

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer 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 SCUD Group Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1399)

**RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES**

**RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of SCUD Group Limited to be held at 3:00 p.m. on Wednesday, 30 April 2008, at Island Shangri-La Hong Kong, Tianshan & Lushan Room, Level 5, Two Pacific Place, Supreme Court Road, Central, Hong Kong is set out on pages 12 to 16 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at 26/F 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 holding the annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

* *For identification purposes only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – EXPLANATORY STATEMENT	6
APPENDIX II – PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION	9
NOTICE OF ANNUAL GENERAL MEETING	12

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 3:00 p.m. on Wednesday, 30 April 2008 at Island Shangri-La Hong Kong, Tianshan & Lushan Room, Level 5, Two Pacific Place, Supreme Court Road, Central, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 12 to 16 of this circular;
“Articles”	the articles of association of the Company adopted pursuant to written resolutions of the Shareholders passed on 3 December 2006;
“associate”	has the same meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“Company”	SCUD Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares set out as resolution no. 7 in the AGM notice;
“Latest Practicable Date”	27 March 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares set out as resolution no. 8 in the AGM Notice;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



SCUD GROUP LIMITED

飛毛腿集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1399)

Executive Directors:

Mr. Fang Jin (*Chairman*)
Mr. Lin Chao
Mr. Guo Quan Zeng
Mr. Li Hui Qiu

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681 GT
Grand Cayman
KY1-1111
Cayman Islands

Non-executive Director:

Mr. Ho Man

Place of business in Hong Kong:

Suite 5505, 55/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Independent Non-executive Directors:

Mr. Heng Kwo Seng
Mr. Wang Jing Zhong
Mr. Wang Jian Zhang

3 April 2008

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to: (i) provide you with details of the proposed Issue Mandate and the proposed Repurchase Mandate; (ii) set out an explanatory statement regarding the Repurchase Mandate; and (iii) give you notice of the AGM.

* For identification purposes only

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Ordinary resolutions will be proposed at the AGM to give to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (ii) to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will also be proposed at the AGM to add to the Issue Mandate those Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM).

An explanatory statement containing information regarding the Repurchase Mandate is set out in the Appendix I to this circular.

RE-ELECTION OF DIRECTORS

At the AGM, all Directors will retire by rotation in accordance with Articles 87(1) and (2). Mr. Fang Jin, Mr. Lin Chao and Mr. Guo Quan Zeng, all being eligible, will offer themselves for re-election. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 3:00 p.m. on Wednesday, 30 April 2008 at Island Shangri-La Hong Kong, Tianshan & Lushan Room, Level 5, Two Pacific Place, Supreme Court Road, Central, Hong Kong is set out on pages 12 to 16 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at 26/F 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 holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the relevant resolutions as set out in the AGM Notice.

Your attention is also drawn to the additional information set out in the Appendix I and Appendix II to this circular.

By Order of the Board
Fang Jin
Chairman

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

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

2. FUNDING OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the Memorandum of Association and Articles of the Company and the laws of the Cayman Islands. Such repurchases may only be effected out of profits of the Company or out of a fresh issue of shares made for the purpose, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a repurchase over the par value of the shares to be repurchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital.

As compared with the financial position of the Company as at 31 December 2007 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 992,001,246 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Company would be allowed under the repurchase proposal to repurchase a maximum of 99,200,124 Shares.

4. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on 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 its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and in accordance with the Memorandum of Association and Articles of the Company.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a 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 purpose of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Fang Jin, the chairman and an executive Director of the Company, was interested in 407,000,000 Shares, representing approximately 41.03% of the issued share capital of the Company, and Mr. Lin Chao, an executive Director of the Company, was interested in 184,000,000 Shares, representing approximately 18.55% of the issued share capital of the Company.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate and on the assumption that no further shares are issued or repurchased from the Latest Practicable Date to the date of the AGM, the shareholding interest of Mr. Fang Jin, together with his associates, would increase to approximately 45.59% of the issued share capital of the Company and the shareholding interest of Mr. Lin Chao, together with his associates, would increase to approximately 20.61% of the issued share capital of the Company. In the event of such increase, Mr. Fang Jin, together with his associates, would, in the absence of a waiver from the Securities and Futures Commission, be obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to an extent which would render the aforesaid Shareholder or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Repurchase Mandate will not result in less than 25% of the Shares being held by the public.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company. No connected person of the Company has

notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous twelve months and ending on the Latest Practicable Date.

9. SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months and up till the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
January	2.15	1.18
February	1.45	1.21
March	1.60	1.12
2007		
April	3.24	3.03
May	3.82	3.11
June	3.20	2.67
July	2.78	2.39
August	2.50	1.50
September	2.87	1.92
October	2.64	2.02
November	2.28	1.85
December	2.41	1.98

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

The particulars of Directors who are subject to re-election at the AGM and which are required to be disclosed by the Listing Rules are set out below:

Mr. Fang Jin – Executive Director

Mr. Fang Jin (“Mr. Fang”), aged 49, has been a Director of the Company since its incorporation on 20 July 2006 and is the Chairman of the Group. He is also a Director of each of the Company’s subsidiaries, namely, Great Speed Enterprises Limited 宏迅企業有限公司 (“Great Speed”), Scud Group (Hong Kong) Company Limited 飛毛腿集團(香港)有限公司 (“Scud HK”), 飛毛腿(福建)電子有限公司 (Scud (Fujian) Electronics Co., Ltd.*) (“Scud Electronics”), 飛毛腿(福建)電池有限公司 (Scud (Fujian) Battery Co., Ltd.*) (“Scud Battery”), 飛毛腿電子(深圳)有限公司 (Scud Electronics (Shenzhen) Co., Ltd.*) (“Scud Shenzhen”) and Keen Power Holdings Limited 銳能集團有限公司 (“Keen Power”). He is also a member of the remuneration committee, nomination committee and executive committee of the Company. Mr. Fang has received several awards including:

2003	National Advanced Individual On Projects of End Users’ Satisfaction
2004	Excellent Runners of Technological Private Enterprises in China
2004	Fujian Top Ten Venture Heroes in the Commercial Sector
2005	China Top Ten Excellent Entrepreneurs in Brand Construction
2005	The Mudell’s World Executive Awards for Achievement in Business and Economy
2006	Annual Excellent Persons in Fujian Economy
2006	National Excellent Managers of Users’ Satisfaction

Mr. Fang is the Vice Chairman of the Joint Industrial and Commercial Association of Mawei District in Fuzhou City Economic and Technological Development Region, Vice Chairman of the First Committee of the Productivity Enhancement Association in Fujian, the First Honorary Chairman of the Fuzhou Chamber of Commerce in Shenzhen, a member of the 5th Standing Committee of the Association of the Battery Industry in China and a member of China Association of Quality Inspection.

Save as disclosed above, Mr. Fang does not hold any other position with the Company or other members of the Group. He does not and has not, in the past three years, held directorships in listed companies.

Mr. Fang is the sole director and shareholder of Swift Joy Holdings Limited, a substantial shareholder of the Company. As at the Latest Practicable Date, Mr. Fang is interested in 402,000,000 Shares, representing approximately 40.52% of the issued share capital of the Company, and options which were granted under the Company’s pre-listing share option scheme in respect of 5,000,000 Shares, representing approximately 0.51% of the issued share capital of the Company, within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Mr. Fang does not have any relationship

* For identification purposes only

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

with any director, member of senior management or substantial or controlling shareholder of the Company nor does he have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Fang entered into a service contract with the Company for an initial term of 3 years commencing on 21 December 2006 which may be terminated after the first two years of appointment by either party giving to the other not less than three months' prior notice in writing. Mr. Fang is not entitled to any annual salary but is entitled to a discretionary bonus provided that the total amount of bonus together with the total salary and benefits paid to all executive Directors in each year ending 31 December shall not exceed 3% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).

Save as disclosed above, there is no other information relating to Mr. Fang that can be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules and there is no other information relating to Mr. Fang that can be disclosed pursuant to any of the requirements of Rule 13.51(2).

Mr. Lin Chao – Executive Director

Mr. Lin Chao ("Mr. Lin"), aged 42, has been a Director of the Company since its incorporation on 20 July 2006 and is the Vice Chairman of the Group. He is also a Director of each of the Company's subsidiaries, namely, Great Speed, Scud HK, Scud Electronics, Scud Battery, Scud Shenzhen and Keen Power. He is also a member of China Association of Quality Inspection, a member of the standing council of Fuzhou Foreign Investment Association and a member of the 11th Committee of the Chinese People's Political Consultative Conference of Fuzhou City. Save as disclosed above, Mr. Lin does not hold any other position with the Company or other members of the Group. He does not and has not, in the past three years, held directorships in listed companies.

Mr. Lin is the sole director and shareholder of Right Grand Holdings Limited, a substantial shareholder of the Company. As at the Latest Practicable Date, Mr. Lin is interested in 180,000,000 Shares, representing approximately 18.15% of the issued share capital of the Company, and options which were granted under the Company's pre-listing share option scheme in respect of 4,000,000 Shares, representing approximately 0.4% of the issued share capital of the Company, within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Mr. Lin does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company nor does he have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Lin entered into a service contract with the Company for an initial term of 3 years commencing on 21 December 2006 which may be terminated after the first two years of appointment by either party giving to the other not less than three months' prior notice in writing. Mr. Lin is not entitled to any annual salary but is entitled to a discretionary bonus provided that the total amount of bonus together with the total salary and benefits paid to all

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Executive Directors in each year ending 31 December shall not exceed 3% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).

Save as disclosed above, there is no other information relating to Mr. Lin that can be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules and there is no other information relating to Mr. Lin that can be disclosed pursuant to any of the requirements of Rule 13.51(2).

Mr. Guo Quan Zeng – *Executive Director*

Mr. Guo Quan Zeng (“Mr. Guo”), aged 47, has been a Director of the Company since its incorporation on 20 July 2006 and is the President of the Group. He is also a Director of each of the Company’s subsidiaries, namely, Great Speed, Scud HK, Scud Electronics, Scud Battery, Scud Shenzhen and Keen Power. He is also a member of the executive committee of the Company. Mr. Guo graduated from the Navy Senior Electronic Engineering School (海軍高級電子工程學校) with a bachelor’s degree in radio telecommunication engineering in 1983. Prior to joining the Group, Mr. Guo was a lieutenant commander engineer of the PRC navy mainly responsible for establishing and maintaining wireless telecommunication systems. Save as disclosed above, Mr. Guo does not hold any other position with the Company or other members of the Group. He does not and has not, in the past three years, held directorships in listed companies.

As at the Latest Practicable Date, Mr. Guo is interested in 18,000,000 Shares, representing approximately 1.81% of the issued share capital of the Company, and options which were granted under the Company’s pre-listing share option scheme in respect of 3,500,000 Shares, representing approximately 0.35% of the issued share capital of the Company, within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Mr. Guo does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company nor does he have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Guo entered into a service contract with the Company for an initial term of 3 years commencing on 21 December 2006 which may be terminated after the first two years of appointment by either party giving to the other not less than three months’ prior notice in writing. Mr. Guo is entitled to an annual salary of HK\$480,000 which is determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company’s affairs. Mr. Guo is also entitled to a discretionary bonus provided that the total amount of bonus together with the total salary and benefits paid to all Executive Directors in each year ending 31 December shall not exceed 3% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).

Save as disclosed above, there is no other information relating to Mr. Guo that can be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules and there is no other information relating to Mr. Guo that can be disclosed pursuant to any of the requirements of Rule 13.51(2).

NOTICE OF ANNUAL GENERAL MEETING



SCUD GROUP LIMITED

飛毛腿集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1399)

NOTICE IS HEREBY GIVEN that an annual general meeting of SCUD Group Limited (the “Company”) will be held at 3:00 p.m. on Wednesday, 30 April 2008 at Island Shangri-La Hong Kong, Tianshan & Lushan Room, Level 5, Two Pacific Place, Supreme Court Road, Central, Hong Kong for the following purposes:-

1. To receive and consider the audited consolidated financial statements for the year ended 31 December 2007 and the Directors’ Report and Independent Auditors’ Report of the Company thereon.
2. To re-elect Mr. Fang Jin as an executive director of the Company.
3. To re-elect Mr. Lin Chao as an executive director of the Company.
4. To re-elect Mr. Guo Quan Zeng as an executive director of the Company.
5. To authorise the board of directors of the Company to fix the remuneration of the directors of the Company.
6. To re-appoint auditors and authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions which will be proposed, as ordinary resolutions of the Company:-

ORDINARY RESOLUTIONS

7. **“THAT:**
 - (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) 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, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;

- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the Articles of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the day of passing this resolution; and

- (D) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and Articles of the Company or any applicable law of the Cayman Islands to be held; or

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

NOTICE OF ANNUAL GENERAL MEETING

8. **“THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or 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, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (C) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution; and
- (D) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and Articles of the Company or any applicable law of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT** conditional upon the passing of ordinary resolutions nos. 7 and 8 in the notice convening the annual general meeting of the Company, the aggregate nominal amount of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 8 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the said ordinary resolution no. 7.”

By Order of the Board
Fang Jin
Chairman

Hong Kong, 3 April 2008

Executive Directors:

Mr. Fang Jin
Mr. Lin Chao
Mr. Guo Quan Zeng
Mr. Li Hui Qiu

Non-executive Director:

Mr. Ho Man

Independent Non-executive Directors:

Mr. Heng Kwoo Seng
Mr. Wang Jing Zhong
Mr. Wang Jian Zhang

Notes:

1. A form of proxy for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
4. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any), under which it is signed or a certified copy of such power or authority shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened.

NOTICE OF ANNUAL GENERAL MEETING

6. Where there are joint holders of any Share, any one of such joint holder may vote either in person or by proxy in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any 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 this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.