
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Chinese People Holdings Company 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 to the purchaser or transferee.

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**CHINESE PEOPLE HOLDINGS COMPANY LIMITED****中民控股有限公司****(incorporated in Bermuda with limited liability)***(stock code: 681)**

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

A notice convening an annual general meeting of Chinese People Holdings Company Limited to be held at function room – Tin Hau & Lau Sin Rooms, Sixth Floor, L'hotel Causeway Bay Harbour View Hong Kong, 18 King's Road, Causeway Bay, Hong Kong on 3 September 2010, Friday, at 11:00 a.m. is set out on pages 13 to 16 of this circular. A form of proxy for use at the annual general meeting is also enclosed.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjourned meeting thereof if they so wish.

30 July 2010

* For identification purposes only

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at function room – Tin Hau & Lau Sin Rooms, Sixth Floor, L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong on 3 September 2010, Friday, at 11:00 a.m. or any adjournment thereof, to consider, if appropriate to approve the resolutions contained in the notice of the meeting which is set out on pages 13 to 16 of this circular
“Board”	the board of Directors from time to time
“Business Day”	a day on which the Stock Exchange is open for the trading of securities
“Buyback Mandate”	as defined in paragraph II of the Letter from the Board
“Bye-laws”	the bye-laws of the Company as amended, supplemented or modified, if any, from time to time
“Company”	Chinese People Holdings Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on main board of the Stock Exchange
“Companies Act”	The Companies Act 1981 of Bermuda, as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and includes any amendment, consolidation or re-enactment thereof from time to time
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuance Mandate”	as defined in paragraph II of the Letter from the Board

DEFINITIONS

“Latest Practicable Date”	23 July 2010, 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 the Stock Exchange as amended from time to time
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	fully paid-up ordinary share(s) of HK\$0.07 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers, as amended from time to time

LETTER FROM THE BOARD



CHINESE PEOPLE HOLDINGS COMPANY LIMITED

中民控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 681)

Executive Directors:

Mr. Xu Ruixin
Dr. Mo Shikang
Mr. Zhang Hesheng
Mr. Zhu Peifeng
Mr. Jin Song
Mr. Chu Kin Wang Peleus

Independent Non-Executive Directors:

Dr. Liu Junmin
Mr. Tan Qinglian
Mr. Sin Ka Man

Registered Office:

Canon's Court
22 Victoria Street,
Hamilton HM12,
Bermuda

Head Office:

No. 36 BDA International Business Park
No. 2 Jingyuan North Street
Economic Technological
Development Area
Beijing, 100176, China

***Principal place of business
in Hong Kong:***

Unit 2111, 21st Floor,
China Merchants Tower,
168-200 Connaught Road,
Hong Kong

30 July 2010

To the shareholders

Dear Sir or Madam,

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

I. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting for the approval of (a) the granting of the Buyback Mandate and the Issuance Mandate to the Directors and (b) the re-election of the retiring Directors; and to seek your approval of the ordinary and special resolutions relating to these matters at the Annual General Meeting.

* For identification purposes only

LETTER FROM THE BOARD

II. BUYBACK MANDATES AND ISSUANCE MANDATE

At the annual general meeting of the Company held on 22 September 2009, the Buyback Mandate was given to the Directors to repurchase securities and the Issuance Mandate was given to the Directors to issue securities. Both of them will lapse at the conclusion of the Annual General Meeting. At the Annual General Meeting ordinary resolutions will be proposed:

- (a) to grant to the Directors a general mandate to exercise the powers of the Company to undertake repurchases of the Company's securities up to a maximum of 10% of the total issued share capital of the Company on the date of passing of the relevant ordinary resolution (the "**Buyback Mandate**");
- (b) to grant a general mandate to the Directors to issue securities up to a maximum of 20% of the total issued share capital of the Company on the date of passing of the relevant ordinary resolution (the "**Issuance Mandate**"); and
- (c) to extend the Issuance Mandate by the number of Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,082,224,554 shares of HK\$0.07 each. On the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company would be allowed:

- (1) to repurchase a maximum of 408,222,455 Shares under the Buyback Mandate during the period in which the Buyback Mandate remains in force; and
- (2) to issue a maximum of 816,444,910 Shares (equivalent to HK\$57,151,143.70 if the Shares are to be issued at the par value of HK\$0.07 per Share) under the Issuance Mandate during the period in which the Issuance Mandate remains in force, but subject to the terms stated in item (c) above.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in Resolutions Nos. 4 and 5 set out in the notice of the Annual General Meeting. The Directors wish to state that they have no present intention of issuing any securities.

LETTER FROM THE BOARD

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Buyback Mandate. An explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

III. RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Bye-law 99 of the Company, the following Directors shall retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election at the Annual General Meeting:

- (a) Mr. Xu Ruixin, executive Director;
- (b) Mr. Zhang Hesheng, executive Director; and
- (c) Mr. Zhu Peifeng, executive Director.

Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II hereto.

IV. ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 13 to 16 of this circular. At the Annual General Meeting, resolutions will be proposed to consider and, if thought fit, to approve, among other things, (a) the granting of the Buyback Mandate and the Issuance Mandate; (b) the extension of the Issuance Mandate to the Directors by the addition of the number of Shares repurchased pursuant to the Buyback Mandate; and (c) the re-election of the retiring Directors.

Pursuant to the Rules 13.39(4) of the Listing Rules, all resolutions to be proposed at the Annual General Meeting must be taken by poll and the Company must announce the results of the poll in according to the requirements of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. If you intend to appoint a proxy to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

V. RECOMMENDATIONS

The Board considers that the proposed granting of the Buyback Mandate, the Issuance Mandate, extension of the Issuance Mandate to the Directors and the re-election of the retiring Directors are all in the best interests of the Company and its shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

VI. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement – the Buyback Mandate) and Appendix II (Details of the retiring Directors proposed to be re-elected at the Annual General Meeting) to this circular.

VII. RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading

Yours faithfully
By Order of the Board
Dr. Mo Shikang
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information for your consideration of the proposed Buyback Mandate.

1. REASONS FOR SHARE BUYBACK

The Directors believe that the proposed granting of the Buyback Mandate is in the interests of the Company and its Shareholders.

Trading conditions on the Stock Exchange have sometimes been volatile in recent years. At any time in the future when Shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares and other securities of the Company (if any) will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company and thereby resulting in an increase in net assets and/or earnings per share of the Company. Although the Directors have no present intention of repurchasing any securities, they believe that the flexibility afforded by the Buyback Mandate would be beneficial to the Company and its Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,082,224,554 Shares of HK\$0.07 each. Subject to the passing of the ordinary resolution no. 4 set out in the notice of the Annual General Meeting and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 408,222,455 Shares during the period in which the Buyback Mandate remains in force.

3. FUNDING OF REPURCHASES

In repurchasing securities of the Company under the Buyback Mandate, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the Listing Rules, the laws of Bermuda and other applicable laws.

Securities of the Company shall not be repurchased for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. The Directors propose that repurchases of securities of the Company under the Buyback Mandate in these circumstances would be financed from the Company's internal resources or existing banking facilities.

There might be material 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 of the Company for the year ended 31 March 2010) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate 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. The number of securities to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

4. MARKET PRICES OF SHARES

The highest and lowest market prices at which the shares of the Company have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Share Prices (Per Share)	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2009		
July	0.380	0.305
August	0.325	0.220
September	0.280	0.215
October	0.325	0.240
November	0.350	0.255
December	0.340	0.270
2010		
January	0.470	0.300
February	0.370	0.310
March	0.450	0.310
April	0.405	0.325
May	0.355	0.250
June	0.305	0.260
July (upto Latest Practicable Date)	0.290	0.250

5. DISCLOSURE OF INTEREST

As at the Latest Practicable Date, the interest of substantial shareholders of the Company were as follows:

Substantial shareholders	Capacity in which shares were held	Number of shares	Number of underlying shares held under equity derivatives	Percentage of total number of shares in issue* %
Super Win Development Limited ("Super Win")	Beneficial owner	1,000,798,538 (L)	–	24.52
Asian Allied Limited ("Asian Allied")	Interest of controlled corporation	1,000,798,538 (L)	–	24.52

(L) = long position

Note: Dr. Mo Shikang held interests through Asian Allied, which holds 1,000,798,538 shares of the Company registered under the name of Super Win, a wholly-owned subsidiary of Asian Allied. Dr. Mo Shikang has 42.75% interest in Asian Allied, he is therefore deemed to be interested in 1,000,798,538 shares of the Company.

* The percentage has been adjusted based on the total number of shares of the Company in issue as at the Latest Practicable Date (i.e. 4,082,224,554 shares).

None of the Directors, and to the best of their knowledge having made all reasonable enquiries, nor any associates of the Directors, have any present intention to sell any Shares to the Company in the event that the Buyback Mandate is approved by Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases under the Buyback Mandate in accordance with the Bye-laws of the Company, the Listing Rules, the laws of Bermuda and other applicable laws.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company, in the event that the Buyback Mandate is approved by its Shareholders.

If as a result of a repurchases of securities of the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a shareholder, or group of shareholders acting in concert, depending on the level of such increase, could increase, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Assuming that the substantial shareholders do not dispose of its shares of the Company, if the Buyback Mandate were exercised in full, the percentage shareholdings of the substantial shareholders before and after such repurchase would be as follows:–

Substantial Shareholders	Before Buyback Mandate	After Buyback Mandate
Super Win	24.52%	27.24%
Asian Allied	24.52%	27.24%

The Directors consider that such an increase would not give rise to an obligation on the part of all the substantial shareholders to make a mandatory offer under Rule 26 of the Takeovers Code.

6. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company nor any of its subsidiaries (whether on the Stock Exchange or otherwise) during the last six months immediately preceding the Latest Practicable Date.

Save for the information set out below, there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company in respect of the following Directors who stand for re-election at the Annual General Meeting.

Stated below are the details of the Directors who will retire and be eligible for re-election at the Annual General Meeting according to the Bye-laws of the Company:

Mr. Xu Ruixin, aged 69, is the honourable chairman of the Board and an executive Director, he joined the Company since 11 April 2005. Mr. Xu is currently the chairman of the China Association of Social Workers. Mr. Xu was a vice minister and committee member of the Ministry of Civil Affairs of China. Mr. Xu does not have any relationships with any directors, senior management or substantial shareholders of the Company. As at the Latest Practicable Date, Mr. Xiu does not have any interest in Shares within the meaning of the SFO and has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Zhang Hesheng, aged 56, is a deputy chairman of the Board and an executive Director, he joined our Company since 21 March 2005. Mr. Zhang is currently the chairman of the Remuneration Committee. Mr. Zhang holds a MBA degree from the La Trobe University in Australia. In late 1980s, Mr. Zhang joined the initial financial securities industry in China, he has been engaged in provision of securities company businesses relating to securities and financial investment; securities brokerages; investment banking; financial research and analysis for Wanguo Holdings Limited, Guotai Securities Company Limited and Guotai Junan Securities Company Limited and acted as senior operation officer. Mr. Zhang has extensive experiences in financial and capital markets. Mr. Zhang is a director of Asian Allied Limited, a substantial shareholder of the Company, in which he also holds 22.39% interests. As at the Latest Practicable Date, Mr. Zhang held (i) 3,710,000 shares of the Company as beneficially owner; (ii) 7,500,000 share options granted by the Company which may be exercised between 18 October 2007 to 1 October 2010 (both days inclusive) with an exercise price of HK\$0.530 per option; and (iii) 2,500,000 share options granted by the Company which may be exercised between 1 May 2008 to 14 April 2011 (both days inclusive) with an exercise price of HK\$0.514 per option within the meaning of the SFO. Mr. Zhang has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Zhu Peifeng, aged 53, is a deputy chairman of the Board and an executive Director, he joined the Company since 21 March 2005. Mr. Zhu holds a Bachelor degree in Sciences from Shanghai Maritime University and a Master degree in Economic from Shanghai Tongji University in China. Mr. Zhu joined the financial securities industry in 1992 with over 11 year experiences in relevant industries, during which he worked for Bank of Communication and Guotai's group and acted as a branch general manager of Shenzhen Guotai Securities Company Limited; as a general manager (under the head offices of International Business and Institutional Customer Services) of Guotai Junan Securities Company Limited; as an executive director of Guotai Junan Financial Holdings Company Limited; as a director of Guotai Junan Securities (Hong Kong) Company Limited and Guotai Junan Assets Management (Asia) Limited and as the chairman of Harvest China Equities Investment Company Limited. He has extensive practical experiences in the capital markets of China and Hong Kong. Mr. Zhu is a director of Asian Allied Limited, a substantial shareholder of the Company, in which he also holds 22.39% interests. As at the Latest Practicable Date, Mr. Zhu held (i) 2,600,000 shares of the Company as beneficially owner; (ii) 7,500,000 share options granted by the Company which may be exercised between 18 October 2007 to 1 October 2010 (both days inclusive) with an exercise price of HK\$0.530 per option; and (iii) 2,500,000 share options granted by the Company which may be exercised between 1 May 2008 to 14 April 2011 (both days inclusive) with an exercise price of HK\$0.514 per option within the meaning of the SFO. Mr. Zhu has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, there is no service contract signed between the Company and each of the Directors who stand for re-election at the Annual General Meeting. Pursuant to the By-laws, the Directors shall retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. Therefore, the term of appointment of the Directors is effectively three years.

The total amount of the Directors' emoluments for the year ended 31 March 2010 received by each of the Directors who stand for re-election at the Annual General Meeting are set out in note 12(a) to the consolidated financial statements on page 126 of the Company's annual report 2009/2010. The Directors' emoluments are determined with reference to his duties and responsibilities with the Company, the Company's business performance, profitability and market conditions and be approved and rectified by the Board and the Remuneration Committee. A resolution authorizing, inter alia, the Board to fix all Directors' remuneration for the year ended 31 March 2011 will be put forward at the Annual General Meeting for the Shareholders' approval.

NOTICE OF ANNUAL GENERAL MEETING



CHINESE PEOPLE HOLDINGS COMPANY LIMITED

中民控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 681)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chinese People Holdings Company Limited (“the Company”) will be held at function room – Tin Hau & Lau Sin Rooms, Sixth Floor, L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong on 3 September 2010, Friday, at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditor of the Company for the year ended 31 March 2010.
2. To re-elect directors of the Company, to fix the maximum number of directors of the Company and to authorize the board of directors of the Company to fix their remuneration.
3. To re-appoint retiring auditor of the Company and to authorize the board of directors of the Company to fix their remuneration.
4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase its securities, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of securities of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (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 revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held.”
5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional shares of the Company or securities convertible into Shares, or options, warrants or similar rights to subscribe Shares and to make or grant offers, agreements and options which would or might require Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe Shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to:
 - (i) a rights issue where Shares are offered to shareholders on a fixed record date in proportion to their then holdings of Shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong); or
 - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of shares or rights to acquire Shares of the Company; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) any scrip dividend scheme 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 Bye-laws of the Company,

the total nominal amount of additional Shares or securities of the Company to be issued, allotted or dealt with or agreed conditionally or unconditionally to be issued, allotted or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and

- (b) 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 revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.

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

“**THAT** the general mandate granted to the directors of the Company pursuant to resolution no. 5 above and for the time being in force to exercise the powers of the Company to issue, allot or dispose of additional shares or securities convertible into Shares, or options, warrants or similar rights to subscribe Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of securities in the capital of the Company repurchased by the Company pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such securities since the granting of such general mandate referred to in the above resolution no. 4, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution.”

By Order of the Board

Mr. Jin Song

Managing and Executive Director

NOTICE OF ANNUAL GENERAL MEETING

As at the date of this circular, the Board comprises six executive directors, namely, Mr. Xu Ruixin, Dr. Mo Shikang, Mr. Zhang Hesheng, Mr. Zhu Peifeng, Mr. Jin Song and Mr. Chu Kin Wang Peleus, and three independent non-executive directors, namely, Dr. Liu Junmin, Mr. Tan Qinglian and Mr. Sin Ka Man.

Beijing, 30 July 2010

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote, on a poll, on his behalf. A proxy need not be a member of the Company.
2. Where there are joint holders of any Share, any one of such joint holders 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 present at the Meeting personally or by proxy, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
3. A form of proxy for use in connection with the Annual General Meeting is enclosed and such form is also published on the website of the Stock Exchange (www.hkexnews.hk).
4. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of such power of authority must be lodged with the Company's Hong Kong share registrar, Tricor Tengis Limited, 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 any adjourned Meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjourned meeting thereof if they so wish.
5. All the resolutions set out in this notice shall be decided by poll.
6. The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.