Aerospace International Holdings Limited be held on Tuesday, 24 May 2011, the notice of which is set out on pages 13 to 16 of this document. The Shareholders are requested to consider and, if appropriate, to grant the Directors general mandates to issue and repurchase securities of the Company and to re-elect Directors.

In accordance with the Listing Rules, the Company is required to send to its shareholders an explanatory statement containing information reasonably necessary to enable the shareholders to make an informed decision on whether to vote for or against the

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## LETTER FROM THE BOARD

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resolution to approve the granting of a mandate to the Directors to exercise the powers of the Company to purchase its own securities. The purpose of this document is to set out such information in relation to the proposed mandate, the re-election of Directors and the Annual General Meeting.

### **GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SECURITIES**

At the Annual General Meeting, an ordinary resolution will be proposed whereby the Directors will be given a general and unconditional mandate to allot, issue and otherwise deal with new Shares representing up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date the resolution is passed. As of the Latest Practicable Date, the number of issued Shares of the Company is 3,085,021,882. In addition, conditional upon the proposed resolution to authorise the repurchase of securities as is more particularly described under the paragraph headed “Shareholders’ Approval” in the section headed “Explanatory Statement on the Repurchase Proposal” being passed, an ordinary resolution will be proposed to authorise the Directors to allot, issue and otherwise deal with new Shares up to an amount equal to the aggregate nominal amount of the Shares purchased under the authority to repurchase. In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any purchase by it of Shares, whether on the Stock Exchange or otherwise, other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the Company to issue securities which were outstanding prior to that purchase of its own securities, without the prior approval of the Stock Exchange.

### **EXPLANATORY STATEMENT ON THE REPURCHASE PROPOSAL**

#### **Shareholders’ Approval**

At the Annual General Meeting, an ordinary resolution will be proposed for Shareholders’ approval whereby the Directors will be given a general and unconditional mandate to exercise all powers of the Company to repurchase issued Shares subject to the criteria set out in this document.

While it is not possible to anticipate in advance any specific circumstances in which the Directors might think it is appropriate to repurchase securities, the Directors believe that the grant of a general mandate to repurchase securities to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company as at the date the resolution is passed, of 308,502,188 Shares as of the Latest Practicable Date, would give the Company additional flexibility that would be beneficial if the Shareholders approve the same. The repurchases may, depending on market conditions and funding arrangements of the Company at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company. On the basis of the consolidated financial position of the Company as at 31 December 2010 (being the date to which the latest published audited accounts of the Company have been made up) and in particular the working capital or gearing position of the Company at that time and the number of Shares now in issue, the Directors consider

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## LETTER FROM THE BOARD

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that there may be a material adverse impact on the working capital or gearing position of the Company in the event that the proposed purchases were to be carried out in full at any time during the proposed purchase period. However, no purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing position of the Company (as compared with the financial position as at 31 December 2010).

### **Source of Funds**

The Company is empowered by its Memorandum and Articles of Association to purchase its Shares. Purchase of Shares must be funded out of funds legally available for the purpose in accordance with the Company's Memorandum and Articles of Association and the laws of Hong Kong.

### **Directors and connected persons**

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) of any of the Directors have any present intention, in the event that the grant to the Directors of a repurchase mandate is approved by the Shareholders, to sell Shares to the Company.

No persons who are connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make purchases of Shares. In accordance with the Listing Rules, the Company shall not knowingly purchase Shares from a connected person on the Stock Exchange and a connected person shall not knowingly sell his Shares to the Company.

### **Undertaking to the Stock Exchange**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules, all applicable laws of Hong Kong, the jurisdiction in which the Company is incorporated, and in accordance with the Memorandum and Articles of Association of the Company.

### **Hong Kong Code on Takeovers and Mergers**

If, as a result of a share repurchase, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and, if such increase results in a change in control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rule 26 of the Takeovers Code.

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**LETTER FROM THE BOARD**

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As at the Latest Practicable Date, and according to the register of substantial shareholders' interests maintained pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong, the following Shareholders were interested in 5 per cent., or more of the issued share capital of the Company:

Name	Capacity	Direct interest (Yes/No)	Number of shares interested (Long Position)	Percentage of issued share capital
China Aerospace Science & Technology Corporation	Interests in controlled corporation ( <i>Note 1</i> )	No	1,143,330,636	37.06%
Jetcote Investments Limited	Beneficial owner	Yes	131,837,011	4.27%
	Interests in controlled corporation ( <i>Note 2</i> )	No	1,011,493,625	32.79%
			<u>1,143,330,636</u>	<u>37.06%</u>
Burhill Company Limited	Beneficial owner ( <i>Note 2</i> )	Yes	539,566,136	17.49%
Sin King Enterprises Company Limited	Beneficial owner ( <i>Note 2</i> )	Yes	471,927,489	15.30%

*Notes:*

1. These 1,143,330,636 Shares are duplicated in the interests held by Jetcote Investments Limited, a wholly-owned subsidiary of China Aerospace Science & Technology Corporation, and its subsidiaries.
2. Both Burhill Company Limited and Sin King Enterprises Company Limited are wholly-owned subsidiaries of Jetcote Investments Limited. The Shares held by them form part of the total number of Shares held by Jetcote Investments Limited.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Proposal, then (if the present shareholdings otherwise remain the same) the attributable shareholdings of China Aerospace Science & Technology Corporation, Jetcote Investments Limited, Burhill Company Limited and Sin King Enterprises Company Limited in the Company would be increased to approximately 41.18 per cent. of the issued share capital of the Company. The Directors consider that such increase would give rise to China Aerospace Science & Technology Corporation an obligation to make a mandatory offer under Rule 26 of the

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## LETTER FROM THE BOARD

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Takeovers Code and do not have the intention to repurchase the Shares to such extent at present. The Directors are not aware of any other consequence which would arise under the Takeovers Code as a result of any purchases by the Company of its Shares.

### **Miscellaneous**

During the six months preceding the Latest Practicable Date, no Shares were purchased by the Company.

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange are set out in the Appendix 1 to this document.

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

Mr Zhou Qingquan, Mr Luo Zhenbang and Mr Wang Junyan retire by rotation at the Annual General Meeting in accordance with Article 103(A) of the Company's Articles of Association and, being eligible, offer themselves for re-election by the Shareholders.

Pursuant to the best practice of Appendix 14 of the Listing Rules, an independent non-executive director who serves the Board for more than nine years be subject to a separate resolution to be approved by Shareholders. The Directors are of the belief that, through comprehensive discussion, Mr Chow Chum Lum, Charles continues to have independence and is an independent person, no relationships or circumstances appear to affect his objectivity in any judgement. Hence, the Directors believe that Mr Chow Chan Lum, Charles should be re-elected at the Annual General Meeting and Mr Chow also shows that, if so being re-elected, he is willing to continue the term.

The biographical details, the interests in the Shares and the remuneration of the retiring Directors are provided in Appendix 2 to this circular.

### **VOTING PROCEDURE**

Pursuant to rules 13.39(4) and 13.39(5) of the Listing Rules, the vote of Shareholders at the Annual General Meeting will be taken by poll and a scrutineer will be appointed by the Company for vote taking at the Annual General Meeting. The Company will then announce the results of the poll in the manner prescribed under rule 13.39(5).

### **RECOMMENDATION**

The Directors are of the opinion that the general mandates to issue Shares and the Repurchase Proposal and the re-election of Directors are in the best interests of the Company and its Shareholders and therefore recommend that you vote in favour of all the resolutions to be proposed at the forthcoming Annual General Meeting.



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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 13 to 16 of this document.

A form of proxy is enclosed with this document for use at the Annual General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the meeting. Completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

Yours faithfully,  
**Rui Xiaowu**  
*Chairman*

During the 12 months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2010</b>		
April	1.28	1.04
May	1.07	0.74
June	1.04	0.81
July	0.99	0.87
August	1.04	0.91
September	1.24	0.93
October	1.21	1.09
November	1.31	1.12
December	1.24	1.10
<b>2011</b>		
January	1.21	1.03
February	1.11	0.90
March	1.03	0.91
April (up to the Latest Practicable Date)	0.96	0.90

The followings are the particulars of the Directors proposed to be re-elected at the Annual General Meeting:

**(1) Mr Zhou Qingquan, Non-Executive Director**

Mr Zhou Qingquan, aged 59, is a Non-Executive Director of the Company and Vice President of the Group. He graduated from Northwest Industrial University. From 1976, he held such posts as Deputy Director, Director, Senior Engineer, Deputy General Factory Manager, and General Factory Manager and President in the 801 Research Institute of Shanghai Aerospace Administration and the Research Office of Shanghai Xinxin Machinery Factory respectively. From 1995, he held such posts as Vice President, then President of Shanghai Aerospace Corporation, as well as Deputy Director General of Shanghai Aerospace Administration. He was appointed as an Executive Director of the Company and Vice President of the Group in September 1999 and was re-designated as a Non-Executive Director of the Company and Vice President of the Group in May 2010.

Save as disclosed above, Mr Zhou did not hold directorships in any other listed public companies in the last three years and is not connected with any other directors, senior management, substantial or controlling Shareholders of the Company and does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Zhou did not enter into any service contract with the Company, his appointment is two years and is subject to the rotational retirement requirements under the Company's Articles of Association. Based on the Company's emolument policy, Mr Zhou is entitled to receive a monthly salary of HK\$80,000, payable on 13 month basis per annum, and a bonus determined in accordance with the result performance of the Company and his contributions to the Company.

Save as disclosed above, there is no other information that needs to be brought to the attention of the Shareholders or disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**(2) Mr Chow Chan Lum, Charles, Independent Non-executive Director**

Mr Chow Chan Lum, Charles, aged 60, is an Independent Non-Executive Director of the Company and a Partner of Wong Brothers & Company, Certified Public Accountants. Mr Chow carries duties in a variety of functional and social organizations. He is a past President of the Taxation Institute of Hong Kong and has served on a number of committees of the Hong Kong Institute of Certified Public Accountants including the Deputy Chairman of Auditing & Assurance Standards Committee, the members of PRC Accounting and Auditing Sub-Committee, Practice Review Committee, Investigation Panel, Examination Panel, Complaints Panel, Taxation Committee and Professional Standards Monitoring Committee. He is currently a member of Foreign Experts Consultative Committee on China Independent Auditing Standards, Finance Ministry, the PRC, a member of People's Political Consultative Committee, Guangdong Province, the PRC, Treasurer of the Hong Kong Academy for Performing Arts, Deputy Chairman of the Chinese

Entrepreneurs Organization, and an Independent Non-Executive Director of Pak Tak International Limited (stock code: 2668) and Maoye International Holdings Limited (stock code: 00848), companies listed on the Stock Exchange of Hong Kong Limited, since October 2002 and November 2007 respectively. He was appointed as an Independent Non-Executive Director of the Company in April 2000.

Save as disclosed above, Mr Chow did not hold directorships in any other listed public companies in the last three years and is not connected with any other directors, senior management, substantial or controlling Shareholders of the Company and does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Chow did not enter into any service contract with the Company, his appointment is two years and is subject to the rotational retirement requirements under the Company's Articles of Association. Mr Chow is entitled to receive a director's fee of HK\$150,000 per annum, an annual remuneration to the member of audit committee of HK\$50,000 and that of to the member of remuneration committee of HK\$30,000. The amount of the director's fee is based on his previous experience, professional qualifications, the operation situation of the Company and the prevailing market condition.

Save as disclosed above, there is no other information that needs to be brought to the attention of the Shareholders or disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### **(3) Mr Luo Zhenbang, Independent Non-executive Director**

Mr Luo Zhenbang, aged 44, is an Independent Non-Executive Director of the Company and a Senior Partner of BDO China Shu Lun Pan CPAs. Mr Luo graduated from the School of Business of Lanzhou in 1991 majoring in Enterprise Management. He has been managing the audit works for several listed companies since 1994. He has been an expert supervisor of Xinda Asset Management Corporation and China Great Wall Asset Management Corporation. He was also an independent director of Long March Vehicle Technology Company Limited, Orient Tantalum Industry Company Limited, Wuzhong Instrument Company Limited and Shengxue Company Limited, as well as an internal audit expert of Northeast Securities Company Limited. He currently serves as independent director of AVIC Heavy Machinery Company Limited (stock code: 600765), a company listed on the Shanghai Stock Exchange. Mr Luo possesses several professional qualifications, such as Chinese certified public accountant, certified accountant in securities and futures industry, Chinese certified assets valuer and Chinese certified tax accountant and has in-depth experience in accounting, auditing and financial management. He is familiar with the audit of listed companies from various sectors and extensively participates in corporate restructuring for listing, listed company restructure and other business consultation services. He was appointed as an Independent Non-Executive Director of the Company in December 2004.

Save as disclosed above, Mr Luo did not hold directorships in any other listed public companies in the last three years and is not connected with any other directors, senior management, substantial or controlling Shareholders of the Company and does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Luo did not enter into any service contract with the Company, his appointment is two years and is subject to the rotational retirement requirements under the Company's Articles of Association. Mr Luo is entitled to receive a director's fee of HK\$150,000 per annum, an annual remuneration to the member of audit committee of HK\$50,000 and that of to the member of remuneration committee of HK\$30,000. The amount of the director's fee is based on his previous experience, professional qualifications, the operation situation of the Company and the prevailing market condition.

Save as disclosed above, there is no other information that needs to be brought to the attention of the Shareholders or disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**(4) Mr Wang Junyan, Independent Non-executive Director**

Mr Wang Junyan, aged 40, is an Independent Non-Executive Director of the Company and the Chairman of China Alpha Investment Management Limited. Mr Wang holds a master's degree in finance from the Faculty of Business and Economics of the University of Hong Kong and a bachelor's degree with a major in International Trade from the School of Economics of the Zhongshan University. Currently he is an Adjunct Professor in the Department of Finance, Faculty of Business Administration at The Chinese University of Hong Kong. Since 1997, he served as the Managing Director of First Shanghai Capital Limited, the Managing Director of First Shanghai Financial Holding Limited, an immediate subsidiary of the financial service division of the First Shanghai Group, and an executive director of China Assets (Holdings) Limited (stock code: 170), the shares of which are listed on The Stock Exchange of Hong Kong Limited, and is now serving as an independent director of Livzon Pharmaceutical Group Company Limited (stock code: 000513), the shares of which are listed on Shenzhen Stock Exchange, an independent non-executive director of Yanzhou Coal Mining Company Limited (stock code: 1171) and an executive director of China New Economy Fund Limited (stock code: 80), the shares of which are listed on The Stock Exchange of Hong Kong Limited and the Chief Investment Officer of CITIC Securities International Investment Management (HK) Limited. Mr Wang has over ten years' experience in investment banking and securities industry. He was appointed as an Independent Non-Executive Director of the Company in March 2007.

Save as disclosed above, Mr Wang did not hold directorships in any other listed public companies in the last three years and is not connected with any other directors, senior management, substantial or controlling Shareholders of the Company and does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Wang did not enter into any service contract with the Company, his appointment is two years and is subject to the rotational retirement requirements under the Company's Articles of Association. Mr Wang is entitled to receive a director's fee of HK\$150,000 per annum and an annual remuneration to the member of remuneration committee of HK\$30,000. The amount of the director's fee is based on his previous experience, professional qualifications, the operation situation of the Company and the prevailing market condition.

Save as disclosed above, there is no other information that needs to be brought to the attention of the Shareholders or disclosed pursuant to Rule 13.51(2) of the Listing Rules.



**CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED**

**中國航天國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 31)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of China Aerospace International Holdings Limited (the “Company”) will be held at The Salon One, First Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong at 10:30 a.m. on Tuesday, 24 May 2011 for the following purposes:

1. To receive and adopt the Audited Accounts of the Company and the Reports of the Directors and the Auditors of the Company for the year ended 31 December 2010.
2. To approve the payment of a final dividend.
3. To consider the re-election of the retiring Directors and to approve the proposed Directors’ fee.
4. To consider the re-appointment of Messrs. Deloitte Touche Tohmatsu (德勤•關黃陳方會計師行) as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, passing the following resolutions as Ordinary Resolutions:

5. **“THAT:**
  - (i) subject to paragraph (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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(iii) 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 of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or on the exercise of any options granted under the share option scheme of the Company or on the exercise of the conversion rights attaching to any convertible notes of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(iv) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until 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 applicable laws or the Articles of Association of the Company to be held; and
- (c) the passing of an ordinary resolution of the Company in the general meeting revoking or varying the authority set out in this Resolution;

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company 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).”

6. **“THAT:**

- (i) subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares or any other rights to subscribe shares in the capital of the Company in each case 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 which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;



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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the aggregate nominal amount of share capital of the Company which are authorised to be repurchased by the Directors of the Company pursuant to the approval in paragraph (i) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and
  - (iii) for the purposes of this Resolution:
    - “Relevant Period” means the period from the passing of this Resolution until 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 any applicable laws or the Articles of Association of the Company to be held; and
      - (c) the passing of an ordinary resolution of the Company in the general meeting revoking or varying the authority set out in this Resolution.”
7. “**THAT** conditional on the passing of the Resolution No. 6 set out in the notice of the annual general meeting at which this Resolution is considered, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with new shares pursuant to the Resolution No. 5 set out in the said notice 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 conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the said Resolution No. 6, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.”
8. Any other business.

By order of the Board  
**Chan Ka Kin, Ken**  
*Company Secretary*

Hong Kong, 19 April 2011

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## NOTICE OF ANNUAL GENERAL MEETING

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**Notes:**

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. 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 Company's share registrar, Tricor Standard Limited of 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 any adjourned meeting.
3. The Board has recommended a final dividend of HK1 cent per share for the year ended 31 December 2010 payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Tuesday, 24 May 2011.
4. The register of members of the Company will be closed from Friday, 20 May 2011 to Tuesday, 24 May 2011 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 19 May 2011. Subject to approval by the Shareholders at the forthcoming annual general meeting of the Company, dividend warrants are expected to be despatched to the Shareholders by post on or around Monday, 13 June 2011.