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

If you have sold or transferred all your shares in **STONE GROUP HOLDINGS LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**STONE GROUP HOLDINGS LIMITED****四通控股有限公司***(Incorporated in Hong Kong with limited liability)***(Stock Code: 409)**

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

A notice convening an annual general meeting of Stone Group Holdings Limited to be held at 27/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong on Thursday, 23 July 2009 at 3:00 p.m. is set out on pages 14 to 18 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the office of the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than forty-eight hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or adjournment thereof if you so wish.

Hong Kong, 29 June 2009

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at 27/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong on Thursday, 23 July 2009 at 3:00 p.m., notice of which is set out on pages 14 to 18 of this circular
“Articles of Association”	the articles of association of the Company for the time being
“Board”	board of the Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Stone Group Holdings Limited 四通控股有限公司, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 409)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 June, 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion into this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.
“Repurchase Resolution”	the proposed ordinary resolution set out in item 4 of the notice of the AGM
“SFO”	the Securities and Future Ordinance (Chapter 571) of the laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



STONE GROUP HOLDINGS LIMITED

四通控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 409)

Directors:

Executive directors

DUAN Yongji (*Chairman & Chief Executive Officer*)

SHI Yuzhu

SHEN Guojun

ZHANG Disheng (*Chief Operation Officer*)

CHEN Xiaotao

LIU Zuwei

Non-executive director

CHENG Fumin

Independent non-executive directors

NG Ming Wah, Charles

Andrew Y. YAN

LIU Jipeng

Registered Office:–

27th Floor, K. Wah Centre,

191 Java Road,

North Point,

Hong Kong

Hong Kong, 29 June 2009

To Shareholders

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase and issue Shares, extension of general mandate to issue Shares and the re-election of the retiring Directors.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 21 August, 2008, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the AGM, details of which are set out in item 4 of the notice of AGM. The Shares which may be repurchased pursuant to the Repurchase Resolution are Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the Repurchase Resolution. An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Proposal is set out in the Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 21 August, 2008, a general mandate was given by the Company to the Directors to exercise its power to allot, issue and deal with Shares and such mandate was extended by the Company to the Directors to exercise its power to allot, issue and deal with Shares. Given that such mandate and its extension will lapse at the conclusion of the AGM, it will also be proposed at the AGM two ordinary resolutions (the ordinary resolutions set out in items 5 and 6 of the notice of the AGM) respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of ten Directors. Messrs. DUAN Yongji, SHI Yuzhu, SHEN Guojun, ZHANG Disheng, CHEN Xiaotao and LIU Zuowei, being the executive Directors, Mr. CHENG Fumin, being the non-executive Director, and Messrs. NG Ming Wah, Charles, Andrew Y. YAN, and LIU Jipeng, being the independent non-executive Directors.

Pursuant to Article 101 of the Articles of Association, at each annual general meeting of the Company, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office. The Directors shall be those who have been longest in office since their last re-election or appointment. The retiring Directors shall be eligible for re-election. Pursuant to Article 101 of the Articles of Association, Messrs. SHI Yuzhu, SHEN Guojun, Andrew, Y. YAN and LIU Jipeng will retire by rotation, being eligible, have offered themselves for re-election at the AGM.

LETTER FROM THE BOARD

A brief details of the said Directors proposed to be re-elected at AGM as required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

On pages 14 to 18 of this circular, you will find a notice convening the AGM which outlines the ordinary resolutions to grant to the Directors the general mandates to repurchase and issue Shares, to extend the general mandate to issue Shares and to approve the re-election of the retiring Directors.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the forthcoming AGM will therefore put each of the resolutions to be proposed at the AGM to be voted by way of poll pursuant to Article 74 Articles of the Association.

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the office of the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre 183 Queen's Road East, Hong Kong not less than forty-eight hours before the time appointed for holding the AGM. Completion and return of the proxy form will not prevent Shareholders from attending and voting at the AGM if they so wish.

An announcement will be made by the Company following the conclusion of the AGM to inform you of the results of the AGM.

RECOMMENDATION

The Directors believe that the Repurchase Proposal, the general mandate for Directors to issue new Shares, the extension of general mandate to issue Shares are all in the best interests of the Company and the Shareholders. The Directors are also pleased to recommend Messrs. SHEN Guojun, SHI Yuzhu, Andrew Y. YAN and LIU Jipeng for re-election at the AGM, details of whom are set out in the Appendix II of this circular. Accordingly, the Directors recommend that all the Shareholders should vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
On behalf of the Board
DUAN Yongji
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Proposal. This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,007,149,121 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Resolution to repurchase up to a maximum of 200,714,912 Shares, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

The Directors at present have not decided which proposed source of funding is to be used when the Repurchase Proposal is exercised.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report for the year ended 31 March 2009), in the event that the power to repurchase Shares pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such 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.

4. SHARE PRICES

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

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2008		
June	0.61	0.52
July	0.54	0.41
August	0.41	0.34
September	0.38	0.15
October	0.29	0.15
November	0.31	0.19
December	0.33	0.28
2009		
January	0.32	0.26
February	0.29	0.23
March	0.31	0.23
April	0.38	0.28
May	0.44	0.28
June (Latest Practicable Date)	0.41	0.385

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

Other than in relation to the proposed privatisation of the Company as announced by the Company on 25 May 2009:

- None of the respective Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders and exercised by the Directors.
- No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders and exercised by the Directors.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Stone Group Corporation and Beijing Stone Investment Company Limited, being the parties acting in concert are interested in a total of 500,546,466 Shares representing approximately 24.93% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, then (if the present shareholdings remain the same) the interest of Stone Group Corporation and Beijing Stone Investment Company Limited, being the parties acting in concert will be increased to approximately 27.70% of the issued share capital of the Company. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such an extent as to result in takeover obligations. In the event that the power to make repurchase pursuant to the Repurchase Proposal is exercised in full, the number of Shares held by the public would not fall below 25% of the issued share capital of the Company but, in the opinion of the Directors, there is a possibility that such increases may give rise to an obligation on the part of Stone Group Corporation and Beijing Stone Investment Company Limited, being the parties acting in concert to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company did not purchase any Share (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the Directors proposed for re-election and election at the AGM:

Mr. SHEN Guojun

Mr. SHEN Guojun, aged 74, appointed in December 1992, is the Executive Director of the Company. He is also the Chairman of Beijing Stone Investment Company Limited (“Stone Investment”). Mr. SHEN graduated from Beijing University where he held a teaching post until 1965. During the period between 1965 and 1984, Mr. SHEN had several senior positions in National Science Research Ninth Council and Chinese Science College Science Technology Office. Mr. SHEN is a director of Fairchild Investments Limited, a company listed on the NEX board of Toronto Stock Exchange venture market in Canada. Save as disclosed above, He did not hold any directorship in other listed public companies in the past three years.

Save as disclosed herein, Mr. SHEN does not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. SHEN has personal interest in 4,000,000 underlying Shares in respect of share options granted under the share option scheme of the Company. Save as disclosed herein, Mr. SHEN does not have other interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. SHEN entered into a service contract with the Company for a period of 3 years commencing on 23 July, 1993 and will continue thereafter until terminated by either party to the contract by 6 months’ written notice. He is also subject to retirement and re-election at AGM in accordance with the Articles of Association. For the year ended 31 March, 2009, Mr. SHEN received from the Company a remuneration of HK\$720,000 in consideration of his performance of duties with reference to the prevailing market condition.

Save as disclosed herein above, there is no other information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to Mr. SHEN’s re-election that need to be brought to the attention of the Shareholders.

Mr. SHI Yuzhu

Mr. SHI Yuzhu, aged 47, appointed in August 2004, is the Executive Director of the Company. Mr. SHI was the Chief Executive Officer of the Company from August 2004 to March 2007. Mr. SHI graduated from Zhejiang University in 1984 with a Bachelor degree in Mathematics. He was also a research student from Shenzhen University in Software Science in 1989. Mr. SHI began his career in 1989 by engaging in software development, and later established Giant Group. In 1993, he was awarded with a special reward under the major reward of the 2nd anniversary of science and technology in Zhuhai City. In 1994, Mr. SHI was elected as one of the China's Top 10 Reform Celebrities. In late 1997, he embarked on a new business venture with the development of Naobaijin, a technologically-advanced healthcare product. Naobaijin won the championship of nationwide sales of healthcare products in China for 4 consecutive years starting from 2000. In 2001, Mr. SHI was honored as one of the CCTV Chinese Economic Leaders and the Top 10 Chinese Financial Figures. He launched another innovative healthcare product GoldPartner in 2002. In 2004, GoldPartner and Naobaijin were ranked No. 1 and No. 2 on the list for nationwide sales of healthcare products. He was recognized as an Outstanding Scientific Entrepreneur for Private Entities in China and received the Bauhinia Cup Awards for Outstanding Entrepreneur. Mr. SHI is also the director of China Minsheng Banking Corp., Ltd., a company listed on the Shanghai Stock Exchange and the managing director of Giant Interactive Group Inc, a company listed on the New York Stock Exchange.

Save as disclosed herein, Mr. SHI does not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. SHI has personal interest in 5,000,000 underlying Shares in respect of share options granted under the share option scheme of the Company and 55,263,157 shares of the Company held by Ready Finance Limited. Save as disclosed herein, Mr. SHI does not have other interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

There is no director service contract between the Company and Mr. SHI. He is not appointed for a specific term but is subject to retirement and re-election at AGM in accordance with the Articles of Association. For the year ended 31 March, 2009, Mr. SHI received from the Company a remuneration of HK\$480,000 in consideration of his performance of duties with reference to the prevailing market condition. Mr. SHI is the member of the Investment Committee of the Company.

Save as disclosed herein above, there is no other information that needs to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to Mr. SHI's re-election that need to be brought to the attention of the Shareholders.

Mr. Andrew Y. YAN

Mr. Andrew Y. YAN, aged 51, appointed in June 2001, is an Independent Non-Executive Director of the Company. He is the Managing Partner of SAIF Partners (SAIF). Mr. YAN received a Master's degree in Sociology and Economics from Beijing University in 1986 and a second Master's degree from Princeton University in the United States in 1989. He obtained his Bachelor's degree in Engineering from the Nanjing Aeronautic Institute in the PRC. Mr. YAN was the Managing Director and Head of the Hong Kong office of the Emerging Markets Partnership from 1995 until 2001. From 1994 to 1995, Mr. YAN worked at Sprint International Corporation as the Director of Strategic Planning and Business Development for the Asia Pacific Region. Mr. YAN was voted by the China Venture Capital Association as "The Venture Investor of the Year" in both 2004 and 2007. He was also selected as one of the "Fifty Finest Private Equity Investors in the World" by the Private Equity International in 2007 and "No. 1 Venture Capitalist of the Year" by Forbes (China) in 2008. Under Mr. YAN's leadership, SAIF's investment in Shanda Interactive Entertainment (SNDA) has been named "the Investment of the Year" by China Venture Capital Industry in 2003. It was voted as "VC Firm of the Year" in 2004 and 2007. It was also named as "The Best Performing Fund in Asia" by Private Equity International in 2005, 2006 and 2008. Currently, Mr. YAN is an Independent Non-executive Director of China Resources Land Limited (Stock Code: 1109) and Fosun International Limited (Stock Code: 656). He is the Non-executive Director of Digital China Holdings Ltd (Stock Code: 861). All 3 companies are listed on The Stock Exchange of Hong Kong Limited. He is also the Director of Acorn International Inc., Giant Interactive Group Inc. (both are listed on The New York Stock Exchange), ATA Inc. (listed on the NASDAQ, USA) and Eternal Asia Supply Chain Management Ltd. (listed on the Shenzhen Stock Exchange).

Save as disclosed herein, Mr. YAN does not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. YAN has personal interest in 2,000,000 underlying Shares in respect of share options granted under the share option scheme of the Company. Save as disclosed herein, Mr. YAN does not have other interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

A service agreement was entered into between the Company and Mr. YAN which provided for a term of service of 3 years until 25 June, 2010 and will be terminated by either party to the contract by 1 month's written notice before the expiration of the Agreement. Mr. YAN would be subject to retirement by rotation and re-election pursuant to the Company's Articles of Association. For the year ended 31 March, 2009, Mr. YAN received from the Company a remuneration of HK\$280,000 in consideration of his performance of duties with reference to the prevailing market condition. Mr. YAN is chairman of Remuneration Committee and the member of the Audit Committee and Investment Committee of the Company.

Save as disclosed herein above, there is no other information that needs to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to Mr. YAN's re-election that need to be brought to the attention of the Shareholders.

Mr. LIU Jipeng

Mr. LIU Jipeng, aged 53, appointed in April 2006, is an Independent Non-Executive Director of the Company. He graduated from the Industrial Economic Department of the Graduate School of Chinese Academy of Social Sciences with a Master degree in Economics. Mr. LIU is a professor of China University of Political Science and Law, and a mentor of the graduate students of the Research Institute for Fiscal Science, the Ministry of Finance of the PRC. He has acted as a consultant of the municipal government of each of Tianjin, Chengdu and Nanning, and the former State Power Corporation. He was also a member of the legal expert group for the PRC enterprises to be listed in Hong Kong and a committee member of the 7th – 8th of All-China Youth Federation. He was an expert member of the Amendment Committee for Securities Law under the National People's Congress ("NPC"). He is now a member of the Drafting Committees of NPC for State-owned Assets Law and Futures Transaction Law respectively. Mr. LIU is specialized in implementing the theories of demutualization, group engineering and internationalization in sized corporations. He is a well-known expert in the theories of demutualization, group engineering and internationalization in size corporations. He is a well-known expert in demutualization and solving company problems. In the past ten years, he acted as a leader in almost 200 shareholding structure, listing and management consultancy projects for different kind of enterprises. Since August 2004, Mr. LIU has been an Independent Non-Executive Director of Huaneng Power International, Inc (Stock Code: 902), a company listed in Hong Kong, the PRC and the United States

Save as disclosed herein, Mr. LIU does not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. LIU has personal interest in 2,000,000 underlying Shares in respect of share options granted under the share option scheme of the Company. Save as disclosed herein, Mr. LIU does not have other interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

A service agreement was entered into between the Company and Mr. LIU which provided for a term of service of 3 years until 17 April, 2009 and will be terminated by either party to the contract by 1 month's written notice before the expiration of the Agreement. Mr. LIU would be subject to retirement by rotation and re-election pursuant to the Company's Articles of Association. For the year ended 31 March, 2009, Mr. LIU received from the Company a remuneration of HK\$250,000 in consideration of his performance of duties with reference to the prevailing market condition. Mr. LIU is the member of the Audit Committee of the Company.

Save as disclosed herein above, there is no other information that needs to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to Mr. LIU's re-election that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



STONE GROUP HOLDINGS LIMITED

四通控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 409)

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at 27/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong on Thursday, 23 July, 2009 at 3:00 p.m. for the following purposes:–

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March, 2009.
2. To re-elect directors and authorise the board of directors to fix the remuneration of the directors.
3. To re-appoint auditors for the ensuing year and authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:–

ORDINARY RESOLUTION

“THAT:–

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the shares 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 all 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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of shares of the Company which the directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
 - (c) for the purposes 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 applicable law or the articles of association of the Company to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
5. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:–

ORDINARY RESOLUTION

“**THAT:**–

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, 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 of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or 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) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than
 - (i) a Rights Issue (as defined below);
 - (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; or
 - (iii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing 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 applicable law or the articles of association of the Company to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the directors of the Company to the holders of shares of the Company, or any class of shares of the Company, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate such other securities) as at that date 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 outside Hong Kong applicable to the Company.”

6. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:–

ORDINARY RESOLUTION

“**THAT** subject to the passing of the Resolutions set out in items 4 and 5 of the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to the resolution set out in item 5 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the Resolution set out in item 4 of the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

By Order of the Board
HUI Yick Lok, Francis
Company Secretary

Hong Kong, 29 June, 2009

Registered Office:
27th Floor
K. Wah Centre
191 Java Road
North Point
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:–

1. At the meeting, the Chairman of the meeting will put each of the above resolution to be voted by way of a poll under Article 74 of the Company's Articles of Association.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
3. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof.
4. The register of members of the Company will be closed from 20 July, 2009 to 23 July, 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the transfer office of the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for the registration not later than 4:30 p.m. on 17 July, 2009.
5. With regard to item 2 above, the retiring Directors seeking for re-election are Messrs. SHEN Guojun, SHI Yuzhu, Andrew Y. YAN and LIU Jipeng. Details of these Directors are set out in the Appendix II of the circular to shareholders of the Company dated 29 June, 2009.

As at the date of this notice of annual general meeting, the board of directors of the Company comprises ten directors of whom Messrs. DUAN Yongji, SHI Yuzhu, SHEN Guojun, ZHANG Disheng, CHEN Xiaotao and LIU Zuowei are executive directors; Mr. CHENG Fumin is non-executive director; and Messrs. NG Ming Wah, Charles, Andrew Y. YAN and LIU Jipeng are independent non-executive directors.