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If you have sold or transferred all your shares in Dongyue Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission.



**PROPOSALS FOR RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting (“AGM”) of the Company to be held at 11:00 a.m. on 11 May 2011 at Room 1501, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong is set out on pages 12 to 15 of this circular. A form of proxy for the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

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DEFINITIONS

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

“AGM”	The annual general meeting of the Company to be held at Room 1501, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong on 11 May 2011 at 11:00 a.m.
“AGM Notice”	The notice convening the AGM as set out on pages 12 to 15 of this circular
“Articles of Association”	The articles of association of the Company
“Board”	The board of Directors
“Company”	Dongyue Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	The director(s) of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	30 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, and for the purpose of this circular, excluding Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	Ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD

**DONGYUE
FEDERATION**
DONGYUE GROUP LIMITED
東岳集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(stock code: 189)

Executive Directors:

Mr. Zhang Jianhong (*Chairman*)
Mr. Fu Kwan
Mr. Liu Chuanqi
Mr. Cui Tongzheng
Mr. Zhang Jian
Mr. Yan Jianhua

Independent Non-Executive Directors:

Mr. Ting Leung Huel, Stephen
Mr. Liu Yi
Mr. Yue Run Dong

Registered Office:

Offshore Incorporation (Cayman) Ltd.
Scotia Centre
4th Floor, P.O. Box 2804
George Town, Grand Cayman
Cayman Islands

*Principal place of business in
Hong Kong:*

Room 1501,
Top Glory Tower,
262 Gloucester Road,
Causeway Bay,
Hong Kong

4 April 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; and (ii) the grant of general mandates to the Directors for the issue and the repurchase of the Company's securities up to 20% and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of passing of such resolutions, and the extension of the general mandate to the Directors to issue shares to include the aggregate nominal amount of such securities repurchased under the repurchase mandate.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprised nine Directors, namely Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Mr. Zhang Jian, Mr. Yan Jianhua, Mr. Ting Leung Huel, Stephen, Mr. Liu Yi and Mr. Yue Run Dong.

Pursuant to Article 87(1) of the Articles of Association, at each of the annual general meeting, one third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years. Accordingly, three of the existing Directors will retire at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Article 88 of the Articles of Association provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election as a Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The minimum period for lodgment of the notices required shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong on or before 4 May 2011.

Biographical and other details of the Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform the Shareholders of the details of the additional candidate proposed.

GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

At the annual general meeting of the Company held on 26 May 2010, ordinary resolutions were passed by the Shareholders granting to the Directors a general mandate to exercise the powers of the Company to repurchase Shares and a further general mandate to allot, issue and deal with new Shares. Such general mandates, unless renewed, will lapse at the conclusion of the AGM.

New general mandates to allot, issue and deal with the Shares up to a maximum of 20% (419,889,984 Shares based on the number of issued Shares as at the Latest Practicable Date) and to repurchase Shares up to a maximum of 10% (209,944,992 Shares based on the number of issued Shares as at the Latest Practicable Date) ("Repurchase Mandate") respectively of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolutions as set out in Resolutions 6A and 6B respectively of the AGM Notice will be proposed at the AGM. Resolution

LETTER FROM THE BOARD

authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such securities (if any) repurchased under the Repurchase Mandate as set out in Resolution 6C of the AGM Notice will be proposed at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant to the relevant mandates as at the date of this circular.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against Resolution 6B to be proposed at the AGM in relation to the proposed Repurchase Mandate is set out in Appendix II to this circular.

THE AGM

The AGM Notice is set out on pages 12 to 15 of this circular. At the AGM, in addition to the ordinary business of the AGM, resolutions will be proposed to the Shareholders to consider and, if thought fit, approve, among other things, the proposed re-election of Directors, the proposed grant of the general and unconditional mandates to issue and repurchase the Shares.

A form of proxy for the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM or any adjourned meeting thereof, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the resolutions to be considered and, if through fit, approved at the AGM will be taken by poll.

RECOMMENDATION

The Directors consider that the proposed re-election of Directors and the proposed grant of general mandates to issue and repurchase securities are in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of the resolutions set out in the AGM Notice.

Yours faithfully
For and on behalf of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

LIST OF DIRECTORS FOR RE-ELECTION

The biographical and other details of the Directors standing for re-election at the AGM are set out below.

Mr. LIU Chuanqi (劉傳奇), aged 61, was appointed as an executive Director of the Company on 24 July 2006. He has been with the Group and its predecessors since October 1986. Mr. Liu has over 20 years of experience in the chemical industry and is a director of Dongyue Chemicals, Dongyue Polymers, Dongyue F&S, Dongyue Organic Silicone, Dongying Macrolink Salt and Macrolink Precision Chemicals and was a director of Zibo Dongyue Lvyuan, all of which are the Company's subsidiaries. Mr. Liu is formerly the general manager of Dongyue Chemicals and currently the president of the Group. Mr. Liu is a senior officer of political affairs, and was awarded "Medal for Enhancing the Labour Force of Zibo City" in 2002 by the Zibo City Labour Union.

Mr. Liu did not hold any directorships in other listed public companies in the past three years immediately prior to the Latest Practicable Date. Mr. Liu has been appointed pursuant to a service contract for an initial term of approximately 3 years ended on 31 December 2010. Pursuant to the service contract, Mr. Liu is entitled to receive an annual director's salary of RMB3,000,000 which is determined with reference to his duties and responsibilities with the Company and the Company's current standards for emoluments and the market conditions and is subject to review by the Company's remuneration committee from time to time. In addition, Mr. Liu is entitled to a discretionary bonus provided that the total amount of bonus together with the total salary to be paid to all executive Directors in each year ended 31 December shall not exceed 10% of the audited consolidated net profit after taxation but before extraordinary items of the Group (and before deducting such discretionary bonus and salary) for the relevant year.

Mr. Liu does not have any relationship with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable date, under the meaning of Part XV of the SFO, 2,722,909 Shares are held by Mr. Liu and 87,360,000 Shares are held directly by Dongyue Wealth Limited whose entire issued share capital is owned by Mr. Liu. In addition, Mr. Liu is interested in share options under the Company's Pre-IPO Share Option Scheme in respect of 3,630,545 Shares. There is no other information relating to the re-election of Mr. Liu that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders.

Mr. CUI Tongzheng (崔同政), aged 49, was appointed as an executive Director of the Company on 24 July 2006. He has been with the Group and its predecessors since November 1988. Mr. Cui has over 20 years of experience in the chemical industry and is a director of Dongyue Chemicals, Dongyue Polymers and Dongyue F&S. Mr. Cui is formerly the deputy general manager of Dongyue Chemicals and currently the vice president and the chief financial officer of the Group. Mr. Cui holds a bachelor degree from China Statistics Cadre College as well as MBA diploma from Shanghai Jiao Tong University.

Mr. Cui did not hold any directorships in other listed public companies in the past three years immediately prior to the Latest Practicable Date. Mr. Cui has been appointed pursuant to a service contract for an initial term of approximately 3 years ended on 31 December 2010. Pursuant to the service contract, Mr. Cui is entitled to receive an annual director's salary of RMB1,200,000 which is

determined with reference to his duties and responsibilities with the Company and the Company's current standards for emoluments and the market conditions and is subject to review by the Company's remuneration committee from time to time. In addition, Mr. Cui is entitled to a discretionary bonus provided that the total amount of bonus together with the total salary to be paid to all executive Directors in each year ended 31 December shall not exceed 10% of the audited consolidated net profit after taxation but before extraordinary items of the Group (and before deducting such discretionary bonus and salary) for the relevant year.

Mr. Cui does not have any relationship with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, under the meaning of Part XV of the SFO, 2,212,363 Shares are held by Mr. Cui and 148,852,363 Shares are held directly by Dongyue Initiator Limited whose entire issued share capital is owned by Mr. Cui. In addition, Mr. Cui is interested in share options under the Company's Pre-IPO Share Option Scheme in respect of 2,949,817 Shares. There is no other information relating to the re-election of Mr. Cui that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders.

Mr. LIU Yi (劉億), aged 65, was appointed as an independent non-executive Director of the Company on 16 November 2007 and has been with the Group since then. Mr. Liu had previously worked in the Chinese Research Academy of Environmental Sciences as a department head and in the State Environment Protection Administration as a standing member where he retired in January 2006. Mr. Liu has many years of experience in handling environmental protection issues.

Mr. Liu did not hold any directorships in other listed public companies in the past three years immediately prior to the Latest Practicable Date. Mr. Liu has entered into an appointment letter with the Company for a term of two years commencing from 1 January 2010. For the year ended 31 December 2010, Mr. Liu received an annual director's fee of RMB114,000 which is determined with reference to his duties and responsibilities with the Company and the Company's current standards for emoluments and the market conditions and is subject to review by the Company's remuneration committee from time to time. Mr. Liu does not have any relationship with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. Liu does not have any interest in Shares within the meaning of Part XV of the SFO. Save as foresaid, he will not be entitled to any remuneration nor bonus payments as a Director. There is no other information relating to the re-election of Mr. Liu that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the Company had 2,099,449,921 Shares in issue or an issued share capital of HK\$209,944,992. Subject to the passing of the resolution granting the proposed mandate to repurchase its own shares and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 209,944,992 Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution, during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

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

FUNDING OF REPURCHASES

Any repurchase of securities of the Company made pursuant to the proposed Repurchase Mandate would be made out of funds which are legally available for the purpose in accordance with the memorandum and articles of association of the Company, the Listing Rules and the applicable Cayman Islands laws. Under the Cayman Islands law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the statutory test of solvency, out of capital. The premium, if any, payable on the repurchase, shall be provided for out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, subject to the statutory test of solvency, out of capital.

FINANCIAL IMPACT

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. The Directors anticipate that if the general mandate to repurchase securities were to be exercised in full at the current prevailing market value, it may have a material adverse impact on the working capital and gearing level of the Company by referring to the audited consolidated financial statements of the Company as at 31 December 2010. The

Directors do not propose to exercise the mandate to repurchase shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICE

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months of the Company as at the Latest Practicable Date:

	Price Per Share	
	Highest (HK\$)	Lowest (HK\$)
2010		
March	1.56	1.22
April	2.03	1.39
May	1.88	1.42
June	1.79	1.54
July	1.77	1.53
August	2.16	1.68
September	2.83	1.93
October	3.42	2.30
November	4.61	3.15
December	5.18	4.34
2011		
January	5.35	3.81
February	5.16	4.18
March (up to the Latest Practicable Date)	6.74	4.85

TAKEOVERS CODE CONSEQUENCES

If as a result of repurchase of Shares, 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 the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

As at the Latest Practicable Date, the following persons had interests or short positions in the Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares interested	% of issued share capital as at the Latest Practicable Date
Fu Kwan	Corporate interest ⁽¹⁾	706,646,818(L)	33.66(L)
Macro-Link International Investment Co., Ltd.	Beneficial interest	706,646,818(L)	33.66(L)
Macro-Link Sdn. Bhd.	Corporate interest ⁽¹⁾	706,646,818(L)	33.66(L)
Zhang Jianhong	Corporate interest ⁽²⁾ Beneficial interest	166,551,273(L) 7,147,636(L)	7.93(L) 0.34(L)
Dongyue Team Limited	Beneficial interest ⁽²⁾	166,551,273(L)	7.93(L)
Cui Tongzheng	Corporate interest ⁽³⁾ Beneficial interest	148,852,363(L) 5,162,180(L)	7.09(L) 0.25(L)
Dongyue Initiator Limited	Beneficial interest ⁽³⁾	148,852,363(L)	7.09(L)

Notes:

- (1) These Shares are directly held by Macro-Link International Investment Co., Ltd., which in turn is wholly owned by Macro-Link Sdn. Bhd., a company in which Mr. Fu Kwan owns a 40% interest.
- (2) Pursuant to the SFO, as Mr. Zhang Jianhong held 100% interest in Dongyue Team Limited, Mr. Zhang Jianhong is deemed to be interested in the 166,551,273 Shares(L) held by Dongyue Team Limited;
- (3) Pursuant to the SFO, as Mr. Cui Tongzheng held 100% interest in Dongyue Initiator Limited, Mr. Cui Tongzheng is deemed to be interested in the 148,852,363 Shares(L) held by Dongyue Initiator Limited.
- (4) L: Long Position

Based on the above shareholding interests of Mr. Fu Kwan, Macro-Link International Investment Co., Ltd., Macro-Link Sdn. Bhd. and parties regarded as acting in concert with them, and in the event that the Repurchase Mandate is exercised in full by the Company and assuming that Mr. Fu Kwan, Macro-Link International Investment Co., Ltd., Macro-Link Sdn. Bhd. and parties regarded as acting in concert with them do not dispose of any of their Shares, their percentage shareholding in the Company will be increased to approximately 37.40% of the total issued share capital of the Company. Accordingly

under Rule 26 of the Takeovers Code, an obligation to make a general offer to Shareholders will arise as a result of an exercise of the Repurchase Mandate in full. The Directors have no present intention to repurchase Shares to such an extent as would result in takeover obligations.

As at the Latest Practicable Date, the Company's issued share capital in the hands of the public was approximately 46.78%, which is above the requirement of having at least 25% of the issued share capital of the Company held by the public under Rule 8.08 of the Listing Rules.

SHARE REPURCHASE MADE BY THE COMPANY

In the six months preceding the Latest Practicable Date, the Company has not repurchased any Shares.

GENERAL

To the best of their knowledge and having made all reasonable enquiries of the Directors, none of the Directors or any of their associates currently intends to sell Shares to the Company or its subsidiaries. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed Repurchase Mandate in accordance with the Listing Rules and applicable Cayman Islands laws.

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

NOTICE OF AGM



NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the “**Meeting**”) of Dongyue Group Limited (the “**Company**”) will be held at Room 1501, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong on 11 May 2011 at 11:00 a.m. for the following purposes:

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31 December 2010.
2.
 - A. To re-elect Mr. Liu Chuanqi as an executive director of the Company.
 - B. To re-elect Mr. Cui Tongzheng as an executive director of the Company.
 - C. To re-elect Mr. Liu Yi as an independent non-executive director of the Company.
3. To authorize the board of directors of the Company to fix the directors’ remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorize the board of directors of the Company to fix their remuneration.
5. To declare a final dividend for the year ended 31 December 2010.
6. As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTION

- A. “**THAT:**
 - (a) subject to sub-paragraph (c) of this resolution, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

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- (b) the approval given in sub-paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) pursuant to the approval given in sub-paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire shares of the Company; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed 20 percent of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting of the Company.

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand 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 exclusion or other arrangements as the Directors may deem necessary or expedient in relation

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to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

B. **“THAT:**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own Shares on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) or any other stock exchange on which the securities of the Company may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Takeovers and Mergers and Share Repurchases, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to sub-paragraph (a) of this resolution during the Relevant Period shall not exceed 10 percent of the issued share capital of the Company at the date of the passing of this resolution and the approval granted under paragraph (a) of this resolution should be limited accordingly; and
- (c) for the purpose of this resolution, **“Relevant Period”** means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting of the Company.”

- C. **“THAT,** conditional upon the passing of the resolutions 6A and 6B in the notice convening the Meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to resolution 6A as set out in the notice convening the Meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share

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capital of the Company repurchased by the Company under the authority granted pursuant to resolution 6B as set out in the notice convening the Meeting provided that such amount shall not exceed 10 percent of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this resolution.”

On behalf of the Board
Zhang Jianhong
Chairman

Hong Kong, 4 April 2011

Notes:

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on the poll, vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of that power attorney or authority must be delivered to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
- (3) The register of members will be closed from Wednesday, 4 May 2011 to Wednesday, 11 May 2011 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 3 May 2011.
- (4) Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personal or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for the purpose seniority shall be determined by the order in which name stand in the register of members in respect of the joint holdings.
- (5) Please refer to Appendix I of the circular of the Company dated 4 April 2011 for the details of the Directors subject to re-election at the Meeting.
- (6) An explanatory statement regarding the general mandate of the repurchase of Shares sought in the above Resolution 6B is set out in Appendix II of the circular of the Company dated 4 April 2011.
- (7) Please refer to the section headed "Results and Appropriation" of the report of Directors for the details of the declaration of the Company's final dividend for the year ended 31 December 2010.
- (8) As at the date of the notice, the executive directors are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Mr. Zhang Jian and Mr. Yan Jianhua; independent non-executive directors are Mr. Ting Leung Huel, Stephen, Mr. Liu Yi and Mr. Yue Run Dong.